

Stock Code: 688007

Stock Short Name: Appotronics



# **Appotronics Corporation Limited**

## **2022 Semiannual Report**

### **August 2022**

本报告为深圳光峰科技股份有限公司自愿披露的《2022 年半年度报告（英文版）》，对本报告的中英文版本理解上发生歧义时，以中文版本为准。

This is the 2022 Semiannual Report (English Version) that is voluntarily disclosed by Appotronics Corporation Limited, and in case of any conflict between the Chinese version and the English version, the Chinese version will control.

## Important Note

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

**II. Alert of significant risks**

The Company has described in detail the risks that may exist in the production and operation of the Company in this Report. Refer to “Section III Discussion and Analysis of the Management - Risk factors” for the relevant risks. We draw the attention of investors to such risks in making investments.

**III. All directors of the Company attended the meeting of the Board of Directors.**

**IV. This Semiannual Report has not been audited.**

**V. LI Yi, Person in charge of the Company, WANG Yingxia, Chief Accountant and Person in Charge of the Accounting Body (Accounting Officer) hereby represent that the financial statements contained in the 2022 Semiannual Report are true, accurate and complete.**

**VI. Profit distribution proposal or proposal for capitalization of capital reserve approved by the Board of Directors during the reporting period**

None

**VII. Is there any material event concerning any special arrangement of corporate governance?**

Applicable  N/A

**VIII. Risk statement regarding forward-looking statements**

Applicable  N/A

The forward-looking statements contained herein regarding the future plans, development strategies or other matters of the Company do not constitute any substantive covenant made by the Company to the investors. Investors and relevant personnel should sufficiently know about the risks in this aspect, and understand the differences among plans, predictions, and promises. The investors should be aware of the risk of investment.

**IX. Is there any non-operating occupation of funds by the controlling shareholder or its affiliates?**

No

**X. Is there any external guarantee provided in contravention of the stipulated decision-making procedure?**

No

**XI. Are the majority of the directors unable to guarantee the truthfulness, accuracy and completeness of the Semiannual Report disclosed by the Company?**

No

**XII. Other information**

Applicable  N/A

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List of Documents Available for Inspection	Financial Statements with seals and signatures of the Person in charge of the Company, Chief Accountant and Person in charge of the Accounting Body (Accounting Officer)
	All original documents and announcements of the Company publicly disclosed during the reporting period

## Section I Definitions

For purpose of this report, unless the context otherwise requires, the following terms shall have the meanings indicated below:

<b>Terms</b>		
Company or Appotronics	means	Appotronics Corporation Limited
Appotronics Ltd.	means	Appotronics Corporation Ltd., the former name of the Company
CINEAPPO	means	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.
Formovie	means	Formovie (Chongqing) Innovation Technology Co., Ltd.
Appotronics HK	means	Appotronics Hong Kong Limited
Appotronics Daye	means	Shenzhen Appotronics Daye Investment Limited Partnership (LP)
Appotronics Deye	means	Shenzhen Appotronics Deye Consulting Partnership (LP)
Appotronics Hongye	means	Shenzhen Appotronics Hongye Investment Limited Partnership (LP)
Blackpine	means	Blackpine Investment Corp. Ltd.
Jinleijing	means	Shenzhen Jinleijing Investment Limited Partnership (LP)
Appotronics Chengye	means	Shenzhen Appotronics Chengye Consulting Partnership (LP)
XGIMI	means	Chengdu XGIMI Technology Co., Ltd.
Anker	means	Anker Innovations Technology Co., Ltd.
VAVA	means	Shenzhen VAVA Innovation Technology Co., Ltd.
Dangbei	means	Hangzhou Dangbei Network Technology Co., Ltd.
Midea Group	means	Midea Group Co., Ltd.
Delta Electronics or Delta	means	Delta Electronics, Inc.
CINIONIC	means	Cinionic Limited (previously known as Barco Cineappo Limited)
WeCast	means	WeCast Technology Corp.
GDC BVI	means	GDC Technology Limited (British Virgin Islands)
GDC Cayman	means	GDC Technology Limited (Cayman Islands)
DCI	means	Digital Cinema Initiatives of the United States
DLP	means	Digital Light Processing
PCT	means	Patent Cooperation Treaty
AR	means	Augmented Reality
GMV	means	Gross Merchandise Volume
IDC	means	International Data Corporation
ODM	means	Original Design Manufacturer
AVC	means	All VIEW CLOUD
B&W	means	Bowers & Wilkins, a top audio brand in the UK
WXGA	means	Wide Extended Graphics Array
WUXGA	means	Widescreen Ultra eXtended Graphics Array
OTA	means	Over-the-Air Technology

## Section II Company Profile and Financial Highlights

### I. Company profile

Chinese name	深圳光峰科技股份有限公司
Short name in Chinese	光峰科技
English name	Appotronics Corporation Limited
Short name in English	Appotronics
Legal representative	LI Yi
Registered address	20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Historical changes of the Company's registered address	1. October 24, 2006, Room 10, 14/F, Fangda Building, Keji South 12 <sup>th</sup> Road, South Area, High-tech Industrial Zone, Nanshan District, Shenzhen 2. September 6, 2007, Room 03, 17/F, Overseas Chinese High-tech Venture Building, South Area, High-tech Industrial Zone, Nanshan District, Shenzhen 3. June 7, 2011, Area A, 1/F, Building 13, Xili Wenguang Industrial Zone, Nanshan District, Shenzhen 4. October 24, 2012, 401 Shenzhen IC Design and Application Industrial Park, South to Chaguang Road, Xili Township, Nanshan District, Shenzhen 5. December 14, 2017, 21-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen 6. August 1, 2018, 20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Office address	20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Postal code of office address	518052
Website	<a href="http://www.appotronics.com">http://www.appotronics.com</a>
Email	ir@appotronics.cn
Reference to changes during the reporting period	The Company disclosed the Announcement on Completion of Changes in Industrial and Commercial Registration Particulars on Legal Representative (No.: 2022-007) at the website of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ) on February 24, 2022.

### II. Contact person and contact information

	Board Secretary (Domestic representative for information disclosure)
Name	CHEN Yasha
Address	20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Telephone	0755-32950536
Facsimile	0755-86186299
Email	ir@appotronics.cn

**III. Description of changes to the media for information disclosure and place for keeping the semiannual reports**

Designated newspaper for information disclosure	China Securities Journal ( <a href="https://www.cs.com.cn">https://www.cs.com.cn</a> ) Shanghai Securities News ( <a href="https://www.cnstock.com">https://www.cnstock.com</a> ) Securities Times ( <a href="http://www.stcn.com">http://www.stcn.com</a> ) Securities Daily ( <a href="http://www.zqrb.cn">http://www.zqrb.cn</a> )
Websites for publishing the semiannual reports	Shanghai Stock Exchange website ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> )
Place for keeping the semiannual reports	Office of the Board of Directors
Reference to changes during the reporting period	N/A

**IV. Stock and depository receipts of the Company**
**(I) Stock of the Company**
 Applicable  N/A

Stock of the Company				
Stock Class	Stock exchange and board	Stock short name	Stock code	Former stock short name
A-shares	Shanghai Stock Exchange, STAR Market	Appotronics	688007	N/A

**(II) Depository receipts of the Company**
 Applicable  N/A

**V. Other related information**
 Applicable  N/A

**VI. Main accounting data and financial indicators of the Company**
**(I) Main accounting data**

Unit: Yuan Currency: RMB

Main accounting data	During the reporting period (Jan. - Jun.)	Prior period	Change over the prior period (%)
Operating income	1,269,322,202.11	1,104,689,243.59	14.90
Net profit attributable to shareholders of the listed company	45,966,481.10	151,413,920.79	-69.64
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	22,005,386.92	66,961,936.08	-67.14
Net cash flow from operating activities	-78,553,359.67	170,659,313.90	-146.03
	<b>At the end of the reporting period</b>	<b>At the end of the prior year</b>	<b>Changes at the end of the reporting period from the end of the prior year (%)</b>

Net assets attributable to shareholders of the listed company	2,482,478,931.50	2,438,064,581.44	1.82
Total assets	4,124,469,910.64	4,097,230,955.90	0.66

## (II) Financial highlights

Financial highlights	During the reporting period (Jan. - Jun.)	Prior period	Change over the prior period (%)
Basic earnings per share (RMB/share)	0.10	0.33	-69.70
Diluted earnings per share (RMB/share)	0.10	0.33	-69.70
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.05	0.15	-66.67
Weighted average return on net assets (%)	1.86	6.89	-5.03 percentage points
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	0.89	3.05	-2.16 percentage points
Proportion of R&D investments to operating income (%)	9.06	8.61	+0.45 percentage points

Explanation about the main accounting data and financial highlights

√ Applicable □ N/A

1. During the reporting period, the operating income increased by 14.90% on a year-on-year basis, primarily due to the growth of revenue from core devices, To C and large venue businesses.

2. During the reporting period, the net profit attributable to shareholders of the listed company, the net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss, the basic earnings per share, diluted earnings per share, and basic earnings per share after deduction of non-recurring profit or loss decreased over the same period of the previous year, primarily due to the following:

(1) the decrease in the revenue from the cinema projection service business with high gross margin as a result of the repeated outbreak of the COVID-19 epidemic, which resulted in a sharp decline in profit;

(2) the increase in the expense ratio for the current period, which was mainly caused by a proportional rise in the Company's marketing promotion expenses, R&D investments and share-based payments. During the reporting period, the Company's selling expenses increased by RMB 30.6162 million, increased by 34.14% on a year-on-year basis, mainly due to increasing the market investment expenses of RMB 20.9852 million to implement the Company's policy of active market competition, increasing investment for the consumer market, and building own brands of the Company. The R&D expenses increased by RMB 19.8313 million, increased by 20.85% on a year-on-year basis, mainly due to the Company's continuous investments in R&D. With respect to the administrative expenses, the share-based payments for the current period amounted to RMB 44.3015 million, increased by 98.55% on a year-on-year basis.

(3) Non-recurring profit or loss for the first half of 2022 decreased sharply compared with the same period of the previous year, mainly due to a year-on-year decrease by RMB 55.7814 million in the government grants recognized in profit or loss for the current period, among which, RMB 50 million as a government grant was paid to the subsidiary Formovie for settlement in Chongqing. In addition, RMB 38.1759 million as the performance compensation to GDC Cayman had been recognized in the non-recurring profit or loss for the first half of 2021.



3. The net cash flows from operating activities decreased by 146.03% on a year-on-year basis, primarily due to the year-on-year decrease in the revenue from the cinema projection service and the government grants received and the increase in the human resources expenditures and marketing and promotion expenses.

#### **VII. Differences in accounting data under Chinese accounting standards and overseas accounting standards**

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

<b>Item of non-recurring profit or loss</b>	<b>Amount</b>	<b>Note (if applicable)</b>
Gain or loss on disposal of non-current assets	-4,939,437.34	
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable polices and standards of the country)	16,026,819.55	VII. 84 of Section X
Profit or loss on entrusted investments or assets management	5,795,366.82	VII. 68 of Section X
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises involving enterprises under common control	13,594,336.06	
Profit or loss on changes in the fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, other than those used in the effective hedging activities relating to normal operating business	-1,434,000.00	
Other non-operating income and expenses	-1,047,993.35	
Other gains or losses meeting the definition of non-recurring profit or loss	364,144.36	
Less: Effect of income taxes	2,770,765.40	
Effects attributable to minority interests (net of tax)	1,627,376.52	
<b>Total</b>	<b>23,961,094.18</b>	

Description of defining non-recurring profit or loss items illustrated in Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1--Non-recurring Profit or Loss as recurring profit or loss items

Applicable  N/A

#### **IX. Explanation about performance indicators not under the Accounting Standards for Business Enterprises**

Applicable  N/A

## **Section III Discussion and Analysis of the Management**

### **I. Industry and main business during the reporting period**

#### **1. Main business**

As a globally leading technology enterprise for laser display, the Company mainly engages in the research and development, production and sales of laser display core devices and complete equipment, and application of laser display technology to different scenarios based on proprietary laser display technology and architecture. By now, our businesses have been implemented in the household display, cinema projection, business education, large venue, and other application scenarios, and are expanding to the vehicle-mounted display, aviation display, AR, and other new fields.

#### **2. Main products and services**

Our products may be mainly classified into core laser display devices and complete laser display equipment. Wherein the core devices can be further classified into laser light source (cinema light source and large venue light source), laser smart mini projection light generator, vehicle-mounted laser display devices and systems, and laser TV light generators; and complete laser display equipment can be classified into laser smart mini projector, laser TV, laser cinema projector, large venue laser projector, laser education projector and others. The services the Company performs include laser cinema projection services, smart large-screen ecology system Feng OS and corresponding system solutions.

#### **3. Industry in which the Company operates**

##### **3.1 Development stage, basic characteristics and main technical barriers of the industry**

As an emerging industry, laser display is at the stage of rapid development. The growth drivers mainly come from internal and external factors: As for the internal factor, laser is the brightest and purest artificial light source in the world, naturally suitable for display, and is thus regarded as a new generation of display technology due to its high brightness, wide color gamut, eye protection and environmental protection and energy conservation.

With respect to the external factor, manufacturers in the industry have constantly upgraded their technologies and products to drive the innovation at the supply end and to accelerate the penetration of laser display products. Further, the progress in technologies generates new large-scale application scenarios such as vehicle-mounted display and aviation display, with huge potential for market explosion. In 2021, being listed in priorities for the 14<sup>th</sup> Five-Year Plan, such as the “New Display and Strategic Electronic Materials” of the Ministry of Science and Technology, laser display has received policy support from the state.

In terms of technologies, the laser display technology researched and developed by Appotronics is compatible with various chip and technology routes, and is suitable for the DLP, LCOS, and LCD technologies, making a breakthrough in the core devices and imaging solutions of laser display in the display field, hence becoming the mainstream technical route for the current international laser projector industry and widely used in household, cinema, large venue, commercial sector, and education fields.

Regarding core technologies, laser display products involve several fields, including optics, electronics, materials, physics, mechanical designing, precision manufacturing. The improvement in product performance relies on core devices (light source and light generator), while the research and development and iteration of core devices have the characteristics of high technical barriers and strong patent barriers.

##### **3.2 Analysis of the position of the Company in the industry and changes therein**

As a new-general display technology, thanks to the advantages of high brightness, small size, long service life, wide color gamut, energy conservation and environmental protection, the laser display technology has a broad space for market application. Besides the conventional display field, it can be expanded to the vehicle-mounted display, aviation display, AR, and other fields. The laser display technology is becoming more and more important in the display field.

As a leading company in the laser display industry, Appotronics has created a strong patent moat around the underlying technical architecture of original laser phosphor display technologies, which is hard

to be bypassed by companies in the industry entering the route of laser phosphor technologies. In addition, since its establishment, the Company spared no effort in R&D investment, which lead to a strong technology barrier. We have been committed in the breakthroughs, innovations, expansion of application scenarios, and industrialization promotion of laser display technology, and thus created technology reserves and patent portfolios covering the whole technology chain of laser display from key system architecture, core devices to key algorithm. Relying on the core competitive advantages consisting of “patent moat + technical barriers”, the Company has its voice at the upstream core device stage in the laser display industry, and has become the first choice for many customers.

As for the household market, according to a report from IDC, Formovie ranked the third in the shipments of China’s customer projector market (i.e., household projector market) in the first half of 2022, with shipments of Formovie’s owned brands (excluding ODM) increasing by 289% year-on-year and occupying 7% of market shares.

Regarding professional display, according to the Market Survey Report on the Laser Project Market of Chinese Mainland in 2022H1 of AVC Revo, Appotronics ranked the first in terms of both sales volume share (i.e., 17.9%) and sales value share (i.e., 16.6%) on the large venue projector market in the first half of 2022, while the Company ranked the first in the education market, with its sales volume representing 26.2%.

With respect to the innovative business, the Company has fully exercised the advantages of its technologies and products and taken the advantageous position in the vehicle-mounted and other innovative display applications. During the reporting period, the Company acquired the certificate for IATF 16949:2016 Quality Management System, the admission certificate for entering the domestic and overseas vehicle supply chain. On this basis, the Company will keep exploring the pre-shipment market and post-shipment market for its vehicle-mounted display, and strengthen the multi-level and all-round cooperation with vehicle manufacturers and tier-1 suppliers.

## **II. Core technologies and progress in R&D of technologies**

### **1. Core technologies and their advancement, and changes during the reporting period**

We have been committed in the breakthroughs, innovations, expansion of application scenarios, and industrialization promotion of laser display technology, and thus created technology reserves and patent portfolios covering the whole technology chain of proprietary laser display from key system architecture, core devices to key algorithm.

The Company has devoted many R&D resources in the preparation and processing for the miniaturization of laser display systems, light source architecture, complete equipment structure, machine perception, and thin film material. The big data, algorithm and design solutions accumulated by us over the years will enable us to rapidly develop products and solutions meeting the requirements of different application scenarios, such as cinema projection, home entertainment, outdoor exhibition, ultra large-sized display, and immersive display. We have achieved breakthrough in, and started the marketing of, ultra-small portable laser light generators, vehicle-specification laser light generators, and light generators of wide color gamut and high dynamic range.

National scientific and technology awards

Applicable  N/A

Qualification of national “little giant” enterprises in specialized, refine, differential, and innovative aspects, and “leading enterprise” in the manufacturing industry

Applicable  N/A

### **2. R&D achievements during the reporting period**

During the reporting period, the Company made the following achievements in technology and product innovation:

1. Core devices

During the reporting period, the Company has constantly developed its proprietary laser display technology and applied it in the series of laser cinema light sources and laser TV light generators, and kept reducing costs on the basis of maintaining performance. Meanwhile, we focused on the racetrack of laser mini projectors to improve brightness, color and other performances, and maintained our leading advantages in terms of brightness. During the reporting period, the Company provided Dangbei, Anker and other customers with laser mini projector light generators, laser TV light generators and other core devices.

In the field of innovative smart vehicle-mounted applications, the Company completed the assessment of the prototype in multiple application scenarios in a vehicle, started the R&D efforts for mass production of vehicle-specification projection light generator module, and achieved IATF 16949 certification during the reporting period. At the same time, the Company made use of leading technology advantages in optical films to form a good combination with vehicle-mounted display.

In the field of innovative AR applications, the Company displayed R&D results related to high-definition, high-transmittance, miniaturized and multi-application AR modules externally, and shared them with both the academia and the industry at the 2022 International Conference on Display Technology (ICDT 2022). The Company will continue to promote the commercialization of AR modules and plans to demonstrate related R&D results stage by stage.

In terms of other innovative applications, the Company entered into the strategic cooperation with Midea Group, and on this basis, will provide laser projection core devices for the first generation of household service robot, so as to realize mobile projection. This indicates the organic combination of laser display and AIOT.

## 2. Complete equipment

In the household field, in May 2022, Formovie officially released a new flagship product, namely V10 4K ultra-high-definition project with the following features: over 2,500 lumens of brightness, taking the lead in the same level; 3,840\*2,160 resolutions, 8.3 million pixels, and enhanced AI picture quality, showing an ultra-high-definition vision; the first 2.1-channel speaker design in the industry, improving subwoofer effects and achieving stereo sound effects; wood grain mixing with Kender, being free of cold feeling generated by technology, facilitating integration into home environment; automatic correction, sensorless focusing, intelligent screen obstacle avoidance, and automatic curtain alignment, etc., making it more convenient for users to use. During the reporting period, Formovie launched Formovie Theater, a full-color laser TV product with 4K resolution and BT.2020 color gamut abroad. It is also the first laser TV configured with Android TV 11.0 and Google farfield voice. The sound quality of this product was developed and commissioned by us and a well-known brand B&W, taking the lead in the industry in terms of synchronous sound and picture.

In the commercial field, the Company newly developed the white series of wireless and portable projection laser projectors for commercial use with a slim body and a light weight, which can produce 3,600 lumens of brightness, WXGA and WUXGA resolution and meet many commercial meetings and other application scenarios.

During the reporting period, as the first Chinese enterprise independently researching and developing 3DLP high-lumen large venue projectors, the Company launched the new G series of high-brightness large venue projectors adopting a high-efficiency liquid cooling system and 3DLP imaging technology to achieve 25,000 lumens of high brightness. This series effectively supplements the brightness and price ranges for the previous T series of high-brightness large venue projectors, realizing broader applications of high-brightness large venue projectors.

## 3. Algorithm

During the reporting period, the Company kept iterating the omnidirectional correction function of projectors based on the structured light technology and ToF sensors, which has been successfully used in terminal products. The omnidirectional correction function based on the structured light technology can help optimize the correction accuracy of projectors, and enlarge the the maximum supportable angle of projection display, improving more design freedom and offering important support for subsequent new

functions and new applications. Capitalizing on this function, the projectors of the Company can realize the real-time automatic correction to further improve user experience.

#### 4. Smart large-screen ecology system Feng OS

In the first half of 2022, Feng OS system completed a total of five iterations and realized the application self-upgrade, not only greatly reducing users' OTA costs but also fully upgrading voice assistance and supporting voice-triggered projection as an exclusive function. During the reporting period, the Feng OS system took the lead in releasing the function of screen matching for taking pictures by a mobile phone, so that keystone correction may be performed by the camera in the mobile phone instead of human eyes, hence providing more intelligent and more convenient functions for uses. The Feng OS system adds customized recommendation algorithms to more pages, making it easier for users to discover their personalized preferences faster and more accurately and improving the overall payment rate by 20%.

### List of intellectual property rights acquired during the reporting period

	Increase		Total	
	Applications (pcs)	Granted (pcs)	Applications (pcs)	Granted (pcs)
Patent for invention	128	88	1,541	906
Patent for utility model	77	84	629	519
Patent for design	23	16	206	181
Software copyright	3	5	116	116
Others	110	99	1,107	923
Total	341	292	3,599	2,645

Note: 1. The "others" showed in the above table refers to the Company's trademarks; 2. during the reporting period, the Company filed a total of 142 valid PCT international patent applications.

### 3. R&D investments

Unit: Yuan

	Current period	Previous Period	Change (%)
R&D investments expensed	114,959,786.37	95,128,483.66	20.85
R&D investments capitalized	0.00	0.00	N/A
Total R&D investments	114,959,786.37	95,128,483.66	20.85
Proportion of R&D investments to operating income (%)	9.06	8.61	+0.45 percentage points
Proportion of R&D investments capitalized (%)	0.00	0.00	N/A

#### Reasons for the material change in the total R&D investments compared with last year

Applicable  N/A

#### Reasons for the great change in the proportion of R&D investments capitalized and explanation about the rationality thereof

Applicable  N/A

**4. R&D projects**

√ Applicable □ N/A

Unit: RMB 0'000

S.N.	Projects	Estimated total investment	Investment in the current period	Aggregate investment	Progress or interim results	Goals	Technological level	Application scenario
1	Trichromatic Laser Display Complete Equipment Production Demonstration Line	10,284.00	2,608.25	9,570.32	Mass production	This project will research the industrialization of the technology of RGB trichromatic laser with phosphor to satisfy the market demands for RGB trichromatic laser display, build a mass production line for trichromatic laser display complete equipment, acquire proprietary IP, and realize large-scale application of trichromatic laser display products.	This project will greatly promote the industrial upgrading of trichromatic laser display technology, and gain international competitive edge for proprietary trichromatic laser display technology.	This project has established a trichromatic laser display complete equipment production demonstration line.
2	Innovative projection	8,000.00	1,220.85	1,220.85	Laboratory test	The R&D, design and production of vehicle-mounted projection products will be customized for different models, AR optical modules will be researched and developed, and projection solutions in the AIoT field will	Take the lead in the industry.	Intended for vehicle-mounted, AR, AIoT and other innovative projection display application scenarios.

						be provided upon the request vehicle manufacturers.		
3	Laser TV	7,420.00	1,620.21	7,067.45	Mass production	A new generation of trichromatic laser light source and light generator, B&W customized audio, Feng OS system, and high-gain screen will be adopted to achieve ultra-wide color gamut and low blue light for eye protection and greatly improve the brightness and ease of use.	Take the lead in the industry.	4K household laser TVs.
4	Laser cinema projector	6,556.00	1,121.94	5,368.16	Mass production	This project will research and develop the low-cost and DCI-compliant laser cinema projector meeting high-end home use and DCI-compliant LED cinema screen.	Take the lead in the industry; the home cinema projector and LED cinema screen will comply with DCI standards.	Intended for the high-end household market and projection halls at cinemas.
5	Core device light source and light generator project	5,768.00	1,117.60	3,922.60	Mass production	A new generation of light generator technology will be adopted to create a light source light generator with lower costs, higher color gamut, and higher energy efficiency ratio.	Take the lead in the industry; the cost effectiveness, color gamut, light effect, and other performance are greatly improved, to better satisfy the demands of customers.	Intended for upgrading of light source for small-sized cinema projector, trichromatic laser TV, laser mini projector and other fields.
6	Smart mini projector	5,091.00	2,511.05	4,422.63	Mass production	The smart mini projector products with high performance and high cost effectiveness will be	Take the lead in the industry.	Intended for home mini projector market.

						researched and developed, and different series of products will be laid out to make breakthroughs in technology innovation and quality upgrade and meet different user needs.		
7	Professional display products (large venue + business education)	4,825.00	1,296.09	2,853.56	Mass production	Multiple laser large venue projectors with high brightness and smart business projectors with cost effectiveness will be researched and developed for meeting different user needs.	Take the lead in the industry.	Intended for high-end large venue projector, business education projector and other fields.
<b>Total</b>	/	<b>47,944.00</b>	<b>11,495.98</b>	<b>34,425.57</b>	/	/	/	/



## 5. R&D staff

Unit: 0'000 Currency: RMB

<b>Basic information</b>		
	<b>Current period</b>	<b>Previous Period</b>
Number of R&D staff (persons)	471	391
Proportion of R&D staff to total employees of the Company (%)	30.45	30.52
Total compensation of R&D staff	7,641.61	6,049.49
Average compensation of R&D staff	16.22	15.47

<b>Education</b>		
<b>Academic background</b>	<b>Number</b>	<b>Percentage (%)</b>
Master and above	124	26.33
Bachelor and below	347	73.67
Total	471	100.00
<b>Age structure</b>		
<b>Age</b>	<b>Number</b>	<b>Percentage (%)</b>
Below 30 (exclusive)	165	35.03
30-40 (including 30, excluding 40)	218	46.29
40 and above	88	18.68
Total	471	100.00

Note: The average compensation of R&D staff shown in the table above was the average compensation for 2022 and the first half of 2021, respectively.

## 6. Other description

Applicable  N/A

### III. Analysis of core competitiveness during the reporting period

#### (I) Analysis of core competitiveness

Applicable  N/A

##### 1. A patent moat around the underlying technical architecture

With the underlying technical architecture of proprietary laser display technology at the center, the Company has built a united whole patent system, which is hard to be simulated by or to be directly bypassed by the competitors entering the route of laser phosphor technologies. As of the first half of 2022, Appotronics had a total of 2,518 patents filed and granted throughout the world, including 1,606 patents granted, thus owning extremely obvious patent advantage. As the underlying key architecture technology, the laser phosphor display technology invented by the Company has been cited more than 650 times by industry giants such as Philips of the Netherlands, Osram of Germany, Epson of Japan, and NEC, etc.

##### 2. Voice in the industry supported by core devices

Since its establishment, the Company spared no effort in R&D investment, which lead to a strong technology barrier. We have been committed in the breakthroughs, innovations, expansion of application scenarios, and industrialization of laser display technology, and created technology reserves and patent portfolios covering the whole technology chain of laser display from key system architecture, core devices to key algorithm. These efforts lead to the strong voice of the Company in the laser display industry, making the Company the first choice for customers. Meanwhile, the stable base of major customers from various industries also contribute to the continuously increasing market shares of Appotronics around the world.

### 3. Forward-looking strategic layout and head start advantages

By virtue of our advantages in core devices, the Company made forward-looking arrangement for new application scenarios, such as vehicle-mounted display, aviation display, AR, etc., to promote innovative application of core devices in new and broad fields and tracks. Such forward-looking arrangement leads to the head start advantages of the Company in the racetrack, hence injecting new power for the medium- and long-term development of Appotronics and expanding more space for growth.

### (II) Events occurred during the reporting period that have a material effect on the Company's core competitiveness, analysis of the effect and countermeasures

□ Applicable ✓ N/A

## IV. Discussion and analysis of business situations

### (I) Analysis of business operation during the reporting period

Amid domestic epidemic, shortage of industry supply chains and complicated and volatile macro environment at home and abroad in the first half of 2022, the Company adhered to the strategic layout of “core technologies + core devices + application scenarios”, comprehensively sought the growth in profits, increased investments in the R&D, actively explored innovative applications and strengthened the management of supply chains and inventories, with a view to ensuring the order of production and operation for the Company. During the reporting period, the Company achieved the operating income of RMB 1.2693222 billion, increasing by 14.90% on a year-on-year. We achieved outstanding results in three big businesses such as core device, own-brand consumer product, large venue protection. Overall, market shares of cinema projection service, large venue and education as the fundamental business of the Company maintained the first place. Meanwhile, as the growth business of the Company, core devices and owned-brand customer products repeatedly made breakthrough, with a strong development momentum.

Unit: 0'000 Currency: RMB

Main business by sector						
Sector	Operating income	Operating costs	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
Laser display	126,932.22	88,456.06	30.31	14.90	22.24	-4.19 percentage points
Main business by product						
Product	Operating income	Operating cost	Gross margin (%)	Year-on-year increase or decrease of operating income (%)	Year-on-year increase or decrease of operating cost (%)	Year-on-year increase or decrease of gross margin (%)
1. Sales	113,156.62	81,850.58	27.67	24.12	24.87	-0.43 percentage points
(1) Light source and light generator	22,736.62	13,445.20	40.87	120.97	210.91	-17.11 percentage points
(2) Complete laser projector	79,768.57	59,761.32	25.08	4.90	4.89	+0.01 percentage points
Laser cinema projector	2,358.15	1,405.43	40.40	-17.42	-1.12	-9.83 percentage points

Professional display projector (large venue and business education)	17,763.33	9,867.05	44.45	-6.84	-12.52	+3.61 percentage points
Laser TV	21,745.97	14,453.12	33.54	-16.56	-21.58	+4.26 percentage points
Smart mini projector	37,901.11	34,035.72	10.20	35.09	31.69	+2.31 percentage points
(3) Other products	10,651.43	8,644.06	18.85	120.35	103.41	+6.76 percentage points
2. Cinema projection service	13,521.49	6,474.67	52.12	-27.17	0.70	-13.25 percentage points
3. Other business	254.11	130.82	48.52	-65.63	-65.76	+0.20 percentage points
Total	126,932.22	88,456.06	30.31	14.90	22.24	-4.19 percentage points

## 1. Core device business

### 1.1 Business of household core devices

In the first half of 2022, the Company's smart projectors maintained a rapid growth trend in China. We took the opportunity on the rapid development of the smart mini projector market and intensified our efforts to business portfolios of To C core devices.

The business of laser projection core devices achieved rapid expansion in the household field. The Company supplied customized laser mini projectors, laser TV light generators, or other products to Dangbei, Anker Innovations, VAVA, Xgimi, ViewSonic, Haier, and other manufacturers. In the first half of 2022, we achieved the operating income of RMB 230 million from this business, basically being the performance throughout 2021. Among them, the laser projectors X3 and X3 Pro released jointly by the Company and Dangbei won warm response from consumers. At the same time, the Company kept devoting more energy to exploring customers abroad, and enlarging the strategic cooperation size with old customers, so as to gradually realize mass production of new products for new customers. The joining of more and more partners in the laser projection ecology chain further proves the competitive advantages of our core technologies.

### 1.2 Business of innovative core devices

#### 1.2.1 Achieve IATF 16949 certification and take the advantageous position in the new vehicle-mounted track

A trend for the future vehicle industry is the intelligentization of vehicles. The new requirements on vehicle-mounted displays for intelligent cabins motivated innovative application of laser projection display as vehicle-mounted displays, such as drive assistance, and human-machine interaction experience and entertainment for passengers, including the vehicle roof screen, vehicle window transparent display, large screen for entertainment, AR-HUD, smart surfaces, smart laser headlights, etc., which lead to a broad market space for vehicle-mounted display.

During the reporting period, the Company acquired the certificate for IATF 16949:2016 Quality Management System, the admission certificate for entering the domestic and overseas vehicle supply chain.

On this basis, the Company will keep exploring the pre-shipment market and post-shipment market for its vehicle-mounted display, and strengthen the multi-level and all-round cooperation with vehicle manufacturers and tier-1 suppliers.

#### 1.2.2 Release the first optical module with PPI exceeding 10,000 developed by Appotronics around the world, a significant breakthrough in AR technology field

The Company released the first optical module with PPI exceeding 10,000 developed by Appotronics around the world in May 2022, indicating a significant breakthrough made by the Company in the R&D of AR technology field. This mini AR optical module has become the world's first commercialized AR

optical module with PPI exceeding 10,000 by achieving a breakthrough in underlying technical structure and great progress in high pixel density.

### **1.2.3 Conclude a strategic cooperation with Midea Group, entering the home service robot market**

During the reporting period, capitalizing on the self-developed laser light generator with high brightness, small size, outstanding heat dissipation and high energy efficiency, the Company established a strategic cooperation with Midea Group, a domestic home appliance giant, in the field of home service robot, under which Appotronics provided projection solutions for the first generation of home service robot released by Midea Group. This cooperation expanded innovative application scenarios of the Company's core devices, and the Company has the capacity for laser implantation to enter the field of mobile devices.

## **2. Non-core device business**

### **2.1 Continue to make great efforts on the consumer market, achieving a new business breakthrough**

During the reporting period, the Company continued to make great efforts on the consumer market and intensified the promotion of owned-brand consumer market. The subsidiary Formovie achieved the growth of its own-brand business by 50% on a year-on-year basis, which accounted for 50% of the total operating income of Formovie. Meanwhile, the gross margin from Formovie's owned-brand business increased by over 5% compared with the same period of the previous year, showing a great improvement.

In May 2022, Formovie officially released a new flagship product, namely V10 4K ultra-high-definition projector, and during the 618 Shopping Festival, won the champion in the sales volume of this new product. During the 618 Shopping Festival this year, Formovie achieved the gross merchandise value (GMV) of over RMB 200 million throughout China as the champion for five consecutive years in both the online sales value and the sales volume of laser TVs.

According to a report from IDC, Formovie ranked the third in the shipments of China's customer projector market (i.e., household projector market) in the first half of 2022, with shipments of Formovie's owned brands (excluding ODM) increasing by 289% on a year-on-year basis and occupying 7% of market shares.



Figure 1: Formovie's V10 4K ultra-high-definition projector

### **2.2 Improve the ability to innovation and differentiation for solutions, and rank the first in the professional display business market share**

During the reporting period, the Company's professional display business suspended and was cancelled and the whole market performance of large venue business and business education decreased compared with the same period of the previous year due to the impact of domestic COVID-19. However,

the Company actively responded to this impact and further improved the product and channel layout to maintain the leading market share.

Regarding large venue business, the Company launched the new G series of laser 3DLP high-brightness large venue projectors for lighting engineering projects, night tours and major venue shows, realizing broader applications of high-brightness large venue projectors.

In addition, the Company proactively explored new application scenarios and kept innovating solutions. In the fields of lighting engineering projects and night tours, we focused on the sales of high-end models, and comprehensively improved our brand influence by creating the cases with industry influence such as the projection show in Chongqing Fuling Jinxiu Square and the Huiyi Cultural Tourism Characteristic Town of Wunvzhou, Wuyuan, Jiangxi.

According to the Market Survey Report on the Laser Project Market of Chinese Mainland in 2022H1 of AVC Revo, Appotronics ranked the first in terms of both sales volume share (i.e., 17.9%) and sales value share (i.e., 16.6%) on the large venue projector market in the first half of 2022, while the Company ranked the first in the education market, with its sales volume representing 26.2%.

### **2.3 Actively respond to the impact of COVID-19, so that the cinema business is expected to rebound rapidly**

In the first half of 2022, amid the repeated outbreak of the epidemic, the cinema projection service business of the Company may also be affected due to the closedown of some cinemas and postponed showing of films. As the films will be played in the peak seasons such as summer vacation and National Day holiday in the second half of year, along with the strong policy support from China Film Administration, the Company's cinemas business is expected to rebound rapidly.

During the reporting period, in order to continuously expand the market share of light sources, the subsidiary CINEAPPO officially released ALPD® Lite version of light sources for diverse and flexible business demand of customers, thus reducing the overall investment pressure for customers, improving the film projection quality and delivering superior viewing experience. As of the disclosure date of this report, over 27,000 ALPD® laser projectors of CINEAPPO were installed in China, offering services for more than 6,000 cinemas. During the reporting period, the Company intensified efforts to promote the application of laser light sources on the overseas market, and improved the influence of the brand abroad including the U.S., Thailand, South Korea, Italy, Ireland and other countries and regions, with a rapid growth in the overseas market demand.

What's more, during the reporting period, CINEAPPO was named in the list of the second batch of Beijing "little giant" enterprises in specialized, refine, differential, and innovative aspects in 2021.

#### **(II) Analysis of factors affecting profits during the reporting period**

During the reporting period, the Company's selling expenses increased by RMB 30.6162 million, increased by 34.14% on a year-on-year basis, mainly due to increasing the market investment expenses of RMB 20.9852 million to implement the Company's policy of active market competition, increasing the investment for the consumer market and building own brands of the Company. With respect to the administrative expenses, the Company successively launched restricted share incentive plan to motivate core personnel playing a significant role in the new growth curve of the Company in the future, and the share-based payments for the current period amounted to RMB 44.3015 million, increased by 98.55% on a year-on-year basis.

Regarding non-recurring profit or loss, the government grants recognized by the Company in profit or loss for the current period decreased by RMB 55.7814 million compared with the same period of the previous year, and the performance compensation to GDC Cayman amounting to RMB 38.1759 million was recognized in the non-recurring profit or loss for the first half of 2021. Non-recurring profit or loss for the first half of 2022 declined sharply on a year-on-year basis.

As a result of the above, the Company experienced significant changes in the profits for the current period compared with the same period of the last year. With the effects of share-based payment expenses being eliminated, the net profits attributable to owners of the parent company were RMB 86.2056 million, and the net profits attributable to owners of the parent company after deduction of non-recurring profit or

loss were RMB 62.2445 million.

To sum up, the first half of 2022 saw an uptick in the Company's sales revenue because of advantages of its core devices, resilience of business and stableness of fundamental business despite repeated impact of the epidemic and other macro factors. Meanwhile, the Company actively made arrangement for innovative application areas such as vehicle-mounted display, kept expanding application areas of core devices and deeply explored potential growth points of its future profits. Overall, the Company maintained its stable operating basis and enjoyed continuous favorable future growth although it bore the pressure of strategic investment and temporary decline in profits.

**Significant changes in the operations of the Company during the reporting period, and the events that have or are expected to have a significant impact on the operations of the Company during the reporting period**

Applicable  N/A

**V. Risk factors**

Applicable  N/A

1. Risk of macro-environment

The prolonged COVID-19 epidemic, constant trade friction between China and the US, and increasing geopolitical risks lead to variability, uncertainty, complexity, and vagueness for the world. The accelerated restructuring of the global economic pattern will cause constant adjustment in the industrial chain. Although China basically maintained the stable fundamental aspects of the macro economy, this cannot eliminate the potential risks that may be caused by the uncertainties in the macro economy to the development of the Company.

2. Risks of the COVID-19 epidemic

The repeated outbreak of the epidemic in China may cause planned product releases, customer visits, on-site technology commissioning, etc. to be postponed or cancelled, delaying or preventing the Company from participating in exhibitions as expected, and additional difficulties in order acquisition. With respect to the supply chain, epidemic control measures lead to blocked logistics, increasing logistics costs, prolonged period for purchase of raw materials, which intensified the difficulties in supply chain management and smooth sales. The cinema projection service business of the Company may also be affected due to the closedown of some cinemas and postponed showing of films. Epidemic prevention and control, if no improvement is achieved, may result in uncertainties for the production and operation of the Company.

3. Risk related to the supply of important raw materials

Under the impact of tension in the supply chain, there are risks that core suppliers cannot supply parts promptly at the expected quality and quantity. This may slow down the growth of the Company's To C business, and postponed shipment of some core devices or complete equipment products may result in risks of failing to achieve the expected growth rate in operating performance of the Company.

4. Financial risk

(1) Risk of impairment of accounts receivable

As of the end of the reporting period, the carrying amount of our accounts receivable was RMB 360.4607 million, accounting for 8.74% of our total assets. Our products are generally delivered after receiving the payment therefor. We give certain credit period to some major customers. In case of any material adverse change in the business condition of our customers, we may be unable to recover certain accounts receivable, which may have an adverse effect on our operating performance in the future.

(2) Risk of impairment of inventories

As of the end of the reporting period, the carrying amount of our inventories was RMB 793.8370 million, accounting for 19.25% of our assets. Our inventories mainly comprise raw materials and goods in stock. If any significant change in the competition pattern of the industry, material innovation in laser display technology and products or the impact of COVID-19 results in a large quantity of unsalable

products, the recoverable amount of the inventories will be lower than their carrying amount. The impairment of inventories will have a negative effect on our earnings.

(3) Risks of impairment of fixed assets

As of the end of the reporting period, the carrying amount of our fixed asset was RMB 454.0105 million, accounting for 11.01% of our assets. Our fixed assets mainly consist of production equipment and cinema projector light sources for lease, where the cinema projector light sources account for 78.06%. If the COVID-19 epidemic results in prolonged closedown of cinemas, the cinema projector light sources may be idle, causing risks of impairment of fixed assets and adverse effects to the operation of the Company.

(4) Risks related to government grants

During the reporting period, the Company received government grants in accordance with relevant state policies, which are special funds or awards for R&D projects. The decrease in government grants to be received by the Company in the future may result in adverse effects to the profitability and cash flow of the Company.

5. Risks in the arbitration with relevant parties of the participating company GDC BVI

At present, the Company is in the process of arbitration and counter arbitration with relevant parties of GDC concerning the rights and interests of the parties. Because GDC Cayman, GDC BVI, Mr. ZHANG Wanneng and his management team violated the provisions of the Shareholders' Agreement and Settlement Agreement, including but not limited to the appointment of directors in violation of corporate governance regulations, violation of protective provisions for the Company, and failing to purchase the minimum quantity of C5 projectors and core device parts by the end of 2021. As a result, the cooperation on the purchase business for cinema hardware products between the Company and GDC BVI is subject to uncertainty. The trial of this case has not been started, the impact of such case on the profit or loss of the Company cannot be determined at present; the eventual actual impact depends on the award of the arbitration tribunal or the negotiation between the parties.

## VI. Main business situations during the reporting period

Please refer to "IV. Discussion and analysis of business situations" in this section for details.

### (I) Analysis of main business

#### 1. Analysis of changes in relevant items of financial statements

Unit: Yuan Currency: RMB

Item	Current period	Previous Period	% Change
Operating income	1,269,322,202.11	1,104,689,243.59	14.90
Operating costs	884,560,607.88	723,612,305.19	22.24
Selling expenses	120,302,361.36	89,686,195.83	34.14
Administrative expenses	106,015,842.36	83,960,516.92	26.27
Financial expenses	-3,353,880.91	1,532,019.30	-318.92
R&D expenses	114,959,786.37	95,128,483.66	20.85
Net cash flow from operating activities	-78,553,359.67	170,659,313.90	-146.03
Net cash flows from investing activities	5,167,457.19	-365,535,026.25	N/A
Net cash flows from financing activities	124,508,865.09	75,588,344.51	64.72

Description of reasons for changes in the operating income: The operating income increased by 14.90% on a year-on-year basis, primarily due to the growth of revenue from core devices, To C and the large venue projector businesses.

Description of reasons for changes in the operating costs: The operating costs increased by 22.24% on a year-on-year basis, primarily due to the pro-rate increase in the operating costs from the growth of operating income; the Company's revenue structure changed, including the increase in the revenue from

To C business and the decrease in cinema projection service with high gross margin, which resulted in the changes in operating costs exceeding the changes in operating income.

Description of reasons for changes in the selling expenses: The selling expenses increased by 34.14% on a year-on-year basis, primarily due to the increase in marketing expenses caused by the Company's furthered promotion and the increase in employee salaries caused by the rise in sales personnel in the current period.

Description of reasons for changes in the administrative expenses: The administrative expenses increased by 26.27% on a year-on-year basis, primarily due to the incentives to core personnel playing a significant role in the new growth curve of the Company in the future; and the Company successively launched restricted share incentive plans, under which the share-based payment expenses were RMB 44.3015 million in the current period, with a year-on-year increase.

Description of reasons for changes in the financial expenses: The financial expenses decreased by 318.92% on a year-on-year basis, primarily due to the increase in foreign exchange gains caused by the exchange rate fluctuations in the current period.

Description of reasons for changes in the R&D expenses: The R&D expenses increased by 20.85% on a year-on-year basis, primarily due to the rise in the number of R&D employees and their average salaries as a result of our continuous investments in the R&D.

Description of reasons for changes in the net cash flows from operating activities: The net cash flows from operating activities decreased by 146.03% on a year-on-year basis, primarily due to the decrease in the revenue from the cinema projection service and the government grants received compared with the same period of the previous year and the increase in the human resources expenditures and marketing and promotion expenses.

Description of reasons for changes in the net cash flows from investing activities: The net cash flows increased by RMB 370.7025 million on a year-on-year basis, primarily due to recovery of investments from transfer by the Company of the equity in the participating companies, and due to the year-on-year decrease of the new increase in bank wealth management amount.

Description of reasons for changes in the net cash flows from financing activities: The net cash flows from financing activities increased by 64.72% on a year-on-year basis, primarily due to the increase in bank loans in the current period.

## 2. Detailed description of major changes in the business type, profit composition or profit sources of the Company in the current period

Applicable  N/A

### (II) Explanation about material change in profit due to non-main business

Applicable  N/A

### (III) Analysis of assets and liabilities

Applicable  N/A

#### 1. Status of assets and liabilities

Unit: Yuan

Item	Balance at the end of the period	% of total assets at the end of the period	Balance at the end of the prior period	% of total assets at the end of the prior period	% Change	Explanation
Receivables	3,289,265.10	0.08	244,860.00	0.01	1,243.32	Primarily due



financing						to the increase in bank's acceptance bills received during this period
Prepayments	62,817,169.05	1.52	98,116,970.83	2.39	-35.98	Primarily due to cancellation of prepayments at the end of the prior year because of receipt of purchased raw materials in the current period
Contract assets	2,655,553.13	0.06	3,903,859.23	0.10	-31.98	Primarily due to recovery of payments because of project acceptance in the current period
Other current assets	70,973,361.94	1.72	52,761,820.83	1.29	34.52	Primarily due to the increase in the input VAT to be deducted
Long-term equity investment	159,724,538.60	3.87	293,601,085.27	7.17	-45.60	Primarily due to disposal of the equity in participating companies
Use right assets	47,546,507.50	1.15	26,803,910.76	0.65	77.39	Primarily due to the signing of new lease contracts and the confirmation of use right assets
Other non-current assets	17,929,878.09	0.43	10,998,641.77	0.27	63.02	Primarily due to the increase in prepayments for long-term

						assets
Short-term borrowings	130,045,205.48	3.15	5,570,878.11	0.14	2,234.38	Primarily due to the increase in bank loans and the discount of bank's acceptance bills in the current period
Accounts payable	292,737,366.30	7.10	419,966,567.27	10.25	-30.30	Primarily due to the payment of amounts of goods payable in the current period
Employee benefits payable	27,603,680.75	0.67	64,119,087.51	1.56	-56.95	Primarily due to the payment of accrued salaries and wages as well as bonuses for the preceding year in the current period
Other current liabilities	6,652,129.13	0.16	19,561,104.12	0.48	-65.99	Primarily due to the payment of amounts payable for goods returned in the current period
Lease liabilities	29,884,884.77	0.72	10,789,352.69	0.26	176.98	Primarily due to the signing of new lease contracts and the confirmation of Lease liabilities

Other description

None

## 2. Overseas assets

Applicable  N/A

### (1) Size of assets

Including: overseas assets of RMB 579,548,700.00 (Unit: Yuan Currency: RMB), accounting for 14.05% of total assets.

**(2) Explanation about the high proportion of overseas assets**
 Applicable  N/A

**3. Encumbrances on major assets as of the end of the reporting period**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount	Reason
Bank deposits	40,000,000.00	Term deposits
Bank deposits	3,293,156.61	Pledged term deposits
Bank deposits	302,062.50	Interests accrued
Other monetary funds	50,315,805.66	Security deposit for notes and letters of credit
Intangible assets	286,545,999.84	Land use rights used to be as the loan mortgage

**4. Other description**
 Applicable  N/A

**(IV) Analysis of investments**
**1. Overall analysis of external equity investments**
 Applicable  N/A

At the end of the reporting period, the Company held the long-term equity investment of RMB 159.7245 million, RMB 133.8765 million lower than the opening amount.

**(1) Material equity investments**
 Applicable  N/A

Name of the Investees	Opening carrying amount (RMB)	Closing carrying amount (RMB)	Shareholding ratio in the investee (%)	Accounting account
Cinionic Limited	126,924,427.39	0.00	0.00	
GDC Technology Limited (British Virgin Islands)	166,676,657.88	159,724,538.60	44.00	Long-term equity investment

**(2) Material non-equity investments**
 Applicable  N/A

**(3) Financial assets at fair value**
 Applicable  N/A

As of June 30, 2022, the balance of held-for-trading financial assets was RMB 493,566,000.00, including RMB 449,000,000.00 of structured deposits, RMB 44,566,000.00 of investment in equity instruments, and RMB -1,634,000.00 of changes in fair values for the current period; the balance of other investments in equity instruments was RMB 7,075,419.38, namely investment in two investees of the Company; the balance of receivables financing was RMB 3,289,265.10, namely bank acceptance bills.

**(V) Sale of material assets and equities**
 Applicable  N/A

During the reporting period, based on its operating development demand, the Company transferred its 20% of equity in Cinionic Limited to Barco Visual Electronics Company Limited as the transferee at the price of USD 20 million, so as to further optimize the asset structure and effectively integrate resources

of the Company. This transaction has been completed. After the completion of this transaction, the company ceased to hold the equity in Cinionic Limited. This equity transfer generated a translation difference due to exchange rate fluctuations, so the Company recognized the USD -704,670.16 of the loss on disposal (translated into RMB -4,611,079.66).

**(VI) Analysis of major holding and participating stock companies**

Applicable  N/A

Unit: 0'000 Currency: RMB

Name	Main business	Registered capital	Shareholding ratio	Total assets	Net assets	Operating income	Net profit
CINEAPPO	Provision of cinema laser light source projection service and sales of projectors	10,000.00	63.20%	88,178.21	44,110.46	16,109.94	636.46
Formovie	R&D and sale of household display products	7,017.54	39.19%	96,325.45	1,241.16	60,958.84	-4,658.22
Appotronics HK	R&D and sale of laser light source	30,116.15	100.00%	49,028.75	36,479.58	9,518.38	-415.81

**(VII) Structured entities controlled by the Company**

Applicable  N/A

**VII. Other disclosures**

Applicable  N/A

## Section IV Corporate Governance

### I. Brief introduction of general meetings of shareholders

Session	Date of meeting	Reference to resolutions published on the designated website	Date of disclosure of resolutions	Resolutions
1 <sup>st</sup> extraordinary general meeting of shareholders in 2022	March 29, 2022	www.sse.com.cn	March 30, 2022	Please refer to the Announcement on the Resolutions of the 1st Extraordinary General Meeting of Shareholders in 2022 (No. 2022-027) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on March 30, 2022 for details.
2 <sup>nd</sup> extraordinary general meeting of shareholders in 2022	April 22, 2022	www.sse.com.cn	April 23, 2022	Please refer to the Announcement on the Resolutions of the 2nd Extraordinary General Meeting of Shareholders in 2022 (No. 2022-034) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 23, 2022 for details.
Annual general meeting of shareholders in 2021	May 25, 2022	www.sse.com.cn	May 26, 2022	Please refer to the Announcement on the Resolutions of the 2nd Extraordinary General Meeting of Shareholders in 2022 (No. 2022-054) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on May 26, 2022 for details.

#### Extraordinary general meeting of shareholders requested by the preferred shareholder with restitution of voting right

Applicable  N/A

Explanation about the general meetings of shareholders

Applicable  N/A

During the reporting period, the Company held 1 annual general meeting and 2 extraordinary general meetings in total. After being certified by Beijing JunHe (Shenzhen) Law Firm engaged by the Company,

the convening and holding procedures of general meetings of shareholders, the qualifications of the persons attending the meeting and conveners, the voting procedures and results comply with the relevant provisions of the Companies Law, the Rules for General Meetings of Shareholders and other laws, regulations and normative documents as well as the provisions of the Articles of Association, and are legal and valid. All proposals submitted by the Board of Directors of the Company to the General Meeting have been reviewed and passed.

## II. Changes in directors, supervisors, senior officers and key technical staff

√ Applicable □ N/A

Name	Position	Change
BO Lianming	Director	Left the Company
YU Zhuoping	Director	Elect
YAN Li	Board Secretary	Left the Company
CHEN Yasha	Board Secretary	Recruited

### Changes in directors, supervisors, senior officers and key technical staff

√ Applicable □ N/A

1. Mr. BO Lianming, the former director, resigned from his position as the member of the second Board of Directors and as the member of the Strategy Committee under the second Board of Directors due to his physical health on March 11, 2022, and after that, he ceased to hold any position in the Company. The Company convened the 8th meeting of the second Board of Directors and the 1<sup>st</sup> extraordinary general meeting of shareholders in 2022 respectively on March 11, 2022 and March 29, 2022, approving the Proposal on Election of Mr. YU Zhuoping as the Company's Non-independent Director through deliberation, and agreeing to elect Mr. YU Zhuoping as a non-independent director of the Company and the member of Strategy Committee under the second Board of Directors, with the term of office commencing from the date of approval by that meeting until the expiry of the term of the second Board of Directors.

2. Ms. YAN Li, the former secretary of the Board of Directors, resigned from her position as the secretary of the Board of Directors due to her personal family and physical health, and after that, she ceased to hold any position in the Company. The Company convened the 12th meeting of the second Board of Directors on April 29, 2022, approving the Proposal on Appointment of the Company's Secretary of the Board of Directors through deliberation, and agreeing to appoint Ms. CHEN Yasha as the secretary of the Board of Directors, with the term of office commencing from the date of approval by that meeting until the expiry of the term of the second Board of Directors.

### Description of determination of key technical staff of the Company

√ Applicable □ N/A

The key technical staff of the Company were determined by taking into account the following factors:

- (1) play an important role in the Company's R&D system or hold an important position in the Company's R&D department;
- (2) lead the R&D of multiple core technologies of the Company during the period of service;
- (3) obtain several patents in the capacity as inventor or designer, and make outstanding contributions to the core technologies of the Company;
- (4) have a deep professional knowledge background in the laser display industry, broad work qualifications or project experience.

Any candidate shall meet at least two of the above criteria at the same time, and then with the approval by the Chairman, may be determined as a key technician of the Company.

### III. Proposals for profit distribution and capitalization of the capital reserve

#### Profit distribution proposal or proposal for capitalization of capital reserve during the reporting period

Whether to implement profit distribution or capitalization of capital reserve	No
Number of bonus shares distributed per 10 shares	/
Cash dividends distributed per 10 shares (inclusive of tax)	/
Number of shares distributed out of the capital reserve per 10 shares	/
Description of the proposal for profit distribution on ordinary shares and capitalization of the capital reserve	
/	

### IV. Share incentive plan, employee stock ownership plan and other employee incentive measures of the Company and their effect

#### (I) Equity incentives already disclosed in the interim announcements about which no new information is available

Applicable  N/A

Summary	Reference
The Company held the 8 <sup>th</sup> meeting of the second Board of Directors, the 7 <sup>th</sup> meeting of the second Board of Supervisors and the 1 <sup>st</sup> extraordinary general meeting of shareholders in 2022 respectively on March 11, 2022 and March 29, 2022, approving the Proposal on Adjusting the Grant Price of Restricted Shares under the 2021 Restricted Share Incentive Plan, the Proposal on Granting Reserved Restricted Shares to Grantees under the 2021 Restricted Share Incentive Plan, the Proposal on Granting Reserved Restricted Shares to Grantees under the 2021 Second Restricted Share Incentive Plan, and other related proposals through deliberation.	Please refer to the relevant announcements disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on March 14, 2022 and March 30, 2022 for details.
On April 29, 2022, the Company held the 12 <sup>th</sup> meeting of the second Board of Directors and the 11 <sup>th</sup> meeting of the second Board of Supervisors, approving the Proposal on the 2022 Restricted Share Incentive Plan (Draft) of the Company and Summary of the Plan and other related proposals through deliberation.	Please refer to the relevant announcements disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 30, 2022 for details.
On May 25, 2022, the Company held the annual general meeting of shareholders in 2021, approving the Proposal on the 2022 Restricted Share Incentive Plan (Draft) of the Company and Summary of the Plan and other related proposals through deliberation.	Please refer to the relevant announcements disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on May 26, 2022 for details.
On May 25, 2022, the Company held the 13 <sup>th</sup> meeting of the second Board of Directors and the 12 <sup>th</sup> meeting of the second Board of Supervisors, approving the Proposal on Initial Granting of Restricted Shares to Grantees through deliberation.	

On June 29, 2022, the Company held the 14<sup>th</sup> meeting of the second Board of Directors and the 13<sup>th</sup> meeting of the second Board of Supervisors, approving the Proposal on Invalidating Partially Granted but Not Vested 2021 Restricted Shares, the Proposal on Adjustments to Grant Prices under the Company's Restricted Share Incentive Plan, the Proposal on Vesting Criteria for the First Vesting Period in the Initial Grant under 2021 Restricted Share Incentive Plan and other related proposals through deliberation.

Please refer to the relevant announcements disclosed by the Company at the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on June 30, 2022 for details.

**(II) Incentives that have not been disclosed in any interim announcement or about which there's new information available**

Share incentives

Applicable  N/A

Other description

Applicable  N/A

Employee stock ownership plan

Applicable  N/A

Other incentives

Applicable  N/A



## Section V Environment and Social Responsibilities

### I. Environment

#### (I) Environmental protection information of the Company and its major subsidiaries that are identified as major polluters by the environmental protection authority

Applicable  N/A

#### (II) Environmental protection information of any company that is not identified as a major polluter

Applicable  N/A

#### 1. Administrative penalties imposed due to environmental issues

Applicable  N/A

#### 2. Disclosure of other environmental protection information with reference to that of major polluters

Applicable  N/A

As a leading laser display technology enterprise in the world, the Company mainly engages in the research and development, production and sales of laser display core devices and complete equipment and application of laser display technology to different scenarios based on the proprietary laser display technology and architecture. The Company does not belong to the major polluter as determined by the relevant laws and regulations of the state. During the reporting period, the Company had no production or operating entity included in the list of major polluters identified by the environmental protection authority, and its production and operating activities have little impact on environment. During its production and operation, the Company mainly emits waste gas, waste water and solid waste, which have been properly handled in accordance with the relevant requirements.

The industrial waste gas emitted from the Company's daily production and operation mainly include tin-containing waste gas and non-methane hydrocarbons, which is treated by UV photolysis, active carbon adsorption plant, air purification equipment and other equipment. The emission concentration of treated waste gas meets the Atmospheric Pollutant Emission Limit (DB44/27 - 2001 Level 2), the environmental standard in the place where the production or operation entity is domiciled, and the Company engages a third-party testing organization to conduct test and valuation every year.

The sanitary wastewater discharged by the Company's offices is uniformly treated by the office buildings and the industrial park properties, and after the qualified pretreatment, then discharged into the municipal sewage pipe network. The industrial wastewater is uniformly recycled and treated by a qualified environmental protection company. Meanwhile, the Company actively optimizes the production process and reduces sewage discharge.

Hazardous waste and general industrial solid waste are professionally treated by a qualified environmental protection company, while recyclable waste is collected and sorted by the Company's cleaning staff and then recovered by the relevant resource recovery unit.

#### 3. Reason for failure to disclose other environmental protection information

Applicable  N/A

#### (III) New information about the environmental protection information disclosed during the reporting period

Applicable  N/A

#### (IV) Relevant information conducive to protecting ecology, preventing pollution and fulfilling environmental responsibilities

Applicable  N/A

The Company achieved ISO14001 environmental management system certification in 2008, and maintained such certification to date, and also achieved the QC080000 Hazardous Substance Process Management (HSPM) in 2019. All of our products are green products and have passed China environmental labeling product certification, RoHS, REACH.

To achieve “dual carbon” goals, the Company is committed to giving full play to the supporting and leading role of scientific and technological innovation and conducting green and low-carbon technological innovation activities. The Company devotes itself to providing customers with environmental-friendly innovative solutions. Compared with the traditional cinema light source, the energy-saving design of ALPD® laser light source enables it to be high-efficient and energy-saving and make outstanding achievements in energy conservation and emission reduction.

As of the end of the reporting period, ALPD® laser projection solution in China has realized 212.8 million hours of running length, help partners save about 383 millions kWh of electricity and reduce about 167.7 million m<sup>3</sup> of CO<sub>2</sub> emissions. The Company has constantly generated economic benefits for customers in terms of green, low-carbon and technologically innovative actions and contributed to the national “dual carbon” goals.

#### **(V) Measures taken to reduce carbon emissions during the reporting period and their effect**

√ Applicable □ N/A

Internally, the Company continued to act with the goal of reducing costs and improving efficiency. We innovated technologies and optimized optical structure to reduce the use of devices on the basis of realizing equal effect and kept improving the use rate of raw materials and equipment, thus reducing the consumption of resources.

The Company actively advocated green office. To be specific, in the process of daily office, we guided employees to use online approval system to replace paper and to shut off computers when they get off the work and turn off lights during lunch breaks for one hour. Our administrative department established an energy-saving team to check the shutdown of equipment and power every day and give a reminder timely in case of keeping it running. In addition, we provided the shuttle bus for employees and advocated the use of public transit means, so as to reduce daily carbon emissions. We also posted conspicuous signs of power and paper saving at the relevant locations of the office space and the water saving reminders in the rest room.

The Company attached great importance to the popularization of daily energy conservation and environmental protection conception and encouraged employees to adopt a low-carbon lifestyle, implement rules of energy conservation and emission reduction and daily management measures, and effectively save water and power.

#### **II. Information on consolidation and expansion of the results of poverty alleviation, rural revitalization and other specific work**

√ Applicable □ N/A

Given the great importance attached to contributions to social development, the Company, as a corporate citizen, donated laser projectors worth RMB 1.2597 million to Shenzhen Health Commission through Shenzhen Red Cross Society in April 2022, which are used in the online class and home education for the children of healthcare workers against coronavirus disease from 29 medical units including Shenzhen Center for Disease Control and Prevention and Emergency Care Center, as the support for anti-epidemic efforts. In June 2022, the Company gave the support to the First Youth Smart City Forum in Shenzhen sponsored by Shenzhen Society of Science and Technology by offering large screen to protect the vision of teenagers.

## Section VI Significant Matters

### I. Fulfillment of covenants

#### (I) Covenants made by the actual controller, shareholders, affiliates and acquirer of the Company, the Company itself and other related parties during the reporting period or the outstanding covenants made by them in the prior periods

√ Applicable □ N/A

Background of covenant	Covenant type	Covenantor	Covenant content	Validity period of covenant	Whether there's a time limit for the fulfillment of the covenant	Whether the covenant has been strictly fulfilled on time	Reason for failure to fulfill the covenant on time (if applicable)	Action plan if failing to fulfill the covenant on time
Covenant relating to IPO	Restriction on the sale of shares	Covenant by the controlling shareholder regarding restriction on the sale of shares held by him, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	36 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the actual controller regarding restriction on the sale of shares held by him, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		36 months after completion of the IPO and the extended period stated below, and 6 months after termination of employment with the Company	Yes	Yes	N/A	N/A

	Restriction on the sale of shares	Covenant by the concert parties of the actual controller regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		36 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the directors regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		12 months after completion of this issuing and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the supervisors regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		12 months after completion of this issuing	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by HU Fei, as a member of key technical staff, regarding restriction on the sale of shares held by him, voluntary lock-up of		12 months after completion of the IPO and the extended period stated below,	Yes	Yes	N/A	N/A

		such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		and 6 months after termination of employment with the Company				
	Restriction on the sale of shares	Covenant by the senior officers regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		12 months after completion of this issuing and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the key technical staff YU Xin and others regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		12 months after completion of the IPO and listing of stock and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the holders of more than 5% shares regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		12 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A

	Restriction on the sale of shares	Covenant by the other shareholders regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues		12 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
	Others	Issuer's plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing		36 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
	Others	Controlling shareholder and the actual controller's plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing			Yes	Yes	N/A	N/A
	Others	Directors and senior officers' plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing			Yes	Yes	N/A	N/A
	Others	Issuer's covenant regarding measures against fraud in IPO	Permanent		No	Yes	N/A	N/A

	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding measures against fraud in IPO		Permanent	No	Yes	N/A	N/A
	Others	Directors, supervisors and senior officers' covenant regarding measures against fraud in IPO		Permanent	No	Yes	N/A	N/A
	Others	Issuer's covenant regarding remedial measures for diluted earnings in the current period		Permanent	No	Yes	N/A	N/A
	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding remedial measures for diluted earnings in the current period		Permanent	No	Yes	N/A	N/A
	Others	Directors and senior officers' covenant regarding remedial measures for diluted earnings in the current period		Permanent	No	Yes	N/A	N/A
	Others	Issuer's covenant regarding profit distribution policy		Permanent	No	Yes	N/A	N/A
	Others	Issuer's covenant regarding restraint measures and liability for compensation in the event of failure to fulfill its covenants		Permanent	No	Yes	N/A	N/A

	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding restraint measures and liability for compensation in the event of failure to fulfill their covenants		Permanent	No	Yes	N/A	N/A
	Others	Directors, supervisors and senior officers' covenant regarding restraint measures and liability for compensation in the event of failure to fulfill their covenants		Term of office	No	Yes	N/A	N/A
	Resolve horizontal competition issues	Controlling shareholder's covenant on avoiding horizontal competition and regulating and reducing related-party transactions		Permanent	No	Yes	N/A	N/A
	Resolve related-party transaction issues	Actual controller's covenant on avoiding horizontal competition and regulating and reducing related-party transactions		Permanent	No	Yes	N/A	N/A
Covenant related to share incentives	Others	Covenant by the grantee of share incentives regarding information disclosure documents	Please refer to the 2019 Restricted Share Incentive Plan (Draft),	Valid period of the incentive plan	No	Yes	N/A	N/A



			the 2021 Restricted Share Incentive Plan (Draft), the 2021 Second Restricted Share Incentive Plan (Draft) and the 2022 Restricted Share Incentive Plan (Draft) for details					
	Others	Company's covenant on refraining from providing financial assistance	Please refer to the 2019 Restricted Share Incentive Plan (Draft), the 2021 Restricted Share Incentive Plan (Draft), the 2021 Second Restricted	Valid period of the incentive plan	No	Yes	N/A	N/A

			Share Incentive Plan (Draft) and the 2022 Restricted Share Incentive Plan (Draft) for details					
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**II. Non-operating occupation of funds by the controlling shareholder and its affiliates during the reporting period**
 Applicable  N/A

**III. Guarantees in violation of applicable regulations**
 Applicable  N/A

**IV. Audit of semiannual report**
 Applicable  N/A

**V. Changes in matters involved by non-standard audit opinions in the previous annual report and treatment thereof**
 Applicable  N/A

**VI. Matters relating to bankruptcy and reorganization**
 Applicable  N/A

**VII. Material litigations and arbitrations**
 The Company was involved in material litigations or arbitration during the reporting period

 The Company was not involved in material litigations or arbitration during the reporting period

**(I) Litigations and arbitrations already disclosed in interim announcements about which no new information is available**
 Applicable  N/A

Summary and type of case	Reference
I. (2020) Yue 73 Zhi Min Chu No. 1335-1341, 1353, 1355-1361 In August 2020, the Company initiated a civil litigation on the ground that Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, Digital Protection (Beijing) Electronics Technology Co., Ltd. and other entities infringed the patents for invention ZL200880107739.5 and ZL200810065225.X owned by the Company, requesting the court to order to stop the acts of infringing the Company's patent rights and pay the damages for infringement in the amount of RMB 80.00 million.	Please refer to the Announcement on Litigation Against Delta Electronics (Shanghai) Co., Ltd. and Other Entities (No. 2020-037) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on August 11, 2020.
II. (2021) Chuan 01 Zhi Min Chu No. 685 and No. 686 In December 2021, Delta Electronics, Inc. initiated a civil litigation on the ground that the Company infringed the patents for invention ZL201410249663.7, ZL201610387831.8, and ZL201110041436.1, requesting the court to order to stop the acts of infringing the patent rights and pay the damages for infringement in the amount of RMB 32.02 million.	Please refer to the Announcement on Malicious Litigation Initiated by Delta Electronics (No. 2021-097) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on December 21, 2021.

<p>III. (2021) Yue 73 Zhi Min Chu No. 1860</p> <p>In December 2021, Delta Electronics maliciously initiated an intellectual property litigation against the Company. Since such act infringed the rights and interests of the Company, the Company sued Delta to Guangzhou Intellectual Property Court on December 17, 2021 on the ground of such malicious litigation act, involving the amount of RMB 10.00 million in total.</p>	<p>Please refer to the Announcement on Malicious Litigation Initiated by Delta Electronics (No. 2021-097) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on December 21, 2021.</p>
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**(II) Litigations and arbitrations that have not been disclosed in interim announcements or about which there's new information available**

√ Applicable □ N/A

Unit: 0'000 Currency: RMB

During the reporting period:									
Plaintiff/claimant	Defendant/respondent	Party jointly and severally liable	Type of litigation/arbitration	Background	Amount claimed	Whether any provision is recognized and the amount	Status	Result and effect	Enforcement of judgment/award
Delta Electronics, Inc.	Appotronics Corporation Limited	Futian SPN Projector & Video System Firm of Shenzhen	Infringement on patent for invention	Case of dispute over infringement on patents for invention (2019) Yue 73 Zhi Min Chu No. 662, the Plaintiff alleged that it is the owner of the patent for invention ZL201610387831.8 and the Defendant infringed such	1,614.53	No	RMB 10.00 million released, and in trial of the first instance	Trial not completed	

				patent for invention of the Plaintiff and caused economic losses to the Plaintiff.					
Delta Electronics, Inc.	Appotronics Corporation Limited	Fengmi (Beijing) Technology Co., Ltd.	Infringement on patent for invention	Case of dispute over infringement on patents for invention (2019) Jing 73 Min Chu No. 1275 and No. 1276, the Plaintiff alleged that it is the owner of the patents for invention ZL201410249663.7 and ZL201610387831.8, and the Defendant infringed such patents for invention of the Plaintiff and caused economic losses to the Plaintiff.	3,202.00	No	Judgment of first instance: held that all the claims of Delta Electronics should be dismissed. Under appeal of the second trial	Trial not completed	
Delta Electronics, Inc.	Appotronics Corporation Limited	Shanghai Haichi Digital Technology Co., Ltd.	Infringement on patent for invention	Case of dispute over infringement on patents for invention (2021) Hu 73 Zhi Min Chu No. 1070, the Plaintiff alleged that it is the owner of	1,601.00	No	In trial of the first instance	Trial not completed	

				the patent for invention ZL201110041436.1 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.					
Delta Electronics, Inc.	Appotronics Corporation Limited	Chengdu Jinxi Guangxian Information Technology Co., Ltd.	Infringement on patent for invention	Case of dispute over infringement on patents for invention (2021) Chuan 01 Zhi Min Chu No. 684, the Plaintiff alleged that it is the owner of the patent for invention ZL201410249663.7 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	The Plaintiff withdrew its case	The court ordered the case to be withdrawn.	
Wanbo Technology Co., Ltd.	Shenzhen Appotronics Xiaoming Technology Co., Ltd.	Fengmi (Beijing) Technology Co., Ltd.;	Dispute over infringement on patent for design	Case of dispute over infringement on patent for design (2022) Zhe 01 Min	300.00	No	Under trial of the first instance	Trial not completed	

		Zhejiang Tmall Network Co., Ltd.		Chu No. 157, the Plaintiff alleged that it is the owner of the patent for design ZL201930556138.3 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.					
GDC Technology Limited (Cayman Islands); GDC Technology Limited (British Virgin Islands)	Appotronics Corporation Limited	Appotronics Hong Kong Limited	Arbitration of dispute over the implementation of the Settlement Agreement	Arbitration case No. 01-22-0001-2735, the Plaintiff initiated the arbitration against the Company and its wholly-owned subsidiary Appotronics HK in respect of the dispute over the implementation of the Settlement Agreement.	USD 38 million	No	Pending trial	Trial not completed	
Appotronics Corporation Limited	Delta Electronics (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited;	Infringement on patent for invention	Case of dispute over infringement on patents for invention (2019) Yue 03 Min Chu No. 2943, 2944,	2,800.00	No	Judgment of the first instance held that the	Trial not completed	

		Shenzhen Super Network Technology Co., Ltd.		2946, 2948 and 2951, the Plaintiff alleged that Defendant 1, Defendant 2 and Defendant 3 infringed the patent for invention 200810065225.X of the Plaintiff and caused economic losses to the Plaintiff.			Defendant Delta Electronics should compensate the Plaintiff for RMB 1,651,997. Under appeal of the second trial		
Appotronics Corporation Limited	Delta Electronics, Inc.	/	Correcting the inventor of the patent	Case for correcting the inventor of patent 19-cv-00466-RGD-LRL, the Plaintiff requested that the sole inventor of the U.S. patent No. 9,024,241 should be changed to Dr. HU Fei and Dr. LI Yi.	/	No	The Parties settled and withdrew the case		
Appotronics Corporation Limited, LI Yi, HU Fei	Delta Electronics, Inc.	ZHANG Kesu, HUA Jianhao, WANG Bo	Dispute over the ownership of patent right	(2021) Yue 03 Min Chu No. 2295, the Plaintiff petitioned the court to declare that the patent ZL201610387831.8 “phosphor color	30.00	No	Withdraw the case		



				wheel and its applicable light source system” is owned by the Company.					
Appotronics Corporation Limited; Appotronics Hong Kong Limited	GDC Technology Limited (Cayman Islands)	GDC Technology Limited (British Virgin Islands); actual controller ZHANG Wanneng and his management team	Arbitration counterclaims	Case of arbitration counterclaims 01-22-0001-2735. The Plaintiff raised counter-claims against GDC Cayman, GDC BVI, Mr. ZHANG Wanneng and his management team on the ground that GDC Cayman, GDC BVI, Mr. ZHANG Wanneng and his management team violated the provisions of the Shareholders’ Agreement and Settlement Agreement.	Not less than USD 40.00 million	No	Pending trial	Trial not completed	
Appotronics Corporation Limited	Shenzhen Creality 3D Technology Co., Ltd.		Dispute over the sales contract	Case of dispute over the sales contract (2022) Yue 0305 Min Chu No. 10069, the Plaintiff initiated	21.99	No	Pending trial	Trial not completed	

				a lawsuit with the court in respect of dispute over the sales contract, requesting the court to order the Defendant to make the payments for goods and pay the liquidated damages.					
Qingda Appotronics (Xiamen) Technology Co., Ltd.	Yunzhi Feiyang (Beijing) Network Technology Co., Ltd.		Dispute over the sales contract	Arbitration case of dispute over the sales contract XA20220598, the Plaintiff initiated a lawsuit with the court in respect of dispute over the sales contract, requesting the court to order the Defendant to make the payments for goods and pay the liquidated damages.	21.48	No	Pending trial	Trial not completed	

**(III) Other description**

√ Applicable □ N/A

(1) As of the end of this reporting period, a total of 15 invalidation petitions were raised against the Company's patent for invention ZL200880107739.5, and a total of 11 invalidation petitions were raised against the Company's patent for invention ZL200810065225.X. Among these cases, 25 cases have been decided by

China National Intellectual Property Administration, with the patents sustained, or withdrawn by the petitioner, and 1 case is under the trial of China National Intellectual Property Administration.

(2) As of the end of this reporting period, a total of 5 invalidation petitions were raised against the Company's patent for invention ZL201110086731.9. Among these cases, 4 cases have been decided by China National Intellectual Property Administration, with the patents sustained, or withdrawn by the petitioner, and 1 case is under the trial of China National Intellectual Property Administration: in May 2022, the invalidation petitioner Shenzhen Hola Technology Development Co., Ltd. raised an invalidation petition with China National Intellectual Property Administration against the "high-brightness excitation method and light-emitting device based on optical wavelength conversion" (Patent No.: 201110086731.9) as the patent for invention held by the Company, for which the case number is 4W114179.

(3) As of the end of the reporting period, there were 2 invalidation cases where the Company acted as a petitioner. These cases are under trial of China National Intellectual Property Administration, and are related to the invalidation petition against patents held by Delta Electronics, Inc..

**VIII. Penalties imposed on the listed company and its directors, supervisors, senior officers, controlling shareholder, actual controller for suspected violation of laws and regulations and rectification of the relevant violations**

Applicable  N/A

**IX. Credit standing of the Company and its controlling shareholder and actual controller during the reporting period**

Applicable  N/A

**X. Material related-party transactions**

**(I) Related-party transactions in connection with day-to-day operation**

**1. Matters already disclosed in the interim announcements about which no new information is available**

Applicable  N/A

**2. Matters already disclosed in the interim announcements about which there's new information available**

Applicable  N/A

Summary	Reference
The Company expects to engage in daily related-party transactions with China Film Equipment Co., Ltd. and its affiliates, Xiaomi Communications Technologies Co., Ltd. and its affiliates, Beijing DonView Education Technology Co., Ltd. and its affiliates, Cinionic Limited, GDC Technology Limited and its affiliates, YLX Incorporated and its affiliates for the amount of RMB 1.4673 billion in 2022.	Please refer to the Announcement on the Prediction of Daily Related-party Transactions in 2022 (No. 2022-039) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2022.

**3. Matters that have not been disclosed in any interim announcement**

Applicable  N/A

**(II) Related-party transactions involving acquisition or sale of assets or equities**

**1. Matters already disclosed in the interim announcements about which no new information is available**

Applicable  N/A

**2. Matters already disclosed in the interim announcements about which there's new information available**

Applicable  N/A

**3. Matters that have not been disclosed in any interim announcement**

Applicable  N/A

**4. Fulfillment of performance covenants (if any) during the reporting period**

Applicable  N/A

**(III) Material related-party transactions involving joint external investments**

**1. Matters already disclosed in the interim announcements about which no new information is available**

Applicable  N/A

Summary	Reference
On March 26, 2021, the Company held the 30 <sup>th</sup>	Please refer to the Announcement on

<p>meeting of the first Board of Directors and the 17<sup>th</sup> meeting of the first Board of Supervisors, approving the Proposal on Capital Increase by Formovie in a Wholly-owned Subsidiary and Acquisition of 51% Equity in WeCast Technology Corp. and the Related-party Transaction through deliberation, and agreeing Formovie (Chongqing) Innovative Technology Co., Ltd., a subsidiary in the scope of the Company's consolidated financial statements to make additional contribution of USD 4.00 million to the wholly-owned subsidiary Formovie Limited, where the additional capital shall be used to subscribe for 51% equity in WeCast Technology Corp..</p> <p>LI Yi, the actual controller and the Chairman of the Company, acts as a director of WeCast Technology Corp., and hence this subscription constitutes a related-party transaction.</p>	<p>Capital Increase by Formovie in a Wholly-owned Subsidiary and Subscription for 51% Equity in WeCast Technology Corp. and the Related-party Transactions (No. 2021-018) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on March 27, 2021.</p>
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**2. Matters already disclosed in the interim announcements about which there's new information available**

Applicable  N/A

**3. Matters that have not been disclosed in any interim announcement**

Applicable  N/A

**(IV) Accounts receivable from and payable to related parties**

**1. Matters already disclosed in the interim announcements about which no new information is available**

Applicable  N/A

**2. Matters already disclosed in the interim announcements about which there's new information available**

Applicable  N/A

**3. Matters that have not been disclosed in any interim announcement**

Applicable  N/A

**(V) Financial business between the Company and its affiliated financial companies, or between the Company's controlled financial companies and affiliates**

Applicable  N/A

**(VI) Other material related-party transactions**

Applicable  N/A

**(VII) Other information**

Applicable  N/A

**XI. Material contracts and performance thereof**

**(I) Trusteeship, contracting and lease**

Applicable  N/A

**(1) Trusteeship**

Applicable  N/A

**(2) Contracting**
 Applicable  N/A

**(3) Lease**
 Applicable  N/A

Unit: 0'000 Currency: RMB

Name of lessor	Name of lessee	Leased assets	Amount of leased assets	Start date	End date	Lease income	Basis for determining lease income	Impact of lease income on the Company	Related-party transaction or not	Related-party relation
Shenzhen Meisheng Industry Co., Ltd.	Appotronics Corporation Limited	Office, R&D, factory, employee dormitory	1,231.93	January 1, 2020	November 30, 2022	/	/	/	No	None

Description of lease

None

**(II) Material guarantees that have been performed or have not yet been fully performed during the reporting period**

√ Applicable □ N/A

Unit: 0'000 Currency: RMB

Total amount of guarantees provided during the reporting period (excluding those provided for the subsidiaries)					0.00							
Total balance of guarantees as of the end of the reporting period (excluding those provided for the subsidiaries) (A)					0.00							
Guarantees provided by the Company or its subsidiaries for the subsidiaries of the Company												
Guarantor	Relationship between the guarantor and the listed company	Obligor	Relationship between the obligor and the listed company	Guaranteed amount	Commencement date of guarantee (signing date of agreement)	Inception date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the obligation guaranteed has been discharged	Whether the obligation guaranteed has become overdue	Amount of the overdue obligation guaranteed	Whether there's a counter guarantee
Appotronics Corporation Limited	Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	50,000.00	2021-12-29	2021-12-29	Three years after the due date for the obligations under the master contract.	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	23,000.00	2021-1-26	2021-1-26	Two years after the due date for the obligations.	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	4,000.00	2021-12-27	2021-12-27	Three years after the due date for the obligations.	Joint and several liability	No	No		No

Appotronics Corporation Limited	Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	5,000.00	2021-12-27	2021-12-27	The guarantee period is three years from the date of termination of claims determination period.	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	20,000.00	2021-9-10	2021-9-10	2028-4-25	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	9,000.00	2021-12-6	2021-12-6	2026-12-30	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	20,000.00	2022-3-29	2022-3-29	Three years after the due date for the obligations under the master contract.	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	17,500.00	2022-5-13	2022-5-13	Three years after the due date (without accelerated maturity) of the latest financing due and payable among all the financings drawn and used	Joint and several liability	No	No		No



							during the period of occurrence of guaranteed debts under the master agreement or/and inter-bank borrowing.					
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	2,500.00	2022-5-13	2022-5-13	Three years after the due date (without accelerated maturity) of the latest financing due and payable among all the financings drawn and used during the period of occurrence of guaranteed debts under the master agreement or/and inter-bank borrowing.	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	5,000.00	2021-12-29	2021-12-29	The guarantee period is three years from the date of termination of	Joint and several liability	No	No		No

							claims determination period.					
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	15,000.00	2022-6-13	2022-6-13	The guarantee period is three years from the date of termination of claims determination period.	Joint and several liability	No	No		No
Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	15,000.00	2021-8-23	2021-8-23	Three years after the due date for the obligations under the master contract	Joint and several liability	No	No		No
Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	20,000.00	2021-8-23	2021-8-23	Three years after the due date for the obligations under the master contract.	Joint and several liability	No	No		No
<b>Total amount of guarantees provided for the subsidiaries during the reporting period</b>							36,629.68					
<b>Total balance of guarantees provided for the subsidiaries as of the end of the reporting period (B)</b>							61,444.78					
<b>Total amount of guarantees provided by the Company (including those provided for the subsidiaries)</b>												
<b>Total amount guaranteed (A+B)</b>							61,444.78					
<b>Proportion of total amount guaranteed to the net assets of the Company (%)</b>							24.75					
												Including:
<b>Total amount of guarantees provided for the shareholders, actual controller and their affiliates (C)</b>							<b>0</b>					

<b>Total amount of debt guarantees directly or indirectly provided for the obligors whose equity-debt ratio exceeds 70% (D)</b>	<b>43,276.78</b>
<b>Total amount guaranteed in excess of 50% of the net assets of the Company (E)</b>	<b>0</b>
<b>Total amount guaranteed (C+D+E)</b>	<b>43,276.78</b>
<b>Explanation about outstanding guarantees for which the Company may assume joint and several liability for repayment</b>	<b>N/A</b>
<b>Explanation about guarantees</b>	<b>N/A</b>

**(III) Other material contracts**
 Applicable  N/A

**XII. Use of offering proceeds**

✓ Applicable □ N/A

**(I) Overall use of offering proceeds**

✓ Applicable □ N/A

Unit: Yuan

Source of offering proceeds	Total offering proceeds	Net offering proceeds after deduction of offering expenses	Total offering proceeds committed	Total offering proceeds committed after adjustment (1)	Total offering proceeds used as of the end of the reporting period (2)	Cumulative investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Amount invested in this year (4)	Ratio of the amount invested in this year (%) (5)=(4)/(1)
Initial public offering	1,190,000,000.00	1,062,470,797.73	1,062,470,797.73	1,062,470,797.73	654,943,331.58	61.64	92,549,183.63	8.71

**(II) Breakdown of investment projects**

✓ Applicable □ N/A

Unit: Yuan

Item	Whether change of investment is involved	Source of offering proceeds	Total investment from the offering proceeds committed for the project	Total investment from the offering proceeds after adjustment (1)	Cumulative total offering proceeds used as of the end of the reporting period (2)	Cumulative investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Date for the project to reach the working condition for its intended use	Completed or not	Whether the investment progress meets the progress planned	Specific reason for failing to achieve the plan of investment progress	Benefits or R&D results achieved by the project	Material changes in the project feasibility, and if any, describe the specific reasons	Balance amount and reasons thereof
R&D and industrialization of new generation of	No	Initial public offering	313,000,000.00	313,000,000.00	234,604,992.47	74.95	December 2022	No	No	On the principles of cost control and risk reduction, in the past two years, under the	N/A	No	N/A

laser display products										impact of COVID-19 and general chip shortage in the industry, the Company acted more diligently in production capacity expansion in consideration of the actual existing production capacity and demands to respond to uncertainties in the macro environment.			
R&D center at the head office of Appotronics	No	Initial public offering	284,000,000.00	284,000,000.00	54,699,372.81	19.26	December 2023	No	No	The construction of the head office building was slowed down due to the repeated outbreak of COVID-19 and complex geological conditions on the site. This project may be fully implemented only after the construction of the head office building is completed. As a result, the project implementation is postponed.	N/A	No	N/A
Information system upgrade and development	No	Initial public offering	70,000,000.00	70,000,000.00	27,032,668.55	38.62	December 2023	No	No	Since the main body of the head office building of the Company is still under	N/A	No	N/A

										construction, the prerequisites for implementing this project have not been satisfied.			
Supplementary working capital	No	Initial public offering	333,000,000.00	333,000,000.00	335,395,037.62	100.72	N/A	Yes	Yes	N/A	N/A	No	N/A
Share repurchase	No	Initial public offering	20,000,000.00	20,000,000.00	3,211,260.13	16.06	September 2022	No	Yes	N/A	N/A	No	N/A
Other excess offering proceeds	No	Initial public offering	42,470,797.73	42,470,797.73				No	Yes	N/A	N/A	No	N/A

**Note:**

1. On March 18, 2022, the Company held the 9<sup>th</sup> meeting of the second Board of Directors and the 8<sup>th</sup> meeting of the second Board of Supervisors, approving the Proposal on Postponing Some Investment Projects through deliberation, and agreeing the Company to adjust the time for some investment projects to reach the working condition for its intended use. Please refer to the Announcement on Postponing Some Investment Projects (No. 2022-019) disclosed by the Company at the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on March 21, 2022.
2. During the period of implementation of the Company's investment projects using offering proceeds, the total wealth management returns of RMB 2.3950 million were realized from the special account of supplementary working capital, which have been put into use in the project (supplementary working capital). The special account of supplementary working capital (Hua Xia Bank Co., Ltd. Houhai Branch, Shenzhen; account number: 10869000000251463) has been deregistered. The interest RMB 1,418.11 incurred after completion of this project has been paid to the basic account of the Company to be used as supplementary working capital.
3. Total offering proceeds used as of the end of the reporting period in respect of share repurchase include paid prices and related stamp duty, commissions and other transaction expenses.

**(III) Change in investment projects during the reporting period**

Applicable  N/A

**(IV) Other information about the use of offering proceeds during the reporting period**

## 1. Early investment and replacement of offering proceeds

 Applicable  N/A

## 2. Temporarily supplement the working capital with idle offering proceeds

 Applicable  N/A

## 3. Cash management of idle offering proceeds, and investment in relevant products

 Applicable  N/A

The Proposal on Cash Management of Temporarily Idle Offering Proceeds was approved through deliberation at the 32<sup>nd</sup> meeting of the first Board of Directors and the 19<sup>th</sup> meeting of the first Board of Supervisors held by the Company on July 15, 2021. It was approved that, without affecting the normal implementation of the investment plan for offering proceeds, a maximum of RMB 602 million temporarily idle offering proceeds may be put under cash management to purchase investment products featuring high security, good liquidity, and guarantee of the principal (including but not limited to structural deposits, agreement deposits, notice deposits, term deposits, large-amount deposit note, and return notes), where the total amount for purchasing return notes shall be no more than RMB 200 million for no more than 12 months, which shall be effective within 12 months upon the review and approval by the Company.

The Proposal on Cash Management of Temporarily Idle Offering Proceeds was approved through deliberation at the 14<sup>th</sup> meeting of the second Board of Directors and the 13<sup>th</sup> meeting of the second Board of Supervisors held by the Company on June 29, 2022. It was approved that, without affecting the normal implementation of the investment plan for offering proceeds, a maximum of RMB 469 million temporarily idle offering proceeds may be put under cash management to purchase investment products featuring high security, good liquidity, and guarantee of the principal (including but not limited to structural deposits, agreement deposits, notice deposits, term deposits, large-amount deposit note, and return notes), where the total amount for purchasing return notes shall be no more than RMB 100 million for no more than 12 months, which shall be effective within 12 months upon the review and approval by the Company.

## 4. Permanently supplement working capital or repay bank loans with excess offering proceeds

 Applicable  N/A

## 5. Others

 Applicable  N/A

1. On March 18, 2022, the Company held the 9<sup>th</sup> meeting of the second Board of Directors and the 8<sup>th</sup> meeting of the second Board of Supervisors, approving the Proposal on Postponing Some Investment Projects through deliberation, and agreeing the Company to adjust the time for some investment projects to reach the working condition for its intended use. Please refer to the Announcement on Postponing Some Investment Projects (No. 2022-019) disclosed by the Company at the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on March 21, 2022.

2. The Company held the 9<sup>th</sup> meeting of the second Board of Directors and the 1<sup>st</sup> extraordinary general meeting of shareholders in 2022 respectively on March 18, 2022 and March 29, 2022, approving the Proposal on Repurchase of Shares of the Company through Call Auction through deliberation, and agreeing the Company to use the excess offering proceeds to repurchase some RMB-denominated ordinary shares (A shares) issued by it through call auction in the trading system of the Shanghai Stock Exchange, with the repurchase funds totaling not less than RMB 10 million (inclusive) but not more than RMB 20 million (inclusive), the repurchase price not exceeding RMB 26.89 per share (inclusive, namely the price after adjustments to equity distribution in 2021) and the repurchase period being six months from the date on which this repurchase plan is approved by the general meeting of shareholders.

As of June 30, 2022, the Company had repurchased 214,517 shares in the aggregate through call auction, representing 0.0474% of the Company's total share capital, and paid RMB 3,211,260.13 (including stamp duty, commissions and other transaction fees).

3. The Company held the 14<sup>th</sup> meeting of the second Board of Directors and the 13<sup>th</sup> meeting of the second Board of Supervisors on June 29, 2022, approving the Proposal on Adjusting Internal Investment Structure of Some Investment Projects through deliberation, and agreeing the Company to adjust the internal investment structure of the investment project “R&D and industrialization of new generation of laser display products”, and to decrease the “equipment purchase expenses” in the internal investment structure of the investment project by RMB 53.8020 million and increase the “R&D expenditures” by RMB 53.8020 million.

**XIII. Other significant matters**

Applicable  N/A



## Section VII Changes in Shares and Shareholders

### I. Changes in share capital

#### (I) Statement of changes in shares

##### 1. Statement of changes in shares

During the reporting period, there is no change in total ordinary shares and share capital structure of the Company.

##### 2. Explanation about changes in shares

Applicable  N/A

##### 3. Effect of the changes in shares on the earnings per share, net assets per share and other financial indicators for the duration after the reporting period to the disclosure date of the semiannual report (if any)

Applicable  N/A

(1) On July 15, 2022, the Company disclosed the Announcement of Appotronics Corporation Limited on the Vesting Result for the First Vesting Period in the Initial Grant of the Restricted Share Incentive Plan 2021 and Listing of Shares, completing registration of 2,881,497 vested shares. These shares became available for trading on July 19, 2022, and the Company's total share capital increased from 452,756,901 shares to 455,638,398 shares.

(2) In July 2022, the Company repurchased 327,891 shares in the aggregate through call auction. As of the date of disclosure of this report, the Company repurchased 542,408 shares in the aggregate through call auction in the trading system of the Shanghai Stock Exchange, representing 0.1190% of the Company's total share capital.

##### 4. Other information disclosed as the Company deems necessary or required by the securities regulatory authority

Applicable  N/A

#### (II) Changes in non-tradable shares

Applicable  N/A

### II. Shareholder Situation

#### (I) Total number of shareholders:

Total number of ordinary shareholders as of the end of the reporting period	13,652
Total number of shareholders of preferred shares whose voting rights have been restituted as of the end of the reporting period (accounts)	0
Total number of shareholders holding shares with special voting rights as of the end of the reporting period (accounts)	0

#### Number of holders of depository receipts

Applicable  N/A

#### (II) Shares held by top 10 shareholders and top 10 holders of tradable shares as of the end of the reporting period

**Shares held by top 10 shareholders through both the general securities account and the customer credit transaction guarantee securities account of a securities company**

Applicable  N/A

Unit: Share

Shares held by top 10 shareholders								
Shareholder (Full name)	Change during the reporting period	Balance of shares held as of the end of the reporting period	Percent age (%)	Number of non-tradable shares held	Number of non-tradable shares held, including the shares lent out under the refinancing arrangement	Shares pledged, marked, or frozen		Shareholder nature
						Share status	Quantity	
Shenzhen Appotronics Holdings Limited	0	79,762,679	17.62	79,762,679	79,762,679	None	0	Domestic non-stated owned corporation
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	0	24,139,500	5.33	24,139,500	24,139,500	None	0	Domestic non-stated owned corporation
Nantong Strait Appotronics Investment Partnership (LP)	0	23,080,329	5.10	0	0	None	0	Domestic non-stated owned corporation
Shenzhen Appotronics Daye Investment Limited Partnership (LP)	0	20,430,250	4.51	20,430,250	20,430,250	None	0	Domestic non-stated owned corporation
Shenzhen Appotronics Hongye Investment Limited Partnership (LP)	0	15,662,374	3.46	15,662,374	15,662,374	None	0	Domestic non-stated owned corporation
CITIC PE Investment (Hong Kong) 2016 Limited	-7,514,969	14,218,034	3.14	0	0	None	0	Foreign corporation
Shenzhen Jinleijing Investment Limited Partnership (LP)	0	12,353,106	2.73	12,353,106	12,353,106	None	0	Domestic non-stated owned corporation
Green Future Holdings Limited	0	12,333,426	2.72	0	0	None	0	Foreign corporation
SAIF IV Hong Kong (China Investments) Limited	-6,654,249	11,330,029	2.50	0	0	None	0	Foreign corporation
Shenzhen Appotronics Chengye Consulting Partnership (LP)	0	10,394,846	2.30	10,394,846	10,394,846	None	0	Domestic non-stated owned corporation
Shares held by top 10 holders of tradable shares								
Shareholder		Number of tradable shares held		Type and number of shares				
				Category	Quantity			
Nantong Strait Appotronics Investment Partnership (LP)		23,080,329		RMB-denominated ordinary share	23,080,329			

CITIC PE Investment (Hong Kong) 2016 Limited	14,218,034	RMB-denominated ordinary share	14,218,034
Green Future Holdings Limited	12,333,426	RMB-denominated ordinary share	12,333,426
SAIF IV Hong Kong (China Investments) Limited	11,330,029	RMB-denominated ordinary share	11,330,029
Bank of China - Stable Income Bond Securities Investment Fund of E Fund	8,427,772	RMB-denominated ordinary share	8,427,772
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. - Shenzhen Chengguhui Equity Investment Partnership (LP)	7,544,369	RMB-denominated ordinary share	7,544,369
LUO Xiaobin	6,735,000	RMB-denominated ordinary share	6,735,000
Bank of Ningbo Co., Ltd. - Invesco Great Wall Growth Leader One-year Holding Hybrid Securities Investment Fund	6,618,605	RMB-denominated ordinary share	6,618,605
China Construction Bank Corporation - Invesco Great Wall Environment Protection Advantageous Stock Securities Investment Fund	5,324,968	RMB-denominated ordinary share	5,324,968
Bank of China Co., Ltd. - Invesco Great Wall Selected Hybrid Securities Investment Fund	5,036,608	RMB-denominated ordinary share	5,036,608
<b>Description of special repurchase shareholders among top 10 shareholders</b>	N/A		
<b>Description of entrusting voting right, entrusted voting right and waiver of voting right of the shareholder above</b>	N/A		
<b>Affiliates or concert parties among the shareholders stated above</b>	<p>1. As of June 30, 2022, the Company had received no statement from top 10 shareholders above of the Company to confirm there is a related-party relationship or concerted action, except the concerted action among Shenzhen Appotronics Holdings Limited, Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP), Shenzhen Appotronics Daye Investment Limited Partnership (LP), Shenzhen Appotronics Hongye Investment Limited Partnership (LP), Shenzhen Jinleijing Investment Limited Partnership (LP), and Shenzhen Appotronics Chengye Consulting Partnership (LP) in such top 10 shareholders of the Company.</p> <p>2. The Company is not aware whether there are affiliates or concert parties as defined in the Administrative Measures for the Acquisition of the Listed Companies among other shareholders.</p>		
<b>Holders of preferred shares whose voting rights have been restituted and the number of shares held by them</b>	N/A		

## Top 10 holders of non-tradable shares and lock-up period

√ Applicable □ N/A

Unit: Share

No.	Holder of non-tradable shares	Number of non-tradable shares held	Unlocking of non-tradable shares		Lock-up period
			Unlock date	Number of shares newly unlocked	
1	Shenzhen Appotronics Holdings Limited	79,762,679	July 22, 2022	0	36 months after the listing date

2	Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	24,139,500	July 22, 2022	0	36 months after the listing date
3	Shenzhen Appotronics Daye Investment Limited Partnership (LP)	20,430,250	July 22, 2022	0	36 months after the listing date
4	Shenzhen Appotronics Hongye Investment Limited Partnership (LP)	15,662,374	July 22, 2022	0	36 months after the listing date
5	Shenzhen Jinleijing Investment Limited Partnership (LP)	12,353,106	July 22, 2022	0	36 months after the listing date
6	Shenzhen Appotronics Chengye Consulting Partnership (LP)	10,394,846	July 22, 2022	0	36 months after the listing date
7	BLACKPINE Investment Corp.Limited	3,994,011	July 22, 2022	0	36 months after the listing date
<b>Affiliates or concert parties among the shareholders stated above</b>		As of June 30, 2022, the Company had received no statement from the shareholders of the restricted shares above of the Company to confirm there is a related-party relationship or concerted action, except the concerted action among Shenzhen Appotronics Holdings Limited, Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP), Shenzhen Appotronics Daye Investment Limited Partnership (LP), Shenzhen Appotronics Hongye Investment Limited Partnership (LP), Shenzhen Jinleijing Investment Limited Partnership (LP), Shenzhen Appotronics Chengye Consulting Partnership (LP) and BLACKPINE Investment Corp.Limited in the above-mentioned shareholders.			

**Statement of top 10 holders of domestic depository receipts as of the end of the reporting period**
 Applicable  N/A

**Number of non-tradable depository receipts held by top 10 holders and lock-up period**
 Applicable  N/A

**(III) Statement of top 10 shareholders by number of votes held as of the end of the reporting period**
 Applicable  N/A

**(IV) Strategic investors or general corporations that become top 10 shareholders as a result of allotment of new shares/depository receipts**
 Applicable  N/A

**III. Directors, supervisors, senior officers and key technical staff**
**(I) Changes in shareholding of current directors, supervisors, senior officers and key technical staff and the former directors, supervisors, senior officers and key technical staff who left the Company during the reporting period**
 Applicable  N/A

Other description

 Applicable  N/A

**(II) Share incentives granted to directors, supervisors, senior officers and key technical staff during the reporting period**
**1. Share options**
 Applicable  N/A

**2. Type I restricted shares**
 Applicable  N/A

**3. Type II restricted shares**
 Applicable  N/A

Unit: Share

Name	Title	Number of restricted shares already granted as at the beginning of the reporting period	Number of restricted shares granted during the reporting period	Number of restricted shares that could be vested in the reporting period	Number of restricted shares that have been vested in the reporting period	Number of restricted shares already granted as of the end of the reporting period
ZHANG Wei	Director, Deputy General Manager	0	700,000	0	0	700,000
WANG Yingxia	Director, Financial Director	362,124	100,000	51,564	0	462,124
CHEN Yasha	Board Secretary	222,750	210,000	13,750	0	432,750
HU Fei	Key technical staff	370,316	150,000	120,316	0	520,316
YU Xin	Key technical staff	508,752	550,000	68,752	0	1,058,752
WANG Lin	Key technical staff	408,752	210,000	68,752	0	618,752
WANG Zeqin	Key technical staff	410,752	210,000	68,752	0	620,752
GUO Zuqiang	Key technical staff	404,752	210,000	68,752	0	614,752
<b>Total</b>	/	<b>2,688,198</b>	<b>2,340,000</b>	<b>460,638</b>	<b>0</b>	<b>5,028,198</b>

**(III) Other description**
 Applicable  N/A

**IV. Changes in the controlling shareholder or actual controller**
 Applicable  N/A

**V. Implementation of and changes in arrangements relating to depository receipts during the reporting period**
 Applicable  N/A

**VI. Shares with special voting rights**

## Section VIII Preferred Shares

Applicable  N/A

## **Section IX Bonds**

### **I. Enterprise bonds, corporate bonds and non-financial corporate debt financing instruments**

Applicable  N/A

### **II. Convertible corporate bonds**

Applicable  N/A

## Section X Financial Report

### I. Auditor's report

Applicable  N/A

### II. Financial statements

#### Consolidated Balance Sheet

At June 30, 2022

Prepared by: Appotronics Corporation Limited

Unit: Yuan Currency: RMB

Item	Note	Closing balance	Opening balance
<b>Current Assets:</b>			
Cash and bank balances	VII. 1	1,045,392,014.30	957,729,831.15
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	VII. 2	493,566,000.00	417,200,000.00
Derivative financial assets			
Notes receivable	VII. 4	4,150,264.73	5,256,603.03
Accounts receivable	VII. 5	360,460,653.70	403,134,471.87
Receivables financing	VII. 6	3,289,265.10	244,860.00
Prepayments	VII. 7	62,817,169.05	98,116,970.83
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	VII. 8	32,621,049.15	30,472,595.66
Including: Interest receivable			
Dividend receivable		13,288,572.00	12,623,886.00
Financial assets purchased under resale agreements			
Inventories	VII. 9	793,836,954.44	769,621,133.00
Contract assets	VII. 10	2,655,553.13	3,903,859.23
Assets held for sale			
Non-current assets due within one year	VII. 12	3,951,623.81	3,473,049.18
Other current assets	VII. 13	70,973,361.94	52,761,820.83
Total current assets		2,873,713,909.35	2,741,915,194.78
<b>Non-current Assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	VII. 16	5,484,318.52	5,793,552.74



Long-term equity investment	VII. 17	159,724,538.60	293,601,085.27
Investment in other equity instruments	VII. 18	7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment property			
Fixed assets	VII. 21	454,010,462.80	470,410,450.18
Construction in progress	VII. 22	184,837,501.44	148,620,511.35
Productive biological assets			
Oil and gas assets			
Use right assets	VII. 25	47,546,507.50	26,803,910.76
Intangible assets	VII. 26	295,695,402.05	301,164,605.56
Development expenditure			
Goodwill			
Long-term prepaid expenses	VII. 29	7,490,537.22	10,126,164.82
Deferred tax assets	VII. 30	70,961,435.69	80,721,419.29
Other non-current assets	VII. 31	17,929,878.09	10,998,641.77
Total non-current assets		1,250,756,001.29	1,355,315,761.12
Total assets		4,124,469,910.64	4,097,230,955.90
<b>Current Liabilities:</b>			
Short-term borrowings	VII. 32	130,045,205.48	5,570,878.11
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII. 35	121,047,156.20	134,378,967.61
Accounts payable	VII. 36	292,737,366.30	419,966,567.27
Advance from customers	VII. 37	117,280,983.73	130,288,312.62
Contract liabilities	VII. 38	50,350,874.58	45,541,629.55
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	VII. 39	27,603,680.75	64,119,087.51
Taxes payable	VII. 40	17,832,103.88	19,546,190.23
Other payables	VII. 41	52,311,833.50	54,115,784.80
Including: Interest payable			
Dividend payable		3,103,823.79	

Fees and commissions payable			
Amounts payable under reinsurance contracts			
Liabilities held for sale			
Non-current liabilities due within one year	VII. 43	178,262,318.38	154,785,116.35
Other current liabilities	VII. 44	6,652,129.13	19,561,104.12
Total current liabilities		994,123,651.93	1,047,873,638.17
<b>Non-current Liabilities:</b>			
Insurance contract reserves			
Long-term borrowings	VII. 45	413,598,555.25	368,635,614.64
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VII. 47	29,884,884.77	10,789,352.69
Long-term payables			
Long-term employee benefits payable			
Provisions	VII. 50	36,479,555.35	36,428,688.94
Deferred income	VII. 51	7,675,521.05	10,266,982.08
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		487,638,516.42	426,120,638.35
Total liabilities		1,481,762,168.35	1,473,994,276.52
<b>Owners' Equity (Shareholders' Equity):</b>			
Paid-in capital (or share capital)	VII. 53	452,756,901.00	452,756,901.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	1,436,069,597.56	1,400,605,136.65
Less: Treasury shares	VII. 56	3,211,260.13	
Other comprehensive income	VII. 57	-3,106,247.99	-16,840,512.60
Special reserve			
Surplus reserve	VII. 59	56,265,868.31	56,265,868.31
General risk reserve			
Undistributed profit	VII. 60	543,704,072.75	545,277,188.08
Total owners' (or shareholders') equity attributable to owners of the parent company		2,482,478,931.50	2,438,064,581.44
Minority interests		160,228,810.79	185,172,097.94

Total owners' (or shareholders') equity		2,642,707,742.29	2,623,236,679.38
Total liabilities and owners' (or shareholders') equity		4,124,469,910.64	4,097,230,955.90

Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

### Balance Sheet of the Parent Company

At June 30, 2022

Prepared by: Appotronics Corporation Limited

Unit: Yuan Currency: RMB

Item	Note	Closing balance	Opening balance
<b>Current Assets:</b>			
Cash and bank balances		446,042,891.41	535,787,452.32
Held-for-trading financial assets		473,566,000.00	417,200,000.00
Derivative financial assets			
Notes receivable		4,150,264.73	5,036,603.03
Accounts receivable	XVII. 1	669,416,825.13	616,216,169.96
Receivables financing		1,193,765.10	244,860.00
Prepayments		19,014,692.50	24,555,245.46
Other receivables	XVII. 2	11,109,739.71	6,645,181.15
Including: Interest receivable			
Dividend receivable			
Inventories		330,450,423.34	327,484,120.10
Contract assets		2,655,553.13	3,903,859.23
Assets held for sale			
Non-current assets due within one year		2,774,799.41	2,688,446.82
Other current assets		6,599,115.10	
Total current assets		1,966,974,069.56	1,939,761,938.07
<b>Non-current Assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		3,624,762.28	3,528,917.07
Long-term equity investment	XVII. 3	447,485,952.76	440,559,012.12
Investment in other equity instruments		7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment property			
Fixed assets		57,630,260.16	59,043,066.43
Construction in progress		175,877,819.68	133,111,026.64
Productive biological assets			

Oil and gas assets			
Use right assets		33,905,188.33	17,152,430.20
Intangible assets		299,786,385.15	305,569,269.44
Development expenditure			
Goodwill			
Long-term prepaid expenses		2,357,149.58	4,841,091.62
Deferred tax assets		17,128,298.35	22,028,444.60
Other non-current assets		12,477,994.32	6,093,687.23
Total non-current assets		1,057,349,229.99	999,002,364.73
Total assets		3,024,323,299.55	2,938,764,302.80
<b>Current Liabilities:</b>			
Short-term borrowings		50,045,205.48	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		78,067,305.33	41,601,830.90
Accounts payable		213,096,912.97	311,370,715.78
Advance from customers		616,661.03	999,484.03
Contract liabilities		24,966,870.30	14,130,218.03
Employee benefits payable		17,150,340.16	41,239,602.09
Taxes payable		10,667,346.31	11,755,599.27
Other payables		53,036,390.16	13,006,204.53
Including: Interest payable			
Dividend payable		3,103,823.79	
Liabilities held for sale			
Non-current liabilities due within one year		41,906,988.49	43,166,652.33
Other current liabilities		2,039,622.12	839,898.70
Total current liabilities		491,593,642.35	478,110,205.66
<b>Non-current Liabilities:</b>			
Long-term borrowings		85,104,112.51	54,497,768.01
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		21,488,322.22	4,445,612.91
Long-term payables			
Long-term employee benefits payable			
Provisions		20,955,862.41	20,275,524.78
Deferred income		4,094,465.78	9,543,692.89
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		131,642,762.92	88,762,598.59
Total liabilities		623,236,405.27	566,872,804.25

<b>Owners' equity (shareholders' equity):</b>			
Paid-in capital (or share capital)		452,756,901.00	452,756,901.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,448,461,913.90	1,410,150,134.25
Less: Treasury shares		3,211,260.13	
Other comprehensive income			
Special reserve			
Surplus reserve		54,988,327.58	54,988,327.58
Undistributed profit		448,091,011.93	453,996,135.72
Total owners' (or shareholders') equity		2,401,086,894.28	2,371,891,498.55
Total liabilities and owners' (or shareholders') equity		3,024,323,299.55	2,938,764,302.80

Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

### Consolidated Income Statement

Jan. - Jun. 2022

Unit: Yuan Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
I. Total operating income		1,269,322,202.11	1,104,689,243.59
Including: Operating income	VII. 61	1,269,322,202.11	1,104,689,243.59
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		1,227,121,118.16	998,250,659.71
Including: Operating costs	VII. 61	884,560,607.88	723,612,305.19
Interest expenses			
Fee and commission expenses			
Surrenders			
Claims and policyholder benefits (net of amounts recoverable from reinsurers)			
Net withdrawal of insurance contract reserves			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Taxes and surcharges	VII. 62	4,636,401.10	4,331,138.81
Selling expenses	VII. 63	120,302,361.36	89,686,195.83

Administrative expenses	VII. 64	106,015,842.36	83,960,516.92
R&D expenses	VII. 65	114,959,786.37	95,128,483.66
Financial expenses	VII. 66	-3,353,880.91	1,532,019.30
Including: Interest expense		12,510,421.43	11,013,330.17
Interest income		6,740,942.87	10,868,184.51
Add: Other income	VII. 67	21,565,810.43	54,890,296.70
Investment income (loss is indicated by "-")	VII. 68	-4,567,473.71	9,128,665.03
Including: Income from investments in associates and joint ventures		-10,562,840.53	6,982,738.64
Gains from derecognition of financial assets at amortized assets (loss is indicated by "-")			
Foreign exchange gains (loss is indicated by "-")			
Gains from net exposure hedges (loss is indicated by "-")			
Gains from changes in fair values (loss is indicated by "-")	VII. 70	-1,634,000.00	38,175,900.00
Losses of credit impairment (loss is indicated by "-")	VII. 71	1,393,164.79	9,407,031.23
Impairment losses of assets (loss is indicated by "-")	VII. 72	-19,822,363.99	-16,581,239.34
Gains from disposal of assets (loss is indicated by "-")	VII. 73	17,213.16	2,806,008.82
III. Operating profit (loss is indicated by "-")		39,153,434.63	204,265,246.32
Add: Non-operating income	VII. 74	167,888.31	22,240,680.14
Less: Non-operating expenses	VII. 75	1,511,909.47	405,501.61
IV. Total profits (total losses are indicated by "-")		37,809,413.47	226,100,424.85
Less: Income tax expenses	VII. 76	19,269,471.17	46,305,525.16
V. Net profits (net losses are indicated by "-")		18,539,942.30	179,794,899.69
(I) Categorized by the continuity of operation			
1. Net profits from continuing operations (net losses are indicated by "-")		18,539,942.30	179,794,899.69
2. Net profits from discontinued operations (net losses are indicated by "-")			
(II) Categorized by the ownership			
1. Net profits attributable to shareholders of the parent company (net losses are indicated by "-")		45,966,481.10	151,413,920.79

2. Profits or losses attributable to minority shareholders (net losses are indicated by “-”)		-27,426,538.80	28,380,978.90
VI. Other comprehensive income, net of tax		13,583,493.02	-4,739,767.89
(I) Other comprehensive income that can be attributable to owners of the parent company, net of tax		13,734,264.61	-4,763,298.65
1. Other comprehensive income that cannot be reclassified subsequently to profit or loss			
(1) Changes from remeasurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of enterprises’ own credit risks			
2. Other comprehensive income that will be reclassified to profit or loss		13,734,264.61	-4,763,298.65
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method		-9,668,892.26	-1,223,181.05
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified to other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies		23,403,156.87	-3,540,117.60
(7) Others			
(II) Other comprehensive income that can be attributable to minority shareholders, net of tax		-150,771.59	23,530.76
VII. Total comprehensive income		32,123,435.32	175,055,131.80
(I) Total comprehensive income that can be attributable to owners of the parent company		59,700,745.71	146,650,622.14
(II) Total comprehensive income that can be attributable to minority shareholders		-27,577,310.39	28,404,509.66

VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.10	0.33
(II) Diluted earnings per share (RMB/share)		0.10	0.33

In the event of business combinations involving enterprises under common control, the net profits realized prior to the combination by the party being absorbed is: RMB 0.00, and the net profits realized in the last period by the party being absorbed is: RMB 0.00.

Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

### Income Statement of the Parent Company

Jan. - Jun. 2022

Unit: Yuan Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
I. Operating income	XVII. 4	649,645,354.34	572,827,875.91
Less: Operating costs	XVII. 4	432,684,792.22	381,855,853.31
Taxes and surcharges		2,709,645.68	2,677,366.89
Selling expenses		34,971,927.98	31,778,439.77
Administrative expenses		70,191,714.62	51,914,220.61
R&D expenses		74,661,621.25	48,699,043.93
Financial expenses		-12,346,217.67	-13,332,493.36
Including: Interest expense		1,758,702.76	1,232,450.71
Interest income		9,044,664.08	15,462,791.57
Add: Other income		12,418,751.65	15,069,445.02
Investment income (loss is indicated by “-”)	XVII. 5	5,884,922.38	15,655,417.87
Including: Income from investments in associates and joint ventures			
Gains from derecognition of financial assets at amortized assets (loss is indicated by “-”)			
Gains from net exposure hedges (loss is indicated by “-”)			
Gains from changes in fair values (loss is indicated by “-”)		-1,634,000.00	
Losses of credit impairment (loss is indicated by “-”)		-970,107.59	61,742.84
Impairment losses of assets (loss is indicated by “-”)		-7,784,985.64	-9,536,087.28
Gains from disposal of assets (loss is indicated by “-”)			
II. Operating profit (loss is indicated by “-”)		54,686,451.06	90,485,963.21
Add: Non-operating income		94,307.77	2,207,572.56
Less: Non-operating expenses		1,451,707.15	150,645.92



III. Total profits (total losses are indicated by “-”)		53,329,051.68	92,542,889.85
Less: Income tax expenses		11,694,579.04	13,606,250.04
IV. Net profits (net losses are indicated by “-”)		41,634,472.64	78,936,639.81
(I) Net profits from continuing operations (net losses are indicated by “-”)		41,634,472.64	78,936,639.81
(II) Net profits from discontinued operations (net losses are indicated by “-”)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified subsequently to profit or loss			
1. Changes from remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of enterprises’ own credit risks			
(II) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that will be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Reserve for cash flow hedges			
6. Exchange differences on translation of financial statements denominated in foreign currencies			
7. Others			
VI. Total comprehensive income		41,634,472.64	78,936,639.81
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: LI Yi    Chief Accountant: WANG Yingxia    Person in Charge of the Accounting Body: WANG Yingxia

**Consolidated Cash Flow Statement**

Jan. - Jun. 2022

Unit: Yuan Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		1,429,234,114.59	1,453,487,844.10
Net increase in customer deposits and deposits from banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in taking from banks and other financial institutions			
Cash receipts from premiums under direct insurance contracts			
Net cash receipts from reinsurance business			
Net cash receipts from policyholders' deposits and investment contract liabilities			
Cash receipts from interest, fees and commissions			
Net increase in taking from banks			
Net increase in financial assets sold under repurchase arrangements			
Net cash received from securities trading agencies			
Receipts of tax refunds		3,189,929.64	2,222,772.52
Other cash receipts relating to operating activities	VII. 78(1)	34,395,802.37	113,502,001.69
Sub-total of cash inflows from operating activities		1,466,819,846.60	1,569,212,618.31
Cash payments for goods purchased and services received		1,065,198,956.89	1,051,145,975.21
Net increase in loans and advances to customers			
Net increase in balance with the central bank and due from banks and other financial institutions			
Cash payments for claims and policyholders' benefits under direct insurance contracts			
Net increase in placements with banks and other financial institutions			

Cash payments for interest, fees and commissions			
Cash payments for insurance policyholder dividends			
Cash payments to and on behalf of employees		226,213,079.42	166,538,999.80
Payments of various types of taxes		47,664,436.15	46,982,376.14
Other cash payments relating to operating activities	VII. 78(2)	206,296,733.81	133,885,953.26
Sub-total of cash outflows from operating activities		1,545,373,206.27	1,398,553,304.41
Net cash flow from operating activities		-78,553,359.67	170,659,313.90
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		1,047,763,409.68	228,000,000.00
Cash receipts from investment income		5,995,366.82	2,145,926.39
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		2,210.00	7,250.00
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		1,053,760,986.50	230,153,176.39
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		53,593,529.31	27,639,815.32
Cash payments to acquire investments		995,000,000.00	568,048,387.32
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		1,048,593,529.31	595,688,202.64
Net cash flows from investing activities		5,167,457.19	-365,535,026.25
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		8,866,332.86	10,131,579.00
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries			10,131,579.00
Cash receipts from borrowings		260,569,353.56	113,544,066.34

Other cash receipts relating to financing activities			215,000,000.00
Sub-total of cash inflows from financing activities		269,435,686.42	338,675,645.34
Cash repayments of borrowings		70,016,183.00	191,867,810.44
Cash payments for distribution of dividends or profits or settlement of interest expenses		57,206,348.66	40,008,875.22
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries			11,040,000.00
Other cash payments relating to financing activities	VII. 78(6)	17,704,289.67	31,210,615.17
Sub-total of cash outflows from financing activities		144,926,821.33	263,087,300.83
Net cash flows from financing activities		124,508,865.09	75,588,344.51
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		9,162,860.18	-649,558.76
<b>V. Net Increase in Cash and Cash Equivalents</b>		60,285,822.80	-119,936,926.60
Add: Opening balance of cash and cash equivalents		891,195,166.73	983,525,089.44
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		951,480,989.53	863,588,162.84

Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

### Cash Flow Statement of the Parent Company

Jan. - Jun. 2022

Unit: Yuan Currency: RMB

Item	Note	Half year of 2022	Half year of 2021
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		682,350,809.37	695,738,828.66
Receipts of tax refunds		329,661.66	539,857.34
Other cash receipts relating to operating activities		42,069,540.58	102,652,212.97
Sub-total of cash inflows from operating activities		724,750,011.61	798,930,898.97
Cash payments for goods purchased and services received		519,893,495.98	460,644,038.55
Cash payments to and on behalf of employees		136,476,115.67	98,344,040.37

Payments of various types of taxes		25,813,452.99	32,447,369.04
Other cash payments relating to operating activities		51,239,349.11	59,619,379.08
Sub-total of cash outflows from operating activities		733,422,413.75	651,054,827.04
Net cash flow from operating activities		-8,672,402.14	147,876,071.93
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		877,000,000.00	255,500,000.00
Cash receipts from investment income		5,884,922.38	9,597,926.39
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets			
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		882,884,922.38	265,097,926.39
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		46,538,785.01	11,606,321.91
Cash payments to acquire investments		935,000,000.00	472,932,903.47
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		981,538,785.01	484,539,225.38
Net cash flows from investing activities		-98,653,862.63	-219,441,298.99
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		8,866,332.86	
Cash receipts from borrowings		80,569,353.56	3,494,734.74
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities		89,435,686.42	3,494,734.74
Cash repayments of borrowings		500,000.00	11,737,867.15
Cash payments for distribution of dividends or profits or settlement of interest expenses		46,860,137.39	21,319,708.05
Other cash payments relating to financing activities		14,585,132.93	8,435,056.25
Sub-total of cash outflows from financing activities		61,945,270.32	41,492,631.45

Net cash flows from financing activities		27,490,416.10	-37,997,896.71
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		1,342,904.11	-269,974.94
<b>V. Net Increase in Cash and Cash Equivalents</b>		-78,492,944.56	-109,833,098.71
Add: Opening balance of cash and cash equivalents		483,223,615.33	666,628,105.82
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		404,730,670.77	556,795,007.11

Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

**Consolidated Statement of Changes in Owners' Equity**

Jan. - Jun. 2022

Unit: Yuan Currency: RMB

Item	Half year of 2022													Minority interests	Total owner's equity
	Equity attributable to owners of the Parent Company											Sub-total			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Others		
	Preferred shares	Perpetual bonds	Others												
I. Closing balance of the preceding year	452,756,901.00				1,400,605,136.65		-16,840,512.60		56,265,868.31		545,277,188.08		2,438,064,581.44	185,172,097.94	2,623,236,679.38
Add: Changes in accounting policies															
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	452,756,901.00				1,400,605,136.65		-16,840,512.60		56,265,868.31		545,277,188.08		2,438,064,581.44	185,172,097.94	2,623,236,679.38
III. Changes for the year (decrease is indicated by "-")					35,464,460.91	3,211,260.13	13,734,264.61				-1,573,115.33		44,414,350.06	-24,943,287.15	19,471,062.91
(I) Total comprehensive income							13,734,264.61				45,966,481.10		59,700,745.71	-27,577,310.39	32,123,435.32
(II) Owners' contributions and reduction in capital					35,464,460.91	3,211,260.13							32,253,200.78	2,634,023.24	34,887,224.02
1. Ordinary shares contributed by owners						3,211,260.13							3,211,260.13		3,211,260.13
2. Capital contribution from holders of other equity instruments															
3. Share-based payment recognized in owners' equity					35,464,460.91								35,464,460.91	2,634,023.24	38,098,484.15
4. Others															





	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Sub-total		
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the preceding year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,242,179.57		357,793,891.96		2,091,599,671.75	93,812,755.26	2,185,412,427.01
Add: Changes in accounting policies								34,923.77		9,346.56		44,270.33	-11,248.64	33,021.69	
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,277,103.34		357,803,238.52		2,091,643,942.08	93,801,506.62	2,185,445,448.70
III. Changes for the year (decrease is indicated by “-”)					111,083,348.13		-4,763,298.65				126,512,291.23		232,832,340.71	-83,735,638.25	149,096,702.46
(I) Total comprehensive income							-4,763,298.65				151,413,920.79		146,650,622.14	28,404,509.66	175,055,131.80
(II) Owners’ contributions and reduction in capital					111,083,348.13								111,083,348.13	101,100,147.91	9,983,200.22
1. Ordinary shares contributed by owners														20,175,439.00	20,175,439.00
2. Capital contribution from holders of															



(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others															
IV. Closing balance of the current year	452,756,901.00				1,360,104,339.28		-7,977,590.58		35,277,103.34		484,315,529.75		2,324,476,282.79	10,065,868.37	2,334,542,151.16

Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

### Statement of Changes in Owners' Equity of the Parent Company

Jan. - Jun. 2022

Unit: Yuan Currency: RMB

Item	Half year of 2022										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the preceding year	452,756,901.00				1,410,150,134.25				54,988,327.58	453,996,135.72	2,371,891,498.55
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	452,756,901.00				1,410,150,134.25				54,988,327.58	453,996,135.72	2,371,891,498.55
III. Changes for the year (decrease is indicated by "-")					38,311,779.65	3,211,260.13				-5,905,123.79	29,195,395.73

(I) Total comprehensive income										41,634,472. 64	41,634,472 .64
(II) Owners' contributions and reduction in capital					38,311,779 .65	3,211,260. 13					35,100,519 .52
1. Ordinary shares contributed by owners						3,211,260. 13					- 3,211,260. 13
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					38,311,779 .65						38,311,779 .65
4. Others											
(III) Profit distribution										- 47,539,59 6.43	- 47,539,596 .43
1. Transfer to surplus reserve											
2. Distributions to owners (or shareholders)										- 47,539,59 6.43	- 47,539,596 .43
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											

6. Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Closing balance of the current year	452,756,90 1.00				1,448,461, 913.90	3,211,260. 13			54,988,32 7.58	448,091,0 11.93	2,401,086, 894.28

Item	Half year of 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the preceding year	452,756,90 1.00				1,351,261, 718.84				33,964,63 8.84	289,684,5 66.58	2,127,667, 825.26
Add: Changes in accounting policies										349,237.7 2	349,237.72
Corrections of prior period errors											
Others											
II. Opening balance of the current year	452,756,90 1.00				1,351,261, 718.84				33,964,63 8.84	290,033,8 04.30	2,128,017, 062.98
III. Changes for the year (decrease is indicated by “-”)					19,006,591 .95					54,035,01 0.25	73,041,602 .20
(I) Total comprehensive income										78,936,63 9.81	78,936,639 .81
(II) Owners' contributions and reduction in capital					19,006,591 .95						19,006,591 .95
1. Ordinary shares contributed by owners											

2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					19,006,591.95						19,006,591.95
4. Others											
(III) Profit distribution										-	-
										24,901,629.56	24,901,629.56
1. Transfer to surplus reserve											
2. Distributions to owners (or shareholders)										-	-
										24,901,629.56	24,901,629.56
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											

IV. Closing balance of the current year	452,756.90 1.00				1,370,268, 310.79				33,964.63 8.84	344,068.8 14.55	2,201,058, 665.18
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Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

### **III. Company profile**

#### **1. Profile**

√ Applicable □ N/A

Appotronics Corporation Limited (hereinafter referred to as “Company” or “the Company”), formally named as Shenzhen Appotronics Optoelectronics Technology Inc. (hereinafter referred to as “Appotronics Inc.”), was jointly invested and established by LI Yi and XU Yanzheng and registered in Nanshan Branch of Market Supervision and Regulation Bureau of Shenzhen on October 24, 2006 with the legal person business license numbered in 4403011245637. Upon establishment, the registered capital of Appotronics Inc. was RMB 100,000. On May 31, 2018, the benchmark date, Appotronics Inc was changed into a company limited by shares entirety. On July 20, 2018, the Company completed the registration in Nanshan Branch of Market Supervision and Regulation Bureau of Shenzhen and headquartered in Shenzhen City, Guangdong Province. The Company holds the business license bearing the credibility code 91440300795413991N. The Company’s registered capital is RMB 452,756,901.00 divided into 452,756,901 shares (RMB 1.00 per share), including 166,736,766 outstanding shares subject to sale restrictions and 286,020,135 outstanding shares not subject to sale restrictions. The Company’s shares were listed for trading on Shanghai Stock Exchange on July 22, 2019.

The Company can be classified into the computer, communication and other electronic equipment manufacturing industry. It mainly engages in research and development, production, sales and leasing of laser display core devices and whole machines, and can provide customers with technical research and development services and customized products. Its products mainly include laser business and education projectors, smart mini projectors, laser TV, laser large venue projector and laser digital cinema projector.

These financial statements have been approved by the 15<sup>th</sup> meeting of the second Board of Directors on August 18, 2022 for public disclosure.

#### **2. Scope of consolidated financial statements**

√ Applicable □ N/A

The Company has included 26 subsidiaries into the consolidated financial statements for the current period, including Beijing Orient Appotronics Technology Co., Ltd., Shenzhen Appotronics Laser Display Technology Co., Ltd., Qingda Appotronics (Xiamen) Technology Co., Ltd., Shenzhen Appotronics Laser Technology Co., Ltd., Appotronics Hong Kong Limited, Shenzhen Appotronics Software Technology Co., Ltd., Shenzhen City Appotronics Xiaoming Technology Co., Ltd., Appotronics USA, Inc., JoveAI Limited, JoveAI Innovation, Inc., Appotronics Technology (Changzhou) Co., Ltd., Shenzhen Appotronics Display Device Co., Ltd., WEMAX LLC, JoveAI Asia Company Limited, Tianjin Bonian Film Partnership (LP), Fengmi (Beijing) Technology Co., Ltd., Shenzhen Appotronics Home Line Technology Co., Ltd., Formovie Technology Inc., Formovie (Chongqing) Innovative Technology Co., Ltd., Formovie Limited, Chongqing Guangbo Ecommerce Co., Ltd., Chongqing Ewei Ecommerce Co., Ltd., Shenzhen Orange Juice Energy Technology Co., Ltd., Hongkong Orange Juice Energy Technology Co., Limited, WEMAX INC and CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. Please refer to descriptions in VIII and IX of Section X for details.



**IV. Basis of preparation of financial statements****1. Basis of preparation**

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

**2. Going concern**

√ Applicable  N/A

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

**V. Significant accounting policies and accounting estimates**

Specific accounting policies and accounting estimates:

√ Applicable  N/A

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

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

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

**2. Accounting period**

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

**3. Operating cycle**

√ Applicable  N/A

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

**4. Functional currency**

The Company adopts RMB as its functional currency. The following overseas subsidiaries operate outside of China, and adopt the currency of their primary economic environment as the functional currency: Appotronics Hong Kong Limited, Appotronics USA, Inc., JoveAI Limited, JoveAI Innovation, Inc., WEMAX LLC, JoveAI Asia Company Limited, Formovie Technology Inc., Formovie Limited, Hongkong Orange Juice Energy Technology Co., Limited, WEMAX INC, etc.

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

√ Applicable  N/A

**1. Accounting method for business combinations involving enterprises under common control**

Assets and liabilities acquired from a business combination by the Company are measured at the carrying amounts of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controller at the date of combination. The difference between the carrying amount of the owners'

equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying amount of the total consideration paid or total par value of the shares issued in connection with the combination is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

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

Where the cost of combination exceeds the Company's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. Where the cost of combination is less than the Company's interest in the fair value of the acquiree's identifiable net assets, the Company firstly reassesses the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the Company's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

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

√ Applicable  N/A

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

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

√ Applicable  N/A

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

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

(1) the assets individually held by the Company, and the Company's share of the assets held jointly;

(2) the liabilities incurred individually by the Company, and the Company's share of the liabilities incurred jointly;

(3) the Company's revenue from the sale of its share of output of the joint operation;

(4) the Company's share of revenue from the sale of assets by the joint operation; and

(5) the expenses incurred individually by the Company, and the Company's share of the expenses incurred jointly.

## **8. Recognition of cash and cash equivalents**

Cash equivalents are the Group's short-term (generally due within 3 months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

√ Applicable  N/A

#### 1. Transactions denominated in foreign currencies

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

#### 2. Translation of financial statements denominated in foreign currencies

Asset and liability items on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items other than "retained profits" are translated at the spot exchange rates at the dates on which such items arose; income and expense items in the income statement are translated at the exchange rates that approximate the actual spot exchange rates on the dates of the transactions. Exchange differences arising from such translations are recognized in other comprehensive income.

### **10. Financial instruments**

√ Applicable □ N/A

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

On initial recognition, the Company's financial assets are classified into three categories, including (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

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

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

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

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss for the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, where the accounts that do not contain any significant

financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price defined in the Accounting Standard for Business Enterprises No. 14 --Revenue.

(2) Subsequent measurement of financial assets

1) Financial assets at amortized cost

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

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

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

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

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

4) Financial assets at fair value through profit or loss for the current period

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss for the current period

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

comprehensive income are transferred to retained earnings.

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

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

3) Financial guarantee contracts not falling under Clauses 1) and 2), and loan commitments not falling under Clause 1) and below market interest rate

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

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

3. Recognition and measurement of financial assets transferred

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

If an entire transfer of a financial asset meets the criteria for derecognition, the difference between (1) the carrying amount of the financial asset transferred at the date of derecognition; and (2) the sum of

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

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

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

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

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

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

#### 5. Impairment of financial instruments

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

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

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

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

With respect to lease receivable, accounts receivable and contract assets that are formed from transactions under the Accounting Standards for Business Enterprises No. 14 -- Revenue, the Company uses the simple measurement method and recognizes a loss allowance equal to the lifetime expected credit loss.

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

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

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

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

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

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

Item	Basis for determining a group	Method for measuring expected credit losses
Other receivables - group of deposit and security receivable	Nature of receivables	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and 12-month or rate of lifetime expected credit loss.
Other receivables - group of withholding receivable		
Other receivables - group of receivables from related parties in the scope of consolidation	Receivables from related parties in the scope of consolidation	
Other receivables - grouping by aging	Aging	

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

1) Groups and method for measuring expected credit losses

Item	Basis for determining a group	Method for measuring expected credit losses
Bank acceptance bills receivable	Type of notes	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.
Commercial acceptance bills receivable		
Accounts receivable - group of receivables from related parties in the scope of consolidation	Receivables from related parties in the scope of consolidation	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the aging of accounts receivable and rate of lifetime expected credit loss, and calculate the expected credit losses.
Accounts receivable - grouping by aging	Aging	
Contract assets – contract assets from related parties in the scope of consolidation	Contract assets from related parties in the scope of consolidation	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.



Contract assets - group of aging	Aging	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the aging of contract assets and rate of lifetime expected credit loss, and calculate the expected credit losses.
Long-term receivables - grouping by aging	Aging	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the aging of long-term receivables and rate of lifetime expected credit loss, and calculate the expected credit losses.

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

Aging	Accounts receivable Rate of expected credit loss for accounts receivable (%)
Within 1 year (including, the same below)	5.00
1-2 years	25.00
2-3 years	50.00
Over 3 years	100.00

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

Financial assets and financial liabilities are presented in the balance sheet separately, without offsetting each other. However, the Company may represent the financial assets and financial liabilities on a net basis in the balance sheet only if: (1) the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and (2) the Company intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

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

## 11. Notes receivable

### Method for recognition of expected credit losses of notes receivable and relevant accounting treatments

Applicable  N/A

The Company's method for recognition of expected credit losses of notes receivable and relevant accounting treatments are disclosed in V.10 of Section X in details.

**12. Accounts receivable****Method for recognition of expected credit losses of accounts receivable and relevant accounting treatments**

√ Applicable □ N/A

The Company's method for recognition of expected credit losses of accounts receivable and relevant accounting treatments are disclosed in V.10 of Section X in details.

**13. Receivables financing**

√ Applicable □ N/A

The Company's policies on receivables financing and accounting are disclosed in V.10 of Section X in details.

**14. Other receivables****Method for recognition of expected credit losses of other receivables and relevant accounting treatments**

√ Applicable □ N/A

The Company's method for recognition of expected credit losses of other receivables and relevant accounting treatments are disclosed in V.10 of Section X in details.

**15. Inventories**

√ Applicable □ N/A

**1. Categories of inventories**

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

**2. Valuation method of inventories upon delivery**

The actual cost of inventories upon delivery is calculated using the moving weighted average method.

**3. Basis for determining net realizable value of inventories**

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. For inventories directly used for sale, the net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes. For inventories required for processing, the net realizable value is determined as the estimated selling price of finished goods in the ordinary course of business less the estimated costs of completion, and the estimated costs necessary to make the sale and relevant taxes. As at the balance sheet date, if in the same item of inventories, some are agreed with contractual prices while the others are not, the net realizable value for such inventories is determined separately, and compared with the costs of the two parts of inventories distinctively, as to determine the provisions or reversal of provisions for decline in value of inventories separately.

**4. Inventory count system**

The perpetual inventory system is maintained for stock system.

5. Amortization method for low cost and short-lived consumable items and packaging materials

(1) Low cost and short-lived consumable items

Low cost and short-lived consumable items are amortized using the immediate write-off method.

(2) Packaging materials

Packaging materials are amortized using the immediate write-off method.

(XII) Contract costs

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

If costs incurred by the Company for acquiring a contract are expected to be recovered, such costs are recognized as an asset as contract acquisition costs.

The costs incurred by the Company for performing a contract are recognized as an asset of contract performance costs if they do not fall within the scope of other relevant standards, like inventories, fixed assets, or intangible assets, and meet all the following conditions:

1. The cost is directly related to a present or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly to be borne by customers, and other costs arising from the contract;

2. The cost leads to the increase in resources of the Company for fulfilling its performance obligations in the future; and

3. The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as recognizing incomes from goods related to assets, and are recognized in the profit or loss for the current period.

If the carrying amount of the assets related to contract costs is greater than the consideration expected to be acquired by transferring the goods or services related to such assets less the costs expected to be incurred, the Company makes provision for impairment for the exceeding portion and recognizes impairment loss of assets. In the event of a change in the factors causing impairment in a prior period, so that the consideration expected to be acquired by transferring the goods or services related to such assets less the costs expected to be incurred is greater than the carrying amount of such assets, the provision for impairment made for such assets is reversed and recognized in the profit or loss for the current period; provided, however, that the reversed carrying amount of such assets shall not exceed the carrying amount of such assets at the reversal data on the assumption that no provision for impairment has been made.

## **16. Contract assets**

### **(1). Recognition method and criteria of contract assets**

√ Applicable □ N/A

The Company presents contract assets or contract liabilities in the balance sheet according to the relationship between the performance of contractual obligations and payment by customers. Contract assets and contract liabilities under a same contract are presented at the net amount after offsetting each other.

The Company presents its owned right to unconditionally (that is, only depending on the lapse of

time) receive consideration from customers as the accounts receivable, and the right to receive the consideration for which the goods that have been transferred to customers (that is, depending on factors other than the lapse of time) as the contract assets.

**(2). Method for recognition of expected credit losses of contract assets and relevant accounting treatments**

Applicable  N/A

The method for recognition of expected credit losses of contract assets and relevant accounting treatments are disclosed in V.10 of Section X in details.

**17. Assets held for sale**

Applicable  N/A

**18. Debt investments**

**Method for recognition of expected credit losses of debt investments and relevant accounting treatments**

Applicable  N/A

**19. Other debt investments**

**Method for recognition of expected credit losses of other debt investments and relevant accounting treatments**

Applicable  N/A

**20. Long-term receivables**

**Method for recognition of expected credit losses of long-term receivables and relevant accounting treatments**

Applicable  N/A

The method for recognition of expected credit losses of long-term receivables and relevant accounting treatments are disclosed in V.10 of Section X in details.

**21. Long-term equity investments**

Applicable  N/A

**1. Judgments on joint control and significant influence**

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

**2. Determination of investment cost**

(1) In case of an equity investment acquired through a business combination involving entities under common control, if the acquirer pays consideration for the business combination by cash, transfer of non-monetary assets, assumption of liabilities or issuance of equity securities, the initial investment cost of the long-term equity investment is the Company's share of the carrying amount of the owners' equity of the

acquiree in the consolidated financial statements of the ultimate controller at the date of combination. The difference between: (i) the initial investment cost of the long-term equity investment; and (ii) the carrying amount of the consideration paid for the combination or the total par value of the shares issued is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

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

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

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

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

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

(3) In the event of no business combination: the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or determined in accordance with the Accounting Standards for Business

Enterprises No. 12 -- Debt Restructuring if it is acquired through debt restructuring, or determined in accordance with the Accounting Standards for Business Enterprises No. 7 -- Exchange of Non-monetary Assets if it is acquired through exchange of non-monetary assets.

3. Subsequent measurement and recognition of profit or loss

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

**22. Investment properties**

N/A

**23. Fixed assets**

**(1). Criteria for recognition**

Applicable  N/A

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

**(2). Method of depreciation**

Applicable  N/A

Category	Method of depreciation	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Machinery and equipment	Straight line method	5	5.00	19.00
Transportation equipment	Straight line method	5	5.00	19.00
Electronic equipment and others	Straight line method	3-5	5.00	19.00-31.67
Operating leased equipment	Straight line method	3, 7	5.00	31.67, 13.57

**(3). Identification basis, valuation method and depreciation method for fixed assets acquired under finance leases**

Applicable  N/A

**24. Construction in progress**

Applicable  N/A

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

2. When a construction in progress is ready for intended use, it is transferred to fixed assets at its actual construction cost. A construction in progress that is ready for intended use but the final settlement

of which has not yet been completed is transferred to fixed assets at estimated value first, and after the completion of final settlement, the estimated value is adjusted according to the actual cost, but the accrued depreciation is not adjusted.

## **25. Borrowing costs**

Applicable  N/A

### **1. Recognition for capitalization of borrowing costs**

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses and charged to the current profit or loss.

### **2. Capitalization period of borrowing costs**

(1) Borrowing expenses are capitalized when all of the following conditions are met: 1) capital expenditure has been incurred; 2) borrowing expenses have been incurred; and 3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Where acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing expenses incurred during these periods shall be recognized as expenses for the current period until the acquisition, construction or production of a qualifying asset is resumed.

(3) Capitalization of borrowing expenses shall be ceased when acquisition, construction or production of the qualifying asset has prepared for its intended use or sale.

### **3. Capitalization rate and capitalization amount of borrowing expenses**

As for the specific borrowings for the acquisition and construction or production of assets qualifying for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred on the current specific borrowings (including the amortization of discounts or premiums determined using the effective interest method) minus the income of interests earned from the unused borrowings by depositing it in the bank or investment income from such borrowing by making it as a temporary investment; where a general borrowing is used for the acquisition and construction or production assets qualifying for capitalization, the Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average value of the accumulative expenditures to asset minus the specific borrowing by the capitalization rate of the general borrowing used.

## **26. Biological assets**

Applicable  N/A

## **27. Oil and gas assets**

Applicable  N/A

## **28. Use right assets**

Applicable  N/A

Use right assets are initially measured at cost; the cost includes: 1) Initial measurement amount of leased liabilities; 2) lease payments paid on or prior to the commencement of the lease term, net of the lease incentives (if any) received; 3) initial direct expenses incurred by the lessee; and 4) costs expected to be incurred by the lessee for dismantling and removing the leased assets, restoring the place of the leased assets, or restoring the leased assets to the state provided under lease provisions.

The Company depreciates use right assets by using the straight-line method. If there is reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over its useful life. If there is no reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over the shorter of the lease term and its remaining useful life.

## **29. Intangible assets**

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

√ Applicable □ N/A

1. Intangible assets include land use right, patents use right, and software, and are measured at cost initially.

2. An intangible asset with a finite useful life is amortized over its useful life in a systematic and rational expected realization of economic benefits relative to the intangible asset, or is amortized using the straight-line method if it is impossible to determine expected realization reliably. The specific years are as follows:

Item	Amortization period (years)
Land use right	30
Patents use right	10
Software	3-5

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

□ Applicable √ N/A

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

√ Applicable □ N/A

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

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

## **31. Long-term prepaid expenses**

√ Applicable □ N/A



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

### **32. Contract liabilities**

#### **Recognition method for contract liabilities**

√ Applicable □ N/A

The Company presents contract assets or contract liabilities in the balance sheet according to the relationship between the performance of contractual obligations and payment by customers. Contract assets and contract liabilities under a same contract are presented at the net amount after offsetting each other.

The obligations of the Company for transferring goods to customers corresponding to considerations that have been received or receivable are presented as contract liabilities.

### **33. Employee benefits**

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

√ Applicable □ N/A

1. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

##### **2. Accounting treatment of short-term employee benefits**

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

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

√ Applicable □ N/A

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

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

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

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

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

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

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

√ Applicable  N/A

If dismissal benefits are provided to employees, the liabilities of employee benefits from the dismissal benefits are recognized at the earlier of the following and are recognized in the profit or loss for the current period: (1) when the Company can no longer withdraw the offer of termination benefits as a result of termination of employment or redundancy; or (2) the Company recognizes the restructuring costs or expenses relating to payment of termination benefits.

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

√ Applicable  N/A

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

## **34. Lease liabilities**

√ Applicable  N/A

At the commencement date of the lease, the Company recognizes the present value of lease payments not paid as lease liabilities. The interest rate implicit in the lease is used as the discount rate for calculating the present value of the lease payments; if the interest rate implicit in the lease cannot be determined, the incremental borrowing interest rate of the Company is used as the discount rate. The difference between the lease payments and the present value thereof is considered as unrecognized finance charges; in each period during the lease term, interest expenses are recognized in the profit or loss for the current period

according to the discount rate of the present value of recognized lease payments. Variable lease payments not included in measurement of lease liabilities are recognized in the profit or loss for the current period when the actually arise.

Where, after the lease inception date, there are changes in the substantial fixed payment, the payables expected on the basis of the residual value of the guarantee, the index or ratio used for determining the lease payment, the evaluation results or actual exercising of purchase option, renewal option or lease termination option, the Company re-measures the lease liability as per the present value of the lease payment after change, and adjust the carrying amount of the use right assets accordingly. Where the carrying amount of the use right asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company includes the residual amount in the current profit or loss.

### **35. Provisions**

√ Applicable □ N/A

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

2. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation. The carrying amount of provisions is reviewed at the balance sheet date.

### **36. Share-based payments**

√ Applicable □ N/A

#### 1. Categories of share-based payments

Share-based payments include equity-settled share-based payments and cash-settled share-based payments.

#### 2. Accounting treatment for implementation, modification and termination of share-based payment plan

##### (1) Equity-settled share-based payments

Equity-settled share-based payments in exchange for services rendered by employees that can be executed immediately upon being granted, are measured at the fair value of the equity instruments at the grant date, and recognized as related costs or expenses with a corresponding adjustment to capital reserve. At each balance sheet date during the vesting period, equity-settled share-based payments in exchange for services rendered by employees that cannot be executed until services in the vesting period are completed or required performance conditions are satisfied, are measured at the fair value of the equity instruments at the grant date based on the best estimate of exercisable numbers of equity instruments, and recognized as related costs or expenses with a corresponding adjustment to capital reserve.

For equity-settled share-based payments in exchange for services rendered by other parties, if the fair value of services from other parties can be measured reliably, they are measured at the fair value of services from other parties at the date when such services are received. If the fair value of services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably,

they are measured at the fair value of the equity instruments at the date when such services are received. The fair value of the equity instruments are recognized as related costs or expenses, with a corresponding increase in owners' equity.

(2) Cash-settled share-based payments

Cash-settled share-based payments in exchange for services rendered by employees that can be executed immediately upon being granted, are recognized as related costs or expenses based on the fair value of liabilities assumed by the Company at the grant date, with a corresponding increase in liability. At each balance sheet date during the vesting period, cash-settled share-based payments in exchange for services rendered by employees that cannot be executed until services in the vesting period are completed or required performance conditions are satisfied, are measured at the fair value of liabilities assumed by the Company based on the best estimate of exercisable conditions, and recognized as related costs or expenses and relevant liabilities.

(3) Modification and termination of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company will include the incremental fair value of the equity instruments granted in the measurement of the amount recognized for services received. If the modification increases the number of the equity instruments granted, the Company will include the fair value of additional equity instruments granted in the measurement of the amount recognized for services received. If the Company modifies the exercisable conditions of the share-based payment plan in a manner beneficial to the employee, the Company will consider the modified exercisable conditions when dealing with exercisable conditions.

If the modification decreases the fair value of the equity instruments granted, the Company will continue to measure the amount recognized for services received at the fair value of the equity instruments at the grant date without including the decremental fair value of the equity instruments. If the modification decreases the number of the equity instruments granted, the Company will treat the decreased number as the cancelled number of equity instruments granted. If the Company modifies the exercisable conditions in a manner unbeneficial to the employee, the Company will not consider the modified exercisable conditions when dealing with exercisable conditions.

If cancellation or settlement of the equity instruments granted occurs (not due to unsatisfaction of exercisable conditions) during the vesting period, the Company will account for the cancellation or settlement of the equity instruments granted as an acceleration of vesting, and recognize immediately the amount that otherwise would have been recognized over the remainder of the vesting period.

**37. Preferred shares, perpetual bonds and other financial instruments**

Applicable  N/A

**38. Revenue**

**(1). Accounting policies adopted for income recognition and measurement**

Applicable  N/A

1. Principles for revenue recognition

On the commencement date of a contract, the Company evaluates the contract, identifies each individual performance obligation contained therein and determine whether each individual performance obligation is performed over time or at a certain point in time.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a certain point in time: (1) the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract; (2) the customer can control the products under construction in the process of the Company's performance; (3) the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

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

## 2. Principles for revenue measurement

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

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

(3) If there is a major financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services. The difference between the transaction price and contract consideration is amortized using the effective interest method during the term of the contract. If on the commencement of a contract, the

Company expects that the customer's acquisition of control of goods or services is not more than one year from the customer's payment therefor, the major financing component in the contract will not be considered.

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

### 3. Specific methods for revenue recognition

#### (1) Revenue from sales of goods

The performance obligation concerning sales of goods (primarily dividing into goods sold to the domestic market and goods exported to overseas markets) by the Company is taken as one satisfied at a certain point in time for the recognition of revenue.

Goods sold to the domestic market: 1) Under the direct sale model and the distribution model, the Company recognizes the revenue when the goods sent have been delivered to customers with customers' receipt given to the Company. For goods sold attached with return conditions, the Company recognizes the revenue according to the amount of consideration to which it expects to be entitled in exchange for transferring goods to customers, and recognize the liabilities according to the expected amount to be returned due to sales return against the revenue; for goods required for installment and inspection after sales, the Company recognizes the revenue when such goods have been installed and inspected with customers' acceptance certificate given to the Company; for goods sold to lower-tier end customers whose selling profits are shared by the Company, the Company recognizes the revenue when such goods are delivered to the customers and reconciliation is conducted according to the mutually predetermined price of the goods, and recognizes the share of the profits when the selling profits of the goods are realized according to the share statement. 2) Under the commissioned sales mode, the Company recognizes the revenue when it receives the list of commissioned sales from the customer.

Goods exported to overseas markets: The Company mainly adopts FCA for export of goods. Under this mode, the Company recognizes revenue when it delivers goods at the designated location with export customs clearance procedures completed.

#### (2) Other incomes

Any other performance obligation of the Company is taken as one satisfied over time/at a certain point in time for the recognition of revenue. For installation services provided by the Company, the Company recognizes the revenue when it has completed the services and received customers' acceptance certificate; for repair and maintenance services provided by the Company, the Company recognizes the revenue when it has completed the services and received payments; for patent licensing services provided by the Company, the Company recognizes the revenue when the patent licensing is completed and handed over; and for technology development services provided by the Company, the Company recognizes the revenue when it has completed the services or when the agreed time point of service acceptance is reached.

**(2). Description of differences in the accounting policies in revenue recognition due to different operating modes adopted for the same business type**

Applicable  N/A

**39. Contract costs**

Applicable  N/A

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

If costs incurred by the Company for acquiring a contract are expected to be recovered, such costs are recognized as an asset as contract acquisition costs.

The costs incurred by the Company for performing a contract are recognized as an asset of contract performance costs if they do not fall within the scope of other relevant standards, like inventories, fixed assets, or intangible assets, and meet all the following conditions:

1. The cost is directly related to a present or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly to be borne by customers, and other costs arising from the contract;

2. The cost leads to the increase in resources of the Company for fulfilling its performance obligations in the future; and

3. The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as recognizing incomes from goods related to assets, and are recognized in the profit or loss for the current period.

If the carrying amount of the assets related to contract costs is greater than the consideration expected to be acquired by transferring the goods or services related to such assets less the costs expected to be incurred, the Company makes provision for impairment for the exceeding portion and recognizes impairment loss of assets. In the event of a change in the factors causing impairment in a prior period, so that the consideration expected to be acquired by transferring the goods or services related to such assets less the costs expected to be incurred is greater than the carrying amount of such assets, the provision for impairment made for such assets is reversed and recognized in the profit or loss for the current period; provided that the reversed carrying amount of such assets shall not exceed the carrying amount of such assets at the reversal data on the assumption that no provision for impairment has been made.

**40. Government grants**

Applicable  N/A

1. Government grants are recognized if (1) the Company meets the conditions attaching to the government grants; and (2) the Company will receive the government grants. Government grants in the form of monetary assets are measured at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value, or if their fair value is unavailable, at nominal amount.

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

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

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

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

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

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

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

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

## **41. Deferred tax assets and deferred tax liabilities**

√ Applicable □ N/A

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

2. Deferred tax assets are recognized to the extent of the amount of income tax payable that will be available in future periods against which deductible temporary differences are deductible. At the balance



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

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

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

## **42. Leases**

### **(1). Accounting treatment of operating leases**

Applicable  N/A

### **(2). Accounting treatment of finance leases**

Applicable  N/A

### **(3). Method for determination and accounting treatments of lease under the New Lease Standard**

Applicable  N/A

#### 1. The Company as the lessee

On the lease inception date, the Company recognizes a lease with a lease term of not more than 12 months and not containing an option as a short-term lease, and recognizes a low-value assets lease for a lease in which individually leased assets have a low value when they are new. If the Company subleases or expects to sublease the leased asset, the original lease is not recognized as a low-value assets lease.

For short-term leases and low-value assets leases, the Company recognizes lease payment in the costs of relevant assets or the profit or loss for the current period by using the straight-line method in each period during the lease term.

Except for short-term leases and low-value assets leases subject to simplified treatment above, on the lease inception date, the Company recognizes use right assets and lease liabilities for leases.

#### (1) Use right assets

Use right assets are initially measured at cost; the cost includes: 1) initial measurement amount of leased liabilities; 2) lease payments paid on or prior to the commencement of the lease term, net of the lease incentives (if any) received; 3) initial direct expenses incurred by the lessee; and 4) costs expected to be incurred by the lessee for dismantling and removing the leased assets, restoring the place of the leased assets, or restoring the leased assets to the state provided under lease provisions.

The Company depreciates use right assets by using the straight-line method. If there is reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over its useful life. If there is no reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over

the shorter of the lease term and its remaining useful life.

(2) Lease liabilities

At the commencement date of the lease, the Company recognizes the present value of lease payments not paid as lease liabilities. The interest rate implicit in the lease is used as the discount rate for calculating the present value of the lease payments; if the interest rate implicit in the lease cannot be determined, the incremental borrowing interest rate of the Company is used as the discount rate. The difference between the lease payments and the present value thereof is considered as unrecognized finance charges; in each period during the lease term, interest expenses are recognized in the profit or loss for the current period according to the discount rate of the present value of recognized lease payments. Variable lease payments not included in measurement of lease liabilities are recognized in the profit or loss for the current period when they actually arise.

Where, after the lease inception date, there are changes in the substantial fixed payment, the payables expected on the basis of the residual value of the guarantee, the index or ratio used for determining the lease payment, the evaluation results or actual exercising of purchase option, renewal option or lease termination option, the Company re-measures the lease liability as per the present value of the lease payment after change, and adjust the carrying amount of the use right assets accordingly. Where the carrying amount of the use right asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company includes the residual amount in the current profit or loss.

2. The Company as the lessor

On the lease inception date, the Company classifies a lease in which almost all the risks and rewards related to the ownership of the leased asset have been substantially transferred as a finance lease, and recognizes all other leases as operating leases.

(1) Operating lease

In each period during the lease term, the Company recognizes lease payments as rental incomes by using the straight-line method/units of production method; initial direct expenses incurred are capitalized, and amortized on the same basis for recognizing lease incomes for recognizing in the profit or loss for each period. The variable lease payments acquired by the Company that are related to operating leases and not recognized in lease payments are recognized in the profit or loss for the current period when they actually occur.

**43. Other significant accounting policies and accounting estimates**

Applicable  N/A

**44. Changes in significant accounting policies and accounting estimates**

**(1). Changes in significant accounting policies**

Applicable  N/A

**(2). Changes in significant accounting estimates**

Applicable  N/A

**45. Other description**
 Applicable  N/A

**VI. Taxes**
**1. Major categories of taxes and tax rates**

Description of major categories of taxes and tax rates

 Applicable  N/A

Category of tax	Basis of tax computation	Tax rate
Value-added tax (VAT)	VAT payable is the difference of the output tax calculated based on the incomes from selling goods and taxable services in accordance with the Tax Law, less the input tax allowed to be reduced in the period	3%, 6%, 9%, 13%
City maintenance and construction tax	Turnover tax payable	7%
Enterprise income tax	Taxable income	4%, 8.25%, 8.70%, 8.84%, 15%, 16.5%, 20%, 21% and 25%
Education surcharges	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%

Disclosure of taxpayers with different rates of enterprise income tax:

 Applicable  N/A

Taxpayer	Rate of enterprise income tax (%)
Appotronics Corporation Limited	15%
Fengmi (Beijing) Technology Co., Ltd.	15%
Appotronics Hong Kong Limited	8.25%, 16.5%
Beijing Orient Appotronics Technology Co., Ltd.	20%
JoveAI Innovation, Inc.	8.70%、8.84%、21%
Appotronics USA, Inc.	21%
FORMOVIE TECHNOLOGY INC	21%
JoveAI Limited	Tax exemption
WEMAX LLC	21%
Shenzhen Appotronics Display Device Co., Ltd.	20%
Appotronics Technology (Changzhou) Co., Ltd.	20%
Qingda Appotronics (Xiamen) Technology Co., Ltd.	20%
Shenzhen Appotronics Home Line Technology Co., Ltd.	20%
Shenzhen Appotronics Laser Technology Co., Ltd.	20%
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	20%
JoveAI Asia Company Limited	20%
Formovie Limited	8.25%, 16.5%
Chongqing Ewei Ecommerce Co., Ltd.	20%
Chongqing Guangbo Ecommerce Co., Ltd.	20%
Shenzhen Orange Juice Energy Technology Co., Ltd.	20%
Tianjin Bonian Film Partnership (LP)	Tax exemption
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	15%

WEMAX INC	4%, 21%
Hongkong Orange Juice Energy Technology Co., Limited	8.25%, 16.5%
Other taxpayers except above	25%

Note:

1. Appotronics Hong Kong Limited, Formovie Limited and Hongkong Orange Juice Energy Technology Co., Limited were incorporated in Hong Kong. One of related entities in Hong Kong can apply the two-level income tax system, namely, applying the tax rate of 8.25% for the first HKD 2 million taxable income and 16.5% for the remaining taxable income.

2. JoveAI Limited, as domiciled in the Cayman Islands, is exempt from enterprise income tax.

3. Appotronics USA, Inc., as domiciled in the United States, applies the federal enterprise income tax rate of 21%.

4. JoveAI Innovation, Inc., as domiciled in the United States, applies the federal enterprise income tax rate of 21%, the California state enterprise income tax rate of 8.84%, and the Delaware state enterprise income tax rate of 8.70%.

5. FORMOVIE TECHNOLOGY INC, as domiciled in the United States, applies the federal enterprise income tax rate of 21%.

6. JoveAI Asia Company Limited, as domiciled in Vietnam, applies the enterprise income tax rate of 20%.

7. WEMAX LLC, as domiciled in the United States, applies the federal enterprise income tax rate of 21%.

8. Wemax Inc, as domiciled in the United States, applies the federal enterprise income tax rate of 21%, and the New York state enterprise income tax rate of 4%.

## 2. Tax incentives

Applicable  N/A

### 1. Enterprise income tax

(1) On December 9, 2019, the Company obtained the High-tech Enterprise Certificate (Certificate No.: GR201944204257) jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service of State Taxation Administration with a valid term of three years. Therefore, the Company paid the enterprise income tax at a rate of 15% in 2022.

(2) On December 17, 2021, Fengmi (Beijing) Technology Co., Ltd. obtained the High-tech Enterprise Certificate (Certificate No.: GR202111004001) jointly issued by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau and Beijing Tax Service of State Taxation Administration with a valid term of three years. Therefore, the Company paid the enterprise income tax at a rate of 15% in 2022.

(3) On October 15, 2019, CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. obtained the High-tech Enterprise Certificate (Certificate No.: GR201911002720) jointly issued by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau and Beijing Tax Service of State Taxation Administration with a valid term of three years. Therefore, the Company paid the enterprise income tax at a rate of 15% in 2022.

(4) In accordance with the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2019] No. 13), and the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing Preferential Income Tax Policies for Micro and Small Enterprises and Individually-owned Businesses (Announcement No. 12 in 2021 of the Ministry of Finance and the State Taxation Administration), the annual taxable income of a small low-profit enterprise that is not more than RMB 1 million shall be calculated at a discount of 12.5%, namely, for which the applicable enterprise income tax rate is 20%; for the annual taxable income more than RMB 1 million but no more than RMB 3 million, the taxable income shall be calculated at a discount of 50%, namely, for which the applicable enterprise income tax rate is 20%. The following companies are qualified for enjoying such tax incentives: Beijing Orient Appotronics Technology Co., Ltd., Shenzhen Appotronics Display Device Co., Ltd., Appotronics Technology (Changzhou) Co., Ltd., Qingda Appotronics (Xiamen) Technology Co., Ltd., Shenzhen Appotronics Home Line Technology Co., Ltd., Shenzhen Appotronics Laser Technology Co., Ltd., Shenzhen City Appotronics Xiaoming Technology Co., Ltd., Chongqing Ewei Ecommerce Co., Ltd., Chongqing Guangbo Ecommerce Co., Ltd., and Shenzhen Orange Juice Energy Technology Co., Ltd.

#### 2. Value-added tax (VAT)

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100), for self-developed and produced software products sold by general VAT taxpayers, the tax-refund-upon-collection policy is applicable to the part of their actual VAT burden in excess of 3% after the VAT has been collected at a tax rate of 17%. The Company, its subsidiary Fengmi (Beijing) Technology Co., Ltd. and Shenzhen Appotronics Software Technology Co., Ltd. are qualified for enjoying such tax incentives.

#### 3. Others

Applicable  N/A

### VII. Notes to items in the consolidated financial statements

#### 1. Cash and bank balances

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	5,624.61	5,680.24
Bank deposits	954,395,647.47	924,308,952.81
Other monetary funds	90,990,742.22	33,415,198.10
Total	1,045,392,014.30	957,729,831.15
Including: Total overseas deposits	258,228,700.86	71,132,556.44

Other description:

In other monetary funds, an amount of RMB 50,315,805.66 is restricted for being used as margins; while in bank deposits, an amount of RMB 40,000,000.00 as 3-year time deposits, an amount of RMB 3,293,156.61 as pledged time deposits and an amount of RMB 302,062.50 as undue interest are restricted for being used.

**2. Held-for-trading financial assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	493,566,000.00	417,200,000.00
Including:		
Equity instrument investment	44,566,000.00	46,200,000.00
Structural deposits	449,000,000.00	371,000,000.00
Total	493,566,000.00	417,200,000.00

Other description:

 Applicable  N/A

**3. Derivative financial assets**
 Applicable  N/A

**4. Notes receivable**
**(1). Categories of notes receivable**
 Applicable  N/A

Unit: Yuan Currency: RMB

Project	Closing balance	Opening balance
Bank acceptances	798,660.00	4,020,000.00
Commercial acceptances	3,351,604.73	1,236,603.03
Total	4,150,264.73	5,256,603.03

**(2). Notes receivable pledged by the Company at the end of the period**
 Applicable  N/A

**(3). Notes receivable which are undue as at the balance sheet date but endorsed or discounted by the Company at the end of the period**
 Applicable  N/A

**(4). Notes transferred to accounts receivable due to drawer's failure in cashing at the end of the period**
 Applicable  N/A

**(5). Disclosure by categories of provision for bad debts**
 Applicable  N/A

Unit: Yuan Currency: RMB

Category	Closing balance			Opening balance		
	Carrying amount	Provision for bad debts	Carrying amount	Carrying amount	Provision for bad debts	Carrying amount

	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually										
Including:										
Provision for bad debts made by group	4,326,664.98	100.00	176,400.25	4.08	4,150,264.73	5,321,687.40	100.00	65,084.37	1.22	5,256,603.00
Including:										
Bank acceptance bills	798,660.00	18.46			798,660.00	4,020,000.00	75.54			4,020,000.00
Commercial acceptance bills	3,528,004.98	81.54	176,400.25	5.00	3,351,604.73	1,301,687.40	24.46	65,084.37	5.00	1,236,603.00
Total	4,326,664.98	/	176,400.25	/	4,150,264.73	5,321,687.40	/	65,084.37	/	5,256,603.00

Provision for bad debts made individually:

Applicable  N/A

Provision for bad debts made by group:

Applicable  N/A

Item by group: Commercial acceptance bills and bank acceptance bills

Unit: Yuan Currency: RMB

Name	Closing balance		
	Notes receivable	Provision for bad debts	Percentage of provision (%)
Group of bank acceptance bills	798,660.00		
Commercial acceptance bills group	3,528,004.98	176,400.25	5.00
Total	4,326,664.98	176,400.25	4.08

Recognition criterion to make the Provision for bad debts by group and explanation

Applicable  N/A

If a provision for bad debts of accounts receivable is made in accordance with the general model of ECL, please disclose relevant information subject to the disclosure of the provision for bad debts for other receivables:

Applicable  N/A

**(6). Provision for bad debts**
 Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period			Closing balance
		Provision	Recovery or reversal	Write off or cancellation	
Commercial acceptance bills	65,084.37	111,315.88			176,400.25
Total	65,084.37	111,315.88			176,400.25

Including significant amounts recovered or reversed from the current provision for bad debts:

 Applicable  N/A

Other description:

None

**(7). Notes receivable actually canceled in the current period**
 Applicable  N/A

Other description:

 Applicable  N/A

**5. Accounts receivable**
**(1). Disclosure by aging**
 Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	374,415,347.02
1 to 2 years	7,248,639.32
2 to 3 years	235,957.26
Over 3 years	1,287,951.19
Total	383,187,894.79



**(2). Disclosure by categories of provision for bad debts**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance					
	Carrying amount		Provision for bad debts		Carrying amount	Carrying amount		Provision for bad debts		Carrying amount	
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)		
Provision for bad debts made individually	852,162.42	0.22	852,162.42	100.00			2,117,500.23	0.50	1,279,675.64	60.43	837,824.59
Including:											
Provision for bad debts made individually	852,162.42	0.22	852,162.42	100.00			2,117,500.23	0.50	1,279,675.64	60.43	837,824.59
Provision for bad debts made by group	382,335,732.37	99.78	21,875,078.67	5.72	360,460,653.70	425,509,438.81	99.50	23,212,791.53	5.46	402,296,647.28	
Including:											
Accounts receivable for which the provision for bad debts is made by aging group	382,335,732.37	99.78	21,875,078.67	5.72	360,460,653.70	425,509,438.81	99.50	23,212,791.53	5.46	402,296,647.28	
<b>Total</b>	<b>383,187,894.79</b>	<b>/</b>	<b>22,727,241.09</b>	<b>/</b>	<b>360,460,653.70</b>	<b>427,626,939.04</b>	<b>/</b>	<b>24,492,467.17</b>	<b>/</b>	<b>403,134,471.87</b>	

Provision for bad debts made individually:

Applicable  N/A

Unit: Yuan Currency: RMB

Name	Closing balance			
	Carrying amount	Provision for bad debts	Percentage of provision (%)	Reason for provision
Legal person 1	782,311.37	782,311.37	100.00	The amounts are expected to be unrecoverable
Legal person 2	69,851.05	69,851.05	100.00	The amounts are expected to be unrecoverable
Total	852,162.42	852,162.42	100.00	/

Explanation about provision for bad debts made individually:

Applicable  N/A

Provision for bad debts made by group:

Applicable  N/A

Item by group: Accounts receivable for which the provision for bad debts is made by aging group

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within 1 year	373,669,035.65	18,683,451.78	5.00
1-2 years	7,142,788.27	1,785,697.07	25.00
2-3 years	235,957.26	117,978.63	50.00
Over 3 years	1,287,951.19	1,287,951.19	100.00
Total	382,335,732.37	21,875,078.67	5.72

Recognition criterion to make the provision for bad debts by group and explanation:

Applicable  N/A

If a provision for bad debts of accounts receivable is made in accordance with the general model of ECL, please disclose relevant information subject to the disclosure of the provision for bad debts for other receivables:

Applicable  N/A

### (3). Provision for bad debts

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made	1,279,675.64	-55,513.22		372,000.00		852,162.42

individually					
Provision for bad debts made by group	23,212,791.53	- 1,334,262.86		3,450.00	21,875,078.67
Total	24,492,467.17	- 1,389,776.08		375,450.00	22,727,241.09

Including significant amounts recovered or reversed from the current provision for bad debts:

Applicable  N/A

**(4). Accounts receivable actually canceled in the current period**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Cancellation amount
Accounts receivable actually canceled	375,450.00

In which significant amounts canceled are described as below:

Applicable  N/A

Description of accounts receivable cancellation:

Applicable  N/A

**(5). Top five closing balances of accounts receivable categorized by debtors**

Applicable  N/A

Unit: Yuan Currency: RMB

Entity	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Customer 1	116,359,517.65	30.37	5,817,975.88
Customer 2	45,842,962.06	11.96	2,292,148.10
Customer 3	36,728,857.51	9.59	1,836,442.88
Customer 4	33,135,753.04	8.65	1,711,165.15
Customer 5	22,392,637.75	5.84	1,119,631.89
Total	254,459,728.01	66.41	12,777,363.90

**(6). Accounts receivable derecognized due to transfer of financial assets**

Applicable  N/A

**(7). Assets and liabilities arising from transfer of accounts receivable and continued involvement**

Applicable  N/A

Other description:

Applicable  N/A

**6. Receivables financing**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	3,289,265.10	244,860.00
Total	3,289,265.10	244,860.00

Changes in amount and fair value of receivables financing:

 Applicable  N/A

If a provision for bad debts of accounts receivable is made in accordance with the general model of ECL, please disclose relevant information subject to the disclosure of the provision for bad debts for other receivables:

 Applicable  N/A

Other description:

 Applicable  N/A

**7. Prepayments**
**(1). Disclosure of prepayments by aging**
 Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	51,598,219.53	82.14	90,997,714.13	92.74
1 to 2 years	10,747,157.53	17.11	7,119,256.70	7.26
2 to 3 years	471,791.99	0.75		
Over 3 years				
Total	62,817,169.05	100.00	98,116,970.83	100.00

Reasons for overdue settlement of prepayments with significant amounts aged more than 1 year:

Entity	Closing balance	Reasons for no settlement
Supplier 2	6,040,260.00	Advance payment has been made for high-end lasers, which have not been produced

**(2). Top five closing balances of prepayments categorized by receivers**
 Applicable  N/A

Unit: Yuan Currency: RMB

Entity	Closing balance	Proportion to the balance of prepayments (%)
Supplier 1	22,710,986.82	36.15%
Supplier 2	6,040,260.00	9.62%
Supplier 3	3,259,084.05	5.19%
Supplier 4	2,894,278.45	4.61%

Supplier 5	2,331,689.44	3.71%
Sub-total	37,236,298.76	59.28%

Other description

Applicable  N/A

### 8. Other receivables

Presented by items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	13,288,572.00	12,623,886.00
Other receivables	19,332,477.15	17,848,709.66
Total	32,621,049.15	30,472,595.66

Other description:

Applicable  N/A

#### Interest receivable

##### (1). Categories of interest receivable

Applicable  N/A

##### (2). Significant interests overdue

Applicable  N/A

##### (3). Provision for bad debts

Applicable  N/A

Other description:

Applicable  N/A

##### (1). Dividends receivable

Applicable  N/A

Unit: Yuan Currency: RMB

Project (or investee)	Closing balance	Opening balance
GDC Technology Limited (BVI)	13,288,572.00	12,623,886.00
Total	13,288,572.00	12,623,886.00

##### (2). Dividends receivable with significant amounts aged more than 1 year

Applicable  N/A

##### (3). Provision for bad debts

Applicable  N/A

Other description:

 Applicable  N/A

**Other receivables**
**(4). Disclosure by aging**
 Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	15,521,199.91
1 to 2 years	1,099,493.27
2 to 3 years	3,687,618.00
Over 3 years	
Total	20,308,311.18

Categories by the nature of other receivables

 Applicable  N/A

Unit: Yuan Currency: RMB

Nature of receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	10,074,155.37	9,664,667.87
Withholding	791,629.13	727,191.75
Temporary receivables	1,388,846.68	735,913.53
Indemnity receivable	8,053,680.00	7,650,840.00
Total	20,308,311.18	18,778,613.15

**(5). Provision for bad debts**
 Applicable  N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL in the future	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2022	895,737.89	34,165.60		929,903.49
Balance as at January 1, 2022 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	80,096.15	-34,165.60		45,930.55
Reversal				

Write-off				
Cancellation				
Other changes				
Balance as at June 30, 2022	975,834.04			975,834.04

Description of significant changes in the balance of other receivables with changed provisions for losses in the current period:

Applicable  N/A

Basis for recognizing the amount of provision for bad debts and evaluating whether the credit risk of financial instruments has been increased significantly in the current period:

Applicable  N/A

**(6). Provision for bad debts**

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made by group	929,903.49	45,930.55				975,834.04
Total	929,903.49	45,930.55				975,834.04

Including significant amounts recovered or reversed from the current provision for bad debts:

Applicable  N/A

**(7). Other receivables actually canceled in the current period**

Applicable  N/A

**(8). Top five closing balances of other receivables categorized by debtors**

Applicable  N/A

Unit: Yuan Currency: RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion to the balance of other receivables (%)	Provision for bad debts Closing balance
Top 1	Compensation receivable	8,053,680.00	Within 1 year	39.67%	402,684.00
Top 2	Deposits/margins/petty cash	3,574,618.00	Over 3 years	17.61%	178,730.90
Top 3	Deposits/margins/petty cash	1,257,075.20	2-3 years, over 3 years	6.19%	62,853.76

Top 4	Deposits/margins/petty cash	800,000.00	Within 1 year, 1-2 years	3.94%	40,000.00
Top 5	Deposits/margins/petty cash	756,267.64	Within 1 year, 1-2 years, 2-3 years	3.72%	37,813.38
Total	/	14,441,640.84	/	71.11%	722,082.04

**(9). Accounts receivable involving government grants**

Applicable  N/A

**(10). Other receivables derecognized due to transfer of financial assets**

Applicable  N/A

**(11). Assets and liabilities arising from transfer of other receivables and continued involvement**

Applicable  N/A

Other description:

Applicable  N/A

**9. Inventories**

**(1). Categories of inventories**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for decline in value of inventories/impairment of contract performance cost	Carrying amount	Gross carrying amount	Provision for decline in value of inventories/impairment of contract performance cost	Carrying amount
Raw materials	506,668,884.62	24,245,986.64	482,422,897.98	493,448,593.04	21,083,424.30	472,365,168.74
Work in progress	8,826,860.01	364,460.32	8,462,399.69	30,541,893.32	2,147,311.13	28,394,582.19
Goods on hand	292,483,208.03	15,446,858.33	277,036,349.70	229,438,709.58	13,362,893.39	216,075,816.19
Goods upon delivery	17,108,752.70	1,607,100.04	15,501,652.66	43,433,678.08	1,652,492.43	41,781,185.65
Materials for consigned processing	10,784,375.08	408,773.77	10,375,601.31	4,492,945.01	22,530.31	4,470,414.70



Contract performance cost	38,053.10		38,053.10	7,263,873.33	729,907.80	6,533,965.53
Total	835,910,133.54	42,073,179.10	793,836,954.44	808,619,692.36	38,998,559.36	769,621,133.00

**(2). Provision for decline in value of inventories and impairment of contract performance cost**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	21,083,424.30	9,422,857.56		6,260,295.22		24,245,986.64
Work in progress	2,147,311.13	104,143.42		1,886,994.23		364,460.32
Goods on hand	13,362,893.39	12,777,635.03		10,693,670.09		15,446,858.33
Goods upon delivery	1,652,492.43			45,392.39		1,607,100.04
Materials for consigned processing	22,530.31	408,310.07		22,066.61		408,773.77
Contract performance cost	729,907.80			729,907.80		
Total	38,998,559.36	22,712,946.08		19,638,326.34		42,073,179.10

Specify reasons for specific determination basis of net realizable value, and reversal or write-off of the provision for decline in value of inventories

Item	Specific basis for determining the net realizable value	Reason for reversal to the provisions for loss on inventories in the current period	Reason for reversal to the provisions for loss on inventories in the current period
Raw materials	The net realizable value of raw materials is determined as the historical average selling price or actual average selling price of finished goods in the ordinary course of business less the estimated costs of completion, and the estimated costs necessary to make the sale and relevant taxes	For the inventories of which a provision for decline in value has been made in prior period, their net realizable values have increased	The Company has consumed/sold the inventories for which a provision for decline in value has been made at the beginning of the current period

Item	Specific basis for determining the net realizable value	Reason for reversal to the provisions for loss on inventories in the current period	Reason for reversal to the provisions for loss on inventories in the current period
Work in progress	The net realizable value of work in progress is determined as the historical average selling price or actual average selling price of finished goods in the ordinary course of business less the estimated costs of completion, and the estimated costs necessary to make the sale and relevant taxes	No reversal	The Company has consumed the inventories for which a provision for decline in value has been made at the beginning of the current period
Goods on hand	For inventories directly used for sale, the net realizable value is determined as the historical average selling price or actual average selling price less the estimated costs necessary to make the sale and relevant taxes	For the inventories of which a provision for decline in value has been made in prior period, their net realizable values have increased	The Company has consumed/sold the inventories for which a provision for decline in value has been made at the beginning of the current period
Materials for consigned processing	The net realizable value is determined as the historical average selling price or actual average selling price of finished goods in the ordinary course of business less the estimated costs of completion, and the estimated costs necessary to make the sale and relevant taxes	No reversal	The Company has consumed the inventories for which a provision for decline in value has been made at the beginning of the current period

**Contract performance cost**

Item	Opening balance	Increase	Amortization	Provision for or write-off of impairment made in the current period	Closing balance
Entrusted development	1,934,228.95	1,292,027.89	3,918,111.54	-729,907.80	38,053.10
Overseas freight	4,599,736.58		4,599,736.58		

Item	Opening balance	Increase	Amortization	Provision for or write-off of impairment made in the current period	Closing balance
Sub-total	6,533,965.53	1,292,027.89	8,517,848.12	-729,907.80	38,053.10

**(3). Description of capitalized amount of borrowing costs included in the closing balance of inventories**

Applicable  N/A

**(4). Description of amortization of contract performance cost during the period**

Applicable  N/A

Other description:

Applicable  N/A

**10. Contract assets**

**(1). Description of contract assets**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Warranty security receivable	1,187,480.38	279,647.39	907,832.99	292,607.50	198,551.88	94,055.62
Goods payment	3,237,477.43	1,489,757.29	1,747,720.14	5,342,438.43	1,532,634.82	3,809,803.61
Total	4,424,957.81	1,769,404.68	2,655,553.13	5,635,045.93	1,731,186.70	3,903,859.23

**(2). Amount and reasons of major changes in the carrying amount during the reporting period**

Applicable  N/A

**(3). Description of provision for impairment made on contract assets during the period**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Provision	Reversal	Write-off/cancellation in the period	Reason
Provision for impairment made by group	38,217.99			
Total	38,217.99			/

If a provision for bad debts of accounts receivable is made in accordance with the general model of ECL, please disclose relevant information subject to the disclosure of the provision for bad debts for other receivables:

Applicable  N/A

Other description:

Applicable  N/A

### 11. Held-for-sale assets

Applicable  N/A

### 12. Non-current assets due within one year

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Debt investments due within one year		
Other debt investments due within one year		
Long-term receivables due within one year	3,951,623.81	3,473,049.18
Total	3,951,623.81	3,473,049.18

Debt investments and other debt investments with significant amounts at the end of the period

Applicable  N/A

Other description:

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Long-term receivables due within one year	5,018,773.81	1,067,150.00	3,951,623.81	4,520,449.18	1,047,400.00	3,473,049.18
Total	5,018,773.81	1,067,150.00	3,951,623.81	4,520,449.18	1,047,400.00	3,473,049.18

### 13. Other current assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	484,962.82	503,062.91
Input VAT to be deducted	70,486,385.97	52,258,757.92

Prepaid income tax	2,013.15	
Total	70,973,361.94	52,761,820.83

Other description:

None

#### 14. Debt investments

##### (1). Description of debt investments

Applicable  N/A

##### (2). Debt investments with significant amounts at the end of the period

Applicable  N/A

##### (3). Description of provision for impairment

Applicable  N/A

#### 15. Other debt investments

##### (1). Description of other debt investments

Applicable  N/A

##### (2). Other debt investments with significant amounts at the end of the period

Applicable  N/A

##### (3). Description of provision for impairment

Applicable  N/A

Other description:

Applicable  N/A

#### 16. Long-term receivables

##### (1) Description of long-term receivables

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance			Range of discount rate
	Gross carrying amount	Provision for bad debts	Carrying amount	Gross carrying amount	Provision for bad debts	Carrying amount	
Financing lease payment							
Including: Financing income not realized							

Goods sold on installment payment	7,054,000.00	1,352,700.00	5,701,300.00	7,528,000.00	1,376,400.00	6,151,600.00	
Labor service by installment receivable							
Less: Financing income not realized	-216,981.48		-216,981.48	-358,047.26		-358,047.26	
Total	6,837,018.52	1,352,700.00	5,484,318.52	7,169,952.74	1,376,400.00	5,793,552.74	/

**(2) Provision for bad debts**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL in the future	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2022	1,376,400.00			1,376,400.00
Balance as at January 1, 2022 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision				
Reversal	23,700.00			23,700.00
Write-off				
Cancellation				
Other changes				
Balance as at June 30, 2022	1,352,700.00			1,352,700.00

Description of significant changes in the balance of long-term receivables with changed provisions for losses in the current period:

□ Applicable √ N/A

Basis for recognizing the amount of provision for bad debts and evaluating whether the credit risk of

financial instruments has been increased significantly in the current period:

Applicable  N/A

**(3) Long-term receivables derecognized due to transfer of financial assets**

Applicable  N/A

**(4) Assets and liabilities arising from transfer of long-term receivables and continued involvement**

Applicable  N/A

Other description:

Applicable  N/A

**17. Long-term equity investments**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investees	Opening balance	Changes for the current period								Closing balance	Closing balance of provision for impairment
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
I. Joint venture											
Sub-total											
II. Associates											
Cinionic Limited	126,924,427.40		127,552,984.81	4,164,020.29	-3,535,462.88					0.00	
GDC Technology Limited (BVI)	166,676,657.87			-9,474,040.94	-6,331,313.82				8,853,235.49	159,724,538.60	
Sub-total	293,601,085.27		127,552,984.81	-5,310,020.65	-9,866,776.70				8,853,235.49	159,724,538.60	
Total	293,601,085.27		127,552,984.81	-5,310,020.65	-9,866,776.70				8,853,235.49	159,724,538.60	

Other description

None



**18. Other equity instrument investments**
**(1). Description of other equity instrument investments**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Shen Zhen Timewaying Technology Co., Ltd.	7,075,419.38	7,075,419.38
Shenzhen Bevix Technology Co., Ltd.		
Total	7,075,419.38	7,075,419.38

**(2). Description of equity investments not held for trading**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Dividends income recognized for the current period	Accumulated gains	Accumulated losses	Amounts to retained earnings from other comprehensive income	Reasons for designating as financial assets at fair value through other comprehensive income	Reasons for transferring to retained earnings from other comprehensive income
Shen Zhen Timewaying Technology Co., Ltd.					Subject to the management's intention of holding	
Shenzhen Bevix Technology Co., Ltd.					Subject to the management's intention of holding	

Other description:

√ Applicable □ N/A

The Company's equity investments in Shen Zhen Timewaying Technology Co., Ltd. are made mainly for promoting business cooperation in the future, but not for trading, which are accordingly designated as equity investments at fair value through other comprehensive income.

**19. Other non-current financial assets**

□ Applicable √ N/A

**20. Investment properties**

Measurement mode of investment properties

N/A

**21. Fixed assets**
**Presented by items**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	454,010,462.80	470,410,450.18
Disposal of fixed assets		
Total	454,010,462.80	470,410,450.18

Other description:

None

**Fixed assets**
**(1). Description of fixed assets**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Machinery and equipment	Transportation equipment	Electronic equipment and others	Operating leased equipment	Total
I. Costs:					
1. Opening balance	129,590,613.35	1,171,400.05	49,253,347.48	650,822,359.27	830,837,720.15
2. Increase	16,288,129.09		5,729,928.96	30,812,228.88	52,830,286.93
(1) Purchase	16,052,855.85		5,596,524.59		21,649,380.44
(2) Transfer from construction in progress				30,812,228.88	30,812,228.88
(3) Transfer from inventories					
(4) Currency movement	235,273.24		133,404.37		368,677.61
3. Decrease	6,341,057.20		1,155,472.58	3,036,214.94	10,532,744.72
(1) Disposal or retirement	6,321,588.18		1,155,472.58	843,589.81	8,320,650.57
(2) Transfer to inventories	19,469.02			2,192,625.13	2,212,094.15
4. Closing balance	139,537,685.24	1,171,400.05	53,827,803.86	678,598,373.21	873,135,262.36
II. Accumulated depreciation					
1. Opening balance	56,949,056.23	593,333.19	23,152,360.80	279,402,867.35	360,097,617.57
2. Increase	11,474,965.21	82,393.80	4,207,299.80	45,320,797.10	61,085,455.91
(1) Provision	11,404,187.19	82,393.80	4,149,252.93	45,320,797.10	60,956,631.02
(2) Currency movement	70,778.02		58,046.87		128,824.89
3. Decrease	1,120,191.17		392,778.04	1,246,944.65	2,759,913.86

(1) Disposal or retirement	1,118,649.87		392,778.04	433,003.33	1,944,431.24
(2) Transfer to inventories	1,541.30			813,941.32	815,482.62
4. Closing balance	67,303,830.27	675,726.99	26,966,882.56	323,476,719.80	418,423,159.62
III. Provision for impairment					
1. Opening balance				329,652.40	329,652.40
2. Increase				405,917.49	405,917.49
(1) Provision				405,917.49	405,917.49
3. Decrease				33,929.95	33,929.95
(1) Disposal or retirement				33,929.95	33,929.95
4. Closing balance				701,639.94	701,639.94
IV. Carrying amount					
1. Closing balance	72,233,854.97	495,673.06	26,860,921.30	354,420,013.47	454,010,462.80
2. Opening balance	72,641,557.12	578,066.86	26,100,986.68	371,089,839.52	470,410,450.18

**(2). Temporarily idle fixed assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Costs	Accumulated depreciation	Provision for impairment	Carrying amount	Remark
Operating leased equipment	44,230,318.99	25,441,727.85	608,794.01	18,179,797.12	

**(3). Fixed assets acquired under finance lease**
 Applicable  N/A

**(4). Fixed assets leased out under operating lease**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance of carrying amount
Operating leased equipment	354,420,013.47

**(5). Fixed assets of which certificates of title have not been obtained**
 Applicable  N/A

Other description:

 Applicable  N/A

**Disposal of fixed assets**
 Applicable  N/A

**22. Construction in progress**
**Presented by items**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	184,837,501.44	148,620,511.35
Materials for construction		
Total	184,837,501.44	148,620,511.35

Other description:

None

**Construction in progress**
**(1). Description of construction in progress**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Headquarter buildings	175,877,819.68		175,877,819.68	133,111,026.64		133,111,026.64
Decoration construction				18,265.97		18,265.97
Light sources to be leased	8,959,681.76		8,959,681.76	15,491,218.74		15,491,218.74
Total	184,837,501.44		184,837,501.44	148,620,511.35		148,620,511.35

**(2). Changes in significant constructions in progress for the current period**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Budget amount	Opening balance	Increase	Amount transferred to fixed assets	Other decreases	Closing balance	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: Capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
Headquarter buildings	534,635,200.00	133,111,026.64	42,766,793.04			175,877,819.68	32.90	32.90	2,295,129.84	1,605,921.71	4.61	Self-raised capital
Light sources to be leased		15,491,218.74	24,280,691.90	30,812,228.88		8,959,681.76						Self-funded capital
Total	534,635,200.00	148,602,245.38	67,047,484.94	30,812,228.88		184,837,501.44	/	/	2,295,129.84	1,605,921.71	/	/

**(3). Provision for impairment losses for construction in progress in the current period**
 Applicable  N/A

Other description

 Applicable  N/A

**Materials for construction**
 Applicable  N/A

**23. Productive biological assets**
**(1). Productive biological assets measured at cost**
 Applicable  N/A

**(2). Productive biological assets measured at fair value**
 Applicable  N/A

Other description

 Applicable  N/A

**24. Oil and gas assets**
 Applicable  N/A

**25. Use right assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Houses and buildings	Total
<b>I. Costs</b>		
1. Opening balance	79,510,041.05	79,510,041.05
2. Increase	35,228,911.20	35,228,911.20
(1) Lease in	34,800,798.32	34,800,798.32
(2) Other changes	428,112.88	428,112.88
3. Decrease	10,085,145.63	10,085,145.63
(1) Disposal	10,085,145.63	10,085,145.63
4. Closing balance	104,653,806.62	104,653,806.62
<b>II. Accumulated depreciation</b>		
1. Opening balance	52,706,130.29	52,706,130.29
2. Increase	13,929,977.13	13,929,977.13
(1) Provision	13,511,079.53	13,511,079.53
(2) Other changes	418,897.60	418,897.60
3. Decrease	9,528,808.30	9,528,808.30
(1) Disposal	9,528,808.30	9,528,808.30
4. Closing balance	57,107,299.12	57,107,299.12
<b>III. Provision for impairment</b>		
1. Opening balance		
2. Increase		
(1) Provision		

3. Decrease		
(1) Disposal		
4. Closing balance		
IV. Carrying amount		
1. Closing balance	47,546,507.50	47,546,507.50
2. Opening balance	26,803,910.76	26,803,910.76

Other description:

None

## 26. Intangible assets

### (1). Description of intangible assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Total
I. Costs				
1. Opening balance	330,630,000.00	20,059,950.00	16,430,346.40	367,120,296.40
2. Increase			1,669,892.32	1,669,892.32
(1) Purchase			1,639,231.72	1,639,231.72
(2) Currency movement			30,660.60	30,660.60
3. Decrease				
(1) Disposal				
4. Closing balance	330,630,000.00	20,059,950.00	18,100,238.72	368,790,188.72
II. Accumulated amortization				
1. Opening balance	38,573,500.14	16,390,600.14	7,322,240.70	62,286,340.98
2. Increase	5,510,500.02		1,628,595.81	7,139,095.83
(1) Provision	5,510,500.02		1,599,345.03	7,109,845.05
(2) Currency movement			29,250.78	29,250.78
3. Decrease				
(1) Disposal				
4. Closing balance	44,084,000.16	16,390,600.14	8,950,836.51	69,425,436.81
III. Provision for impairment				
1. Opening balance		3,669,349.86		3,669,349.86
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Closing balance		3,669,349.86		3,669,349.86
IV. Carrying amount				
1. Closing balance	286,545,999.84		9,149,402.21	295,695,402.05

2. Opening balance	292,056,499.86		9,108,105.70	301,164,605.56
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The proportion of intangible assets generated by the Company's internal research and development to the balance of intangible assets at the end of the period is 0.

**(2). Land use rights of which certificates of title have not been obtained**

Applicable  N/A

Other description:

Applicable  N/A

**27. Development expenditure**

Applicable  N/A

**28. Goodwill**

**(1). Gross carrying amount of goodwill**

Applicable  N/A

**(2). Impairment provision of goodwill**

Applicable  N/A

**(3). Relevant information of groups of assets or combinations of groups of assets where the goodwill is recognized**

Applicable  N/A

**(4). Specify test procedure, key parameters of impairment of goodwill (such as increase rate at the projection period, increase rate at the steady period, profit rate, discount rate, and projection period upon the estimates of the present value of future cash flow) as well as recognition method for impairment loss**

Applicable  N/A

**(5). Impacts of test of goodwill impairment**

Applicable  N/A

Other description:

Applicable  N/A

**29. Long-term prepaid expenses**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration construction	9,875,718.38	975,864.48	3,496,121.74		7,355,461.12
RTO gas for the screen project	88,073.42		16,513.74		71,559.68



Leased software	162,373.02	69,290.57	168,147.17		63,516.42
Total	10,126,164.82	1,045,155.05	3,680,782.65		7,490,537.22

Other description:

None

### 30. Deferred tax assets and deferred tax liabilities

#### (1). Deferred tax assets that are not offset

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	43,819,798.64	6,575,327.79	43,598,496.34	6,542,132.46
Unrealized profits for inside transactions	333,544,330.97	50,031,649.65	359,910,538.71	53,986,580.82
Deductible losses				
Provisions	27,851,054.79	4,177,658.22	30,413,119.32	4,561,967.90
Deferred income	4,109,603.31	616,440.50	10,035,489.25	1,505,323.38
Share-based payment expenses	71,536,988.07	10,758,048.19	103,555,776.28	15,645,325.93
Leases	809,710.26	121,992.06	1,474,346.78	221,152.02
Total	481,671,486.04	72,281,116.41	548,987,766.68	82,462,482.51

#### (2). Deferred tax liabilities that are not offset

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Gains from changes in fair values	566,000.00	84,900.00	2,200,000.00	330,000.00
Long-term receivables	8,231,871.49	1,234,780.72	9,407,088.13	1,411,063.22
Total	8,797,871.49	1,319,680.72	11,607,088.13	1,741,063.22

#### (3). Deferred tax assets or deferred tax liabilities that are presented at the net amount after offset

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing set-off amounts of	Closing balance of deferred tax	Opening set-off amount of	Opening balance of
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	deferred tax assets and liabilities	assets or liabilities after set-off	deferred tax assets and liabilities	deferred tax assets or liabilities after set-off
Deferred tax assets	1,319,680.72	70,961,435.69	1,741,063.22	80,721,419.29
Deferred tax liabilities	1,319,680.72		1,741,063.22	

**(4). Details of unrecognized deferred tax assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Provision for impairment of assets	30,791,658.75	29,041,507.01
Unrealized profits for inside transactions	36,696,412.08	36,978,135.00
Provisions	8,628,500.56	6,015,569.62
Deferred income	3,565,917.74	231,492.83
Share-based payment expenses	7,049,367.49	11,982,368.41
Leases	2,524,155.15	1,726,120.92
Profit distribution from partnership enterprises		40,790.41
Provision for impairment of other equity instrument investments	4,900,000.00	4,900,000.00
Deductible losses	373,924,852.56	326,263,103.27
Total	468,080,864.33	417,179,087.47

**(5). Deductible losses, for which no deferred tax assets are recognized, will expire in the following years**
 Applicable  N/A

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remark
2022	1,747,737.55	1,747,737.55	
2023	13,041,148.40	27,969,288.80	
2024	66,901,681.33	66,901,681.33	
2025	68,119,959.02	68,119,959.02	
2026	116,688,163.53	98,077,911.35	
2027	44,877,784.08		
No expiry date	62,548,378.65	63,446,525.22	
Total	373,924,852.56	326,263,103.27	/

Other description:

 Applicable  N/A

Overseas subsidiaries have the deductible loss of RMB 62,548,378.65, for which there is no expiry date.

### 31. Other non-current assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Prepayment for purchase of long-term assets	17,929,878.09		17,929,878.09	10,998,641.77		10,998,641.77
Total	17,929,878.09		17,929,878.09	10,998,641.77		10,998,641.77

Other description:

None

### 32. Short-term borrowings

#### (1). Categories of short-term borrowings

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Guaranteed loans		5,560,000.00
Credit loans	50,000,000.00	2,468.61
Notes discount	80,000,000.00	
Interest	45,205.48	8,409.50
Total	130,045,205.48	5,570,878.11

Description for categories of short-term borrowings:

None

#### (2). Short-term borrowings overdue but not yet repaid

Applicable  N/A

Other description:

Applicable  N/A

### 33. Held-for-trading financial liabilities

Applicable  N/A

### 34. Derivative financial liabilities

Applicable  N/A

### 35. Notes payable

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
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Bank acceptance bills	121,047,156.20	134,378,967.61
Total	121,047,156.20	134,378,967.61

Total notes payable matured but not paid yet is RMB 0 at the end of the period.

### 36. Accounts payable

#### (1). Presented by accounts payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts payable for purchase	292,737,366.30	419,966,567.27
Total	292,737,366.30	419,966,567.27

#### (2). Accounts payable with significant amounts aged more than 1 year

Applicable  N/A

Other description:

Applicable  N/A

### 37. Receipts in advance

#### (1). Presented by receipts in advance

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advance payments of recharge fees	117,280,983.73	130,288,312.62
Total	117,280,983.73	130,288,312.62

#### (2). Receipts in advance with significant amounts aged more than 1 year

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for not repaid or carried-forward
Jiangsu Happy Blue Sea Cinema Development Co., Ltd.	17,998,074.51	Lease payments received in advance
Total	17,998,074.51	/

Other description:

Applicable  N/A

### 38. Contract liabilities

#### (1). Description of contract liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Goods payment	50,350,874.58	45,541,629.55
Total	50,350,874.58	45,541,629.55

**(2). Amount and reasons of major changes in the carrying amount during the reporting period**
 Applicable  N/A

Other description:

 Applicable  N/A

**39. Employee benefits payable**
**(1). Presented by employee benefits payable**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term benefits	63,900,756.64	171,029,821.49	207,500,793.87	27,429,784.26
II. Post-employment benefits-defined contribution plan	186,233.66	9,157,356.37	9,169,693.54	173,896.49
III. Dismissal benefits	32,097.21	628,601.19	660,698.40	
IV. Other benefits due within one year				
Total	64,119,087.51	180,815,779.05	217,331,185.81	27,603,680.75

**(2). Presented by short-term employee benefits**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	63,421,218.21	153,862,585.68	190,188,009.33	27,095,794.56
II. Staff welfare	291,000.00	776,088.67	896,157.67	170,931.00
III. Social security contributions	122,585.37	6,171,801.67	6,198,239.86	96,147.18
Including: Medical insurance	117,296.06	5,845,598.80	5,871,885.58	91,009.28
Work injury insurance	5,272.33	188,734.97	188,886.38	5,120.92
Maternity insurance	16.98	137,467.90	137,467.90	16.98
IV. Housing funds		9,993,004.40	9,993,004.40	
V. Union running costs and employee education costs	65,953.06	226,341.08	225,382.62	66,911.52

VI. Short-term paid leaves				
VII. Short-term profit sharing plan				
Total	63,900,756.64	171,029,821.49	207,500,793.87	27,429,784.26

**(3). Presented by defined contribution plan**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	180,578.08	8,899,720.16	8,911,903.06	168,395.18
2. Unemployment insurance	5,655.58	257,636.21	257,790.48	5,501.31
3. Enterprise annuity contribution				
Total	186,233.66	9,157,356.37	9,169,693.54	173,896.49

Other description:

 Applicable  N/A

**40. Taxes payable**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	5,501,965.68	4,246,010.43
Enterprise income tax	10,009,895.89	11,889,909.01
Individual income tax	1,440,376.01	1,613,116.75
City maintenance and construction tax	279,773.21	552,264.60
Education surcharges	119,902.81	242,838.49
Local education surcharges	79,935.19	161,892.32
Stamp duty	391,340.77	832,145.97
Annual franchise right tax		8,012.66
Urban land use tax	8,914.32	
Total	17,832,103.88	19,546,190.23

Other description:

None

**41. Other payables**
**Presented by items**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Interest payable		
Dividend payable	3,103,823.79	
Other payables	49,208,009.71	54,115,784.80
Total	52,311,833.50	54,115,784.80

Other description:

None

#### Interest payable

Applicable  N/A

#### Dividends payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends on ordinary shares	3,103,823.79	
Total	3,103,823.79	

Other description, including significant dividend payable with ageing of over 1 year, and the reason of non-payment shall be disclosed:

None

#### Other payables

##### (1). Other payables presented by nature

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Withholding	114,699.81	117,948.38
Deposits/margins	9,567,042.99	6,388,325.48
Withdrawals in advance	24,348,975.44	43,694,291.49
Temporary receipts payable	6,310,958.61	3,915,219.45
Subscription payment for restricted stocks	8,866,332.86	
Total	49,208,009.71	54,115,784.80

##### (2). Other payables with significant amounts aged more than 1 year

Applicable  N/A

Other description:

Applicable  N/A

#### 42. Liabilities held for sale

Applicable  N/A

#### 43. Non-current liabilities due within one year

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Long-term borrowings due within one year	157,087,655.00	135,843,834.00
Lease liabilities due within one year	20,995,488.14	18,770,827.17
Interest payable	179,175.24	170,455.18
Total	178,262,318.38	154,785,116.35

Other description:

None

#### 44. Other current liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts payable for goods returned	1,531,920.02	16,804,816.23
Taxes to be written off	5,120,209.11	2,756,287.89
Total	6,652,129.13	19,561,104.12

Changes in short-term bonds payable:

Applicable  N/A

Other description:

Applicable  N/A

#### 45. Long-term borrowings

##### (1). Categories of long-term borrowings

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	85,000,198.22	
Guaranteed loans	328,099,990.00	313,799,994.00
Guaranteed loans and loans against collateral		54,430,844.66
Interest payable	498,367.03	404,775.98
Total	413,598,555.25	368,635,614.64

Description for categories of long-term borrowings:

None

Other description, including interest range:

Applicable  N/A

#### 46. Bonds payable

##### (1). Bonds payable

Applicable  N/A



**(2). Changes in bonds payable (excluding other financial instruments such as preferred shares, perpetual bonds classified as financial liabilities)**

Applicable  N/A

**(3). Description of converting terms and period of convertible corporate bonds**

Applicable  N/A

**(4). Description of other financial instruments classified as financial liabilities**

Basic information of other financial instruments including outstanding preferred shares and perpetual bonds at the end of the period

Applicable  N/A

Changes in financial instruments including outstanding preferred shares and perpetual bonds at the end of the period

Applicable  N/A

Description of other financial instruments classified as financial liabilities

Applicable  N/A

Other description:

Applicable  N/A

**47. Lease liabilities**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease payment	29,884,884.77	10,789,352.69
Total	29,884,884.77	10,789,352.69

Other description:

None

**48. Long-term payables**

**Presented by items**

Applicable  N/A

**Long-term payables**

Applicable  N/A

**Special payables**

Applicable  N/A

**49. Long-term employee benefits payable**

Applicable  N/A

**50. Provisions**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Reason
Product quality warranty	35,744,039.63	35,651,878.75	Expenses for “three guarantees” services
Amounts payable for goods returned	684,649.31	827,676.60	
Total	36,428,688.94	36,479,555.35	/

Other description, including significant assumptions and estimates relative to material provisions:

None

### 51. Deferred income

Description of deferred income

 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	10,266,982.08	7,413,400.00	10,004,861.03	7,675,521.05	
Total	10,266,982.08	7,413,400.00	10,004,861.03	7,675,521.05	/

Items relating to government grants:

 Applicable  N/A

Unit: Yuan Currency: RMB

Liabilities	Opening balance	Increased government grants for the current period	Amount recognized in non-operating income for the current period	Amount recognized in other income for the current period	Other changes	Closing balance	Related to assets/income
8K Ultra High Definition Laser Display Technology Engineering Research Center	924,464.60	3,000,000.00		485,736.78		3,438,727.82	Related to assets
Industry support funds		4,000,000.00		454,545.45		3,545,454.55	Related to assets
Trichromatic Laser Display Complete Equipment Production Demonstration Line	8,679,443.32			8,401,504.64		277,938.68	Related to income

R&D of key technologies for ultra high-definition micro laser projector optical engine based on light-emitting ceramic devices	663,074.16			663,074.16			Related to income
Research of trichromatic laser light sources and LCoS optical engine		413,400.00				413,400.00	Related to income
Sub-total	10,266,982.08	7,413,400.00		10,004,861.03		7,675,521.05	

Other description:

Applicable  N/A

Government grants included in the current profit or loss are disclosed in VII.84 of Section X in details.

## 52. Other non-current liabilities

Applicable  N/A

## 53. Share capital

Applicable  N/A

Unit: Yuan Currency: RMB

	Opening balance	Changes (+, -)					Closing balance
		New issue of shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	
Total shares	452,756,901.00						452,756,901.00

Other description:

None

## 54. Other equity instruments

### (1) Basic information of other financial instruments including outstanding preferred shares and perpetual bonds at the end of the period

Applicable  N/A

**(2) Changes in financial instruments including outstanding preferred shares and perpetual bonds at the end of the period**
 Applicable  N/A

Changes of other equity instruments in the current period, reasons for such change and basis for related accounting treatments:

 Applicable  N/A

Other description:

 Applicable  N/A

**55. Capital reserve**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share premium)	1,241,202,420.08			1,241,202,420.08
Other capital reserve	159,402,716.57	35,464,460.91		194,867,177.48
Total	1,400,605,136.65	35,464,460.91		1,436,069,597.56

Other description, including changes in the current period and reasons for changes:

- (1) The total expense of equity-settled share-based payments amounted to RMB 44,277,773.58, in which RMB 41,390,101.79 was recognized in the capital reserve (other capital reserve) and RMB 2,887,671.79 was charged to the amount attributable to minority interests.
- (2) With respect to the temporary difference by which the fair value at the end of period of restricted shares granted by the Company in the current period is greater than the fair value at the grant date, the Company recognized the decrease in deferred tax assets by RMB 6,179,289.43, the decrease in the capital reserve (other capital reserve) by RMB 5,925,640.88, and the decrease in the minority interests by RMB 253,648.55.

**56. Treasury shares**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Repurchase of treasury shares		3,211,260.13		3,211,260.13
Total		3,211,260.13		3,211,260.13

Other description, including changes in the current period and reasons for changes:

The Company held the 9<sup>th</sup> meeting of the second Board of Directors and the 1<sup>st</sup> extraordinary general meeting of shareholders in 2022 respectively on March 18, 2022 and March 29, 2022, approving the Proposal on Repurchase of Shares of the Company through Call Auction through deliberation, and agreeing the Company to use the excess offering proceeds to repurchase some RMB-denominated ordinary shares (A shares) issued by it through call auction in the trading system of the Shanghai Stock Exchange, with the repurchase funds totaling not less than RMB 10 million (inclusive) but not more than RMB 20

million (inclusive), the repurchase price not exceeding RMB 27 per share (inclusive) and the repurchase period being six months from the date on which this repurchase plan is approved by the general meeting of shareholders. As of June 30, 2022, the Company repurchased 214,517 shares in the aggregate through call auction, and paid RMB 3,211,260.13 (including stamp duty, commissions and other transaction fees).

**57. Other comprehensive income**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Amount recognized in the current period						Closing balance
		Amount incurred for current period before tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss	-4,900,000.00							-4,900,000.00
Including: Changes from remeasurement of defined benefit plans								
Other comprehensive								

income that cannot be reclassified to profit or loss under the equity method								
Changes in fair value of investments in other equity instruments	-4,900,000.00							-4,900,000.00
Changes in fair value of enterprises' own credit risks								
II. Other comprehensive income that will be reclassified to profit or loss	-11,940,512.60	13,583,493.02				13,734,264.61	-150,771.59	1,793,752.01
Including: Other comprehensive income that will be reclassified to profit or loss under the equity method	-366,814.82	-9,668,892.26				-9,668,892.26		-10,035,707.08
Changes in fair value of other debt investments								

Amount of financial assets reclassified to other comprehensive income								
Provision for credit impairment of other debt investments								
Reserve for cash flow hedges								
Exchange differences on translation of financial statements denominated in foreign currencies	-11,573,697.78	23,252,385.28				23,403,156.87	-150,771.59	11,829,459.09
Total other comprehensive income	-16,840,512.60	13,583,493.02				13,734,264.61	-150,771.59	-3,106,247.99

Other description, including adjustments on transferring effective portion of cash flow hedges to amount upon initial recognition of the hedged item:

0



**58. Special reserve**
 Applicable  N/A

**59. Surplus reserve**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	56,265,868.31			56,265,868.31
Total	56,265,868.31			56,265,868.31

Surplus reserve description, including changes in the current period and reasons for changes:

None

**60. Undistributed profits**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Current period	Last year
Undistributed profits at the end of prior period before adjustment	545,277,188.08	357,793,891.96
Total adjusted undistributed profits at the beginning of the period (Add: +; Less: -)		9,346.56
Undistributed profits at the beginning of the period after adjustment	545,277,188.08	357,803,238.52
Add: Net profit attributable to owners of the parent company for the period	45,966,481.10	233,364,344.09
Less: Appropriation to statutory surplus reserve		20,988,764.97
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Declaration of dividends on ordinary shares		
Conversion of ordinary shares' dividends into share capital		
Distributed dividend	47,539,596.43	24,901,629.56
Undistributed profits at the end of the period	543,704,072.75	545,277,188.08

Details of adjustments to undistributed profits at the beginning of the period:

1. As a result of the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, undistributed profits at the beginning of the period were affected by RMB 0.00.
2. Undistributed profits at the beginning of the period were affected by RMB 0.00 due to changes in accounting policies.
3. Undistributed profits at the beginning of the period were affected by RMB 0.00 due to the correction of significant accounting errors.
4. Undistributed profits at the beginning of the period were affected by RMB 0.00 due to changes in the scope of consolidation resulting from business combination involving entities under common control.

5. Undistributed profits at the beginning of the period were affected by RMB 0.00 in total due to other adjustments.

## 61. Operating income and operating costs

### (1). Description of operating income and operating costs

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main business	1,269,322,202.11	884,560,607.88	1,104,689,243.59	723,612,305.19
Other business				
Total	1,269,322,202.11	884,560,607.88	1,104,689,243.59	723,612,305.19

### (2). Description of incomes from contracts

□ Applicable √ N/A

### (3). Description of performance obligations

□ Applicable √ N/A

### (4). Description of allocation to remaining performance obligations

□ Applicable √ N/A

Other description:

Breakdown of revenue from contracts with customers by category:

Item	Sub-total
By business area:	
Domestic	982,431,749.79
Overseas	151,675,564.56
Sub-total	1,134,107,314.35
By product:	
Laser optical engine	227,366,190.32
Complete laser projector	797,685,682.96
Others	109,055,441.07
Sub-total	1,134,107,314.35
By revenue recognition time:	
Revenue recognized at a time point	1,133,767,224.50
Revenue recognized for a period of time	340,089.85
Sub-total	1,134,107,314.35

## 62. Taxes and surcharges

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
City maintenance and construction tax	1,854,709.81	1,720,331.86
Education surcharges	837,797.56	741,743.40
Stamp duty	1,328,656.61	1,096,478.56
Local education surcharges	596,844.97	499,046.18
Others	18,392.15	273,538.81

Total	4,636,401.10	4,331,138.81
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Other description:

None

### 63. Selling expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	38,321,847.96	32,606,069.47
Marketing fees	56,105,203.98	35,119,978.09
After-sale repair expenses	7,794,363.57	6,280,390.31
Advertising and business promotion expenses	2,152,634.28	2,043,151.94
Travel expenses	1,140,208.55	1,601,757.27
Business entertainment expenses	874,145.73	1,073,975.75
Other expenses	13,913,957.29	10,960,873.00
Total	120,302,361.36	89,686,195.83

Other description:

None

### 64. Administrative expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	36,480,928.08	31,797,608.54
Rent expense	4,851,517.81	4,795,962.93
Service fees	11,634,987.32	16,698,545.91
Depreciation and amortization expenses	4,665,199.81	3,365,970.11
Share-based payment expenses	44,301,483.42	22,312,482.85
Other expenses	4,081,725.92	4,989,946.58
Total	106,015,842.36	83,960,516.92

Other description:

None

### 65. R&D expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	76,416,118.90	60,494,851.79
Material consumption expenses	13,749,893.95	8,429,853.23
Rent expense	3,720,732.39	4,649,585.35
Service fees	4,297,638.31	7,094,850.80
Depreciation and amortization expenses	3,961,800.74	4,710,875.84
Testing expenses	4,511,335.54	2,384,569.29
Patent fees	836,908.48	2,067,359.08
Other expenses	7,465,358.06	5,296,538.28

Total	114,959,786.37	95,128,483.66
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Other description:

None

## 66. Financial expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	12,510,421.43	11,013,330.17
Less: Interest income	-6,740,942.87	-10,868,184.51
Exchange profit or loss	-10,026,339.12	508,948.95
Bank service charges	902,979.64	877,924.69
Total	-3,353,880.91	1,532,019.30

Other description:

None

## 67. Other income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Government grants related to assets	940,282.23	382,994.93
Government grants related to income	18,812,831.21	51,598,892.61
Refund of transaction fees for withholding individual income taxes	364,144.36	571,819.77
Additional deduction of input VAT	1,448,552.63	2,336,589.39
Total	21,565,810.43	54,890,296.70

Other description:

Government grants recognized in other income in the current period are disclosed in VII.84 of Section X in details.

## 68. Investment income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Long-term equity investment income accounted for using the equity method	-5,951,760.87	6,982,738.64
Investment income from disposal of long-term equity investments	-4,611,079.66	
Investment income from held-for-trading financial assets during the holding period	200,000.00	
Investment income from disposal of held-for-trading financial assets	5,795,366.82	2,145,923.39
Others		3.00
Total	-4,567,473.71	9,128,665.03

Other description:

None

**69. Income from net exposure hedges**
 Applicable  N/A

**70. Gains from changes in fair values**
 Applicable  N/A

Unit: Yuan Currency: RMB

Source of gains from changes in fair values	Amount for the current period	Amount for the prior period
Held-for-trading financial assets	-1,634,000.00	38,175,900.00
Including: Gains from changes in fair values of derivative financial instruments		
Held-for-trading financial liabilities		
Investment properties measured at fair value		
Total	-1,634,000.00	38,175,900.00

Other description:

None

**71. Losses of credit impairment**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Bad debt losses	1,393,164.79	9,407,031.23
Total	1,393,164.79	9,407,031.23

Other description:

None

**72. Impairment losses of assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
I. Bad debt losses	-38,217.98	-43,168.95
II. Losses of decline in value of inventories and impairment losses of contract performance cost	-19,378,228.52	-16,538,070.39
III. Impairment losses of long-term equity investments		
IV. Impairment losses of investment properties		
V. Impairment losses of fixed assets	-405,917.49	
Total	-19,822,363.99	-16,581,239.34

Other description:

None

**73. Gains on disposal of assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Gains from disposal of fixed assets	106.88	2,806,008.82
Gains from disposal of use right assets	17,106.28	
Total	17,213.16	2,806,008.82

Other description:

 Applicable  N/A

**74. Non-operating income**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total gains from disposal of non-current assets	7,964.60	4,100.00	7,964.60
Including: Gains from disposal of fixed assets	7,964.60	4,100.00	7,964.60
Gains from disposal of intangible assets			
Gains from debt restructuring			
Gains from exchange of non-monetary assets			
Donation receipts			
Government grants		21,500,000.00	
Indemnity		630,000.00	
Others	159,923.71	106,580.14	159,923.71
Total	167,888.31	22,240,680.14	167,888.31

Government grants included in profit or loss for the period

 Applicable  N/A

Other description:

 Applicable  N/A

**75. Non-operating expenses**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses from disposal of non-current assets	353,535.44	170,231.21	353,535.44
Including: Losses from disposal of fixed assets	353,535.44	170,231.21	353,535.44

External donations	1,011,354.98		1,011,354.98
Penalties and overdue fines	141,821.94	18,205.90	141,821.94
Others	5,197.11	217,064.50	5,197.11
Total	1,511,909.47	405,501.61	1,511,909.47

Other description:

None

## 76. Income tax expense

### (1) Statement of income tax expense

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Income tax expense in the current period	15,688,777.00	52,765,981.28
Deferred income tax expenses	3,580,694.17	-6,460,456.12
Total	19,269,471.17	46,305,525.16

### (2) Reconciliation of income tax expenses to the accounting profit

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period
Total profit	37,809,413.47
Income tax expense calculated based on statutory/applicable tax rate	5,671,412.03
Effect of different tax rates of subsidiaries operating in other jurisdictions	-3,602,239.40
Effect of income tax for the period before adjustment	-209,664.93
Effect of non-taxable income	2,032,381.30
Effect of non-deductible cost, expense and loss	4,804,348.73
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-4,444,736.53
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	15,637,543.63
Other effects	-619,573.65
Income tax expenses	19,269,471.17

Other description:

Applicable  N/A

## 77. Other comprehensive income

Applicable  N/A

Please refer to VII. 57 of Section X in details.

## 78. Items in cash flow statement

### (1). Other cash receipts relating to operating activities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Interest income	6,586,011.83	11,045,718.76
Government grants	14,967,754.76	72,650,106.88
Recovery of security deposits	9,021,162.77	21,445,628.07
Non-operating income	78,226.30	665,006.61
Other transaction accounts	3,742,646.71	7,695,541.37
Total	34,395,802.37	113,502,001.69

Description of other cash receipts relating to operating activities:

None

**(2). Other cash payments relating to operating activities**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Administrative expenses, selling expenses, and R&D expenses paid in cash	135,601,238.70	95,588,810.53
Non-operating expenses	138,934.57	47,599.90
Payment of security deposits	67,068,694.27	28,107,696.66
Service charges	757,068.27	1,863,849.47
Other transaction accounts	2,730,798.00	8,277,996.70
Total	206,296,733.81	133,885,953.26

Description of other cash payments relating to operating activities:

None

**(3). Other cash receipts relating to investing activities**

Applicable  N/A

**(4). Other cash payments relating to operating activities**

Applicable  N/A

**(5). Other cash receipts relating to financing activities**

Applicable  N/A

**(6). Other cash payments relating to financing activities**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Dividend payments		20,559.65
Actual lease payment	14,493,029.54	11,870,055.52
Repayment of shareholder loans		19,320,000.00
Share repurchase payment	3,211,260.13	
Total	17,704,289.67	31,210,615.17

Description of other cash payments relating to financing activities:

None

**79. Supplementary information to the cash flow statement**

**(1) Supplementary information to the cash flow statement**

Applicable  N/A

Unit: Yuan Currency: RMB



Supplemental information	Amount for the current period	Amount for the prior period
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	18,539,942.30	179,794,899.69
Add: Provision for impairment of assets	19,822,363.99	16,581,239.34
Impairment losses of credit	-1,393,164.79	-9,407,031.23
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	60,956,631.02	52,443,098.86
Amortization of use right assets	13,511,079.53	9,471,534.54
Amortization of intangible assets	1,599,345.03	2,236,018.62
Amortization of long-term prepaid expenses	3,680,782.65	3,551,972.20
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	-17,213.16	-2,806,008.82
Losses on retirement of fixed assets (gains are indicated by "-")	345,570.84	166,131.21
Losses on changes in fair values (gains are indicated by "-")	1,634,000.00	-38,175,900.00
Financial expenses (income is indicated by "-")	2,484,082.32	11,522,279.12
Investment losses (income is indicated by "-")	4,567,473.71	-9,128,665.03
Decrease in deferred tax assets (increase is indicated by "-")	3,580,734.09	-7,154,581.92
Increase in deferred tax liabilities (decrease is indicated by "-")		
Decrease in inventories (increase is indicated by "-")	-33,033,292.19	-272,867,132.22
Decrease in receivables from operating activities (increase is indicated by "-")	36,305,146.46	154,269,042.05
Increase in payables from operating activities (decrease is indicated by "-")	-255,297,259.11	58,149,792.82
Others	44,160,417.64	22,012,624.67
Net cash flow from operating activities	-78,553,359.67	170,659,313.90
<b>2. Significant investing and financing activities that do not involve cash receipts and payments:</b>		
Conversion of debt into capital		

Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	951,480,989.53	863,588,162.84
Less: Opening balance of cash	891,195,166.73	983,525,089.44
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	60,285,822.80	-119,936,926.60

**(2) Net cash paid to acquire subsidiaries for the current period**
 Applicable  N/A

**(3) Net cash receipts from disposal of subsidiaries for the current period**
 Applicable  N/A

**(4) Composition of cash and cash equivalents**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	951,480,989.53	891,195,166.73
Including: Cash on hand	5,624.61	5,680.24
Bank deposits that can be paid at any time	914,093,584.97	883,906,202.81
Other monetary funds that can be paid at any time	37,381,779.95	7,283,283.68
Deposits in the central bank that can be used for payments		
Deposits made with other banks		
Placements with banks		
II. Cash equivalents		
Including: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	951,480,989.53	891,195,166.73
Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group		

Other description:

 Applicable  N/A

**80. Notes to items in the statement of changes in owners' equity**

Describe matters such as the names and the adjusted amounts of the items included in "others" in respect of adjustments to the closing balances of the prior year:

Applicable  N/A

### 81. Assets with limited ownership or use right

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance of carrying amount	Reason
Bank deposits	40,000,000.00	Term deposits
Bank deposits	3,293,156.61	Pledged term deposits
Bank deposits	302,062.50	Interests accrued
Other monetary funds	50,315,805.66	Margins
Intangible assets	286,545,999.84	Mortgage collateral
Total	380,457,024.61	/

Other description:

None

### 82. Foreign currency monetary items

#### (1). Foreign currency monetary items

Applicable  N/A

Unit: Yuan

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Cash and bank balances	-	-	319,881,035.51
Including: USD	27,541,131.87	6.7114	184,839,552.43
GBP	365.96	8.1365	2,977.63
HKD	157,860,193.17	0.8552	135,000,458.60
VND	131,917,373.00	0.0003	38,046.85
Accounts receivable	-	-	69,782,163.29
Including: USD	10,380,618.47	6.7114	69,668,482.80
MYR	14,331.50	0.6557	9,397.45
PHP	218,429.36	0.1216	26,561.01
EUR	11,089.84	7.0084	77,722.03
Accounts payable	-	-	16,682,071.87
Including: USD	2,483,185.90	6.7114	16,665,653.85
HKD	19,198.10	0.8552	16,418.02

Other description:

None

#### (2). Description of overseas operating entities, including significant overseas operating entities, of which the major operation place, functional currency and choosing basis as well as the reason for change of functional currency should be disclosed

Applicable  N/A

Item	Major overseas operation place	Functional currency	Choosing basis
Appotronics Hong Kong Limited	Hong Kong	USD	Common currency
Appotronics USA, Inc.	USA	USD	Local currency
JoveAI Limited	Cayman Islands	USD	Common currency
JoveAI Innovation, Inc.	USA	USD	Local currency

FORMOVIE TECHNOLOGY INC	USA	USD	Local currency
JoveAI Asia Company Limited	Vietnam	VND	Local currency
WEMAX LLC	USA	USD	Local currency
Hongkong Orange Juice Energy Technology Co., Limited	Hong Kong	USD	Common currency
WEMAX INC	USA	USD	Local currency

### 83. Hedge

Applicable  N/A

### 84. Government grants

#### 1. Basic information of government grants

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Amount	Item presented	Amount recognized in current profit or loss
Government grants related to assets	7,000,000.00	Other income	940,282.23
Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods	413,400.00	Other income	9,064,578.80
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	9,748,252.41	Other income	9,748,252.41
Interest subsidies	70,200.00	Financial expenses	70,200.00

Note: The amount refers to government grants actually received in the current period.

#### 2. Refund of government grants

Applicable  N/A

Other description

##### (1) Government grants related to assets

Item	Opening deferred income	Increase	Amortization	Closing deferred income	Amortization of items presented in the current period
8K Ultra High Definition Laser Display Technology Engineering Research Center	924,464.60	3,000,000.00	485,736.78	3,438,727.82	Other income
Industry support funds		4,000,000.00	454,545.45	3,545,454.55	Other income
Sub-total	924,464.60	7,000,000.00	940,282.23	6,984,182.37	

##### (2) Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods

Item	Opening deferred income	Increase	Amortization	Closing deferred income	Amortization of items presented in the current period
Trichromatic Laser Display Complete Equipment Production Demonstration Line	8,679,443.32		8,401,504.64	277,938.68	Other income
R&D of key technologies for ultra high-definition micro laser projector optical engine based on light-emitting ceramic devices	663,074.16		663,074.16		Other income
Research of trichromatic laser light sources and LCoS optical engine		413,400.00		413,400.00	Other income
Sub-total	9,342,517.48	413,400.00	9,064,578.80	691,338.68	

(3) Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred

Item	Amount	Item presented	Description
Refunds of value-added taxes	3,796,493.89	Other income	
Grants for maintaining job position	138,849.88	Other income	
Refund of unemployment insurance	18,960.00	Other income	
Maternity grants from Shenzhen Social Security Bureau	74,980.09	Other income	Provisions of Guangdong for Maternity Insurance of Employees, Shenzhen Social Insurance Fund Administration
Employment Assurance Scheme of Hong Kong Government	60,039.17	Other income	List of Enterprises for Grants of Employment Assurance, Hong Kong Government
Subsidies for properties rent of micro- and small-sized enterprises (individually-owned businesses) during 2022 epidemic	15,000.00	Other income	Special support measure to help enterprises (individually-owned businesses) in Nanshan District in 2022
Special funds for the development of cultural industry (original research and development projects)	1,480,000.00	Other income	Notice on Formalities for Allocating 2021 Special Funds for the Development of Cultural Industry (Original Research and Development Projects),

			Shenzhen City Bureau of Culture, Radio, Television, Tourism and Sports
2021 1 <sup>st</sup> settlement for grants for trademark registration in Shenzhen	54,000.00	Other income	Notice on Formalities of Receiving 2021 Grants for Trademark Registration and Grants for Copyright Registration by Shenzhen Administration for Market Regulation
Standard Field of Shenzhen in 2021	90,000.00	Other income	List of Standard Activities of Shenzhen Being Granted with Special Funds in 2021
Subsidies for cross-border water transportation during 2022 epidemic	5,000.00	Other income	Disclosure of the List of Sponsored Projects to be Deliberated by the Leader Group of Nanshan District Independent Innovation Industry Development Special Fund at Its Fifth Meeting in 2022 (Special Projects Supported by District Industry and Information Technology Bureau in 2022)
Shenzhen City Nanshan District Bureau of Culture, Radio, Television, Tourism and Sports (this level): incentives for “enterprises above designated size” in the library in culture industry with increase in operating income	1,000,000.00	Other income	Disclosure of the List of Sponsored Projects to be Deliberated by the Leader Group of Nanshan District Independent Innovation Industry Development Special Fund at Its Fifth Meeting in 2022 (Subitems of cultural industry development)
Projects to be funded under the plan of supports for science and technology rewards	200,000.00	Other income	List of Sponsored Projects to be Deliberated by the Leader Group of Nanshan District Independent Innovation Industry Development Special Fund at Its Fifth Meeting in 2022 (Subitems of science and technology development)
Support funds for “Investment and Loan Award”	329,529.38	Other income	Notice on Review of Applications for Support Funds for “Investment and Loan Award” of Beijing Cultural Enterprises in 2021
Subsidies for cultural industry	2,485,400.00	Other income	Announcement of Shunyi Publicity Department on

			Publicly Collecting the 2021 Projects Supported by the Special Funds for the Development of Cultural Industry in Shunyi District
Sub-total	9,748,252.41		

## (4) Interest subsidies

Item	Amount	Item presented	Description
Interest subsidy for loans	70,200.00	Financial expenses	

**85. Others**
 Applicable  N/A

**VIII. Changes in scope of consolidation**
**1. Business combination not involving entities under common control**
 Applicable  N/A

**2. Business combination involving entities under common control**
 Applicable  N/A

**3. Counter purchase**
 Applicable  N/A

**4. Disposal of subsidiaries**

Single disposal of investments in subsidiaries, i.e. the loss of control

 Applicable  N/A

Other description:

 Applicable  N/A

**5. Changes in scope of consolidation for other reasons**

Description of changes in the scope of consolidation for other reasons (e.g., new subsidiary establishment, subsidiary liquidation, etc.) and the relevant information:

 Applicable  N/A

Increased scope of combination

Company	Method of obtaining equity	Time point of obtaining equity	Capital contribution	Proportion of contribution
Hongkong Orange Juice Energy Technology Co., Limited	Newly established	March 15, 2022		33.31%
Wemax Inc.	Newly established	March 19, 2022		33.31%

**6. Others**
 Applicable  N/A

**IX. Equity in other entities**
**1. Equity in subsidiaries**
**(1). Composition of enterprise group**

√ Applicable □ N/A

Subsidiary Name	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Acquisition method
				Direct	Indirect	
Shenzhen Appotronics Laser Display Technology Co., Ltd.	Shenzhen	Shenzhen	Research and development and sales of laser display products	100.00		Business combination involving enterprises under common control
Appotronics Technology (Changzhou) Co., Ltd.	Changzhou	Changzhou	Technical research and development of projection equipment, screen and electronic computer.	100.00		Establishment
Shenzhen Appotronics Software Technology Co., Ltd.	Shenzhen	Shenzhen	Technology development and sales of computer software and hardware	100.00		Establishment
Shenzhen Appotronics Display Device Co., Ltd.	Shenzhen	Shenzhen	Technical development, sales, and technical services for display products; import and export business	100.00		Establishment
WEMAX LLC	USA	USA	Sales of laser equipment		100.00	Establishment
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	Shenzhen	Shenzhen	Development, consultation and transfer of laser display technology	100.00		Establishment
Shenzhen Appotronics Home	Shenzhen	Shenzhen	Software development	100.00		Establishment



Line Technology Co., Ltd.			related to semiconductor optoelectronic products			
Shenzhen Appotronics Laser Technology Co., Ltd.	Shenzhen	Shenzhen	Software development for semiconductor optoelectronic devices	100.00		Establishment
Tianjin Bonian Film Partnership (LP)	Tianjin	Tianjin	No specific business conducted	99.00	1.00	Business combination not involving enterprises under common control
Beijing Orient Appotronics Technology Co., Ltd.	Beijing	Beijing	Technology promotion; computer systems, application software services	59.00		Establishment
Qingda Appotronics (Xiamen) Technology Co., Ltd.	Shenzhen	Xiamen	Information technology consulting services	51.00		Establishment
Formovie (Chongqing) Innovative Technology Co., Ltd.	Chongqing	Chongqing	Technology and software development	39.19		Establishment
Fengmi (Beijing) Technology Co., Ltd.	Beijing	Beijing	Technology and software development		39.19	Establishment
Chongqing Guangbo Ecommerce Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	Establishment
Chongqing Ewei Ecommerce Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	Establishment
Shenzhen Orange Juice Energy Technology Co., Ltd.	Shenzhen	Shenzhen	Technology and software development		33.31	Establishment

Formovie Limited	Hong Kong	Hong Kong	No specific business conducted		39.19	Establishment
FORMOVIE TECHNOLOGY INC	USA	USA	No specific business conducted		39.19	Establishment
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Beijing	Beijing	Research and development, production, technical services, sales and lease of laser cinema projection equipment	24.84	38.36	Business combination involving enterprises under common control
Appotronics Hong Kong Limited	Hong Kong	Hong Kong	Production, research, and development of semiconductor optoelectronic products, sales and consulting, investment and video content value-added services	100.00		Establishment
Appotronics USA, Inc.	USA	USA	R&D, manufacture and sales of semiconductor optoelectronic products		100.00	Business combination involving enterprises under common control
JoveAI Limited	Cayman Islands	Cayman Islands	No specific business conducted		64.29	Establishment
JoveAI Innovation, Inc.	USA	USA	Research and development of laser display software system		64.29	Establishment
JoveAI Asia Company Limited	Vietnam	Vietnam	Technical research and development of projection equipment,		64.29	Establishment

			screen and electronic computer.			
Hongkong Orange Juice Energy Technology Co., Limited	Hong Kong	Hong Kong	Sales		33.31	Establishment
Wemax Inc.	USA	USA	Sales		33.31	Establishment

Description of the difference between the proportion of shareholding and the proportion of voting rights in a subsidiary:

Fengmi (Beijing) Technology Co., Ltd, FORMOVIE TECHNOLOGY INC, Formovie Limited, Chongqing Ewei Ecommerce Co., Ltd , Chongqing Guangbo Ecommerce Co., Ltd. are wholly-owned subsidiaries of Formovie (Chongqing) Innovation Technology Co., Ltd.. Shenzhen Orange Juice Energy Technology Co., Ltd. is a wholly-owned subsidiary of Formovie (Chongqing) Innovative Technology Co., Ltd., Hongkong Orange Juice Energy Technology Co., Limited is a wholly-owned subsidiary of Shenzhen Orange Juice Energy Technology Co., Ltd., and Wemax Inc. is a wholly-owned subsidiary of Hongkong Orange Juice Energy Technology Co., Limited.

The Company and Shenzhen Fengye Investment Consulting Limited Partnership (Limited Partnership), a party acting in concert with the Company, hold a total of 53.6250% voting rights in Formovie (Chongqing) Innovative Technology Co., Ltd., for which the voting rights are exercised according to the opinions of the Company. Since the voting rights are sufficient to exercise significant influence on the resolution of the general meeting, the Company becomes the controlling shareholder of Formovie (Chongqing) Innovative Technology Co., Ltd.

Basis for holding half of the voting rights or below but still controlling the investee, and holding over half voting rights but having no control over the investee:

Fengmi (Beijing) Technology Co., Ltd, FORMOVIE TECHNOLOGY INC, Formovie Limited, Chongqing Ewei Ecommerce Co., Ltd , Chongqing Guangbo Ecommerce Co., Ltd. are wholly-owned subsidiaries of Formovie (Chongqing) Innovation Technology Co., Ltd.. Shenzhen Orange Juice Energy Technology Co., Ltd. is a wholly-owned subsidiary of Formovie (Chongqing) Innovative Technology Co., Ltd., Hongkong Orange Juice Energy Technology Co., Limited is a wholly-owned subsidiary of Shenzhen Orange Juice Energy Technology Co., Ltd., and Wemax Inc. is a wholly-owned subsidiary of Hongkong Orange Juice Energy Technology Co., Limited.

The Company and Shenzhen Fengye Investment Consulting Limited Partnership (Limited Partnership), a party acting in concert with the Company, hold a total of 53.6250% voting rights in Formovie (Chongqing) Innovative Technology Co., Ltd., for which the voting rights are exercised according to the opinions of the Company. Since the voting rights are sufficient to exercise significant influence on the resolution of the general meeting, the Company becomes the controlling shareholder of Formovie (Chongqing) Innovative Technology Co., Ltd.

Basis for controls over significant structured entities included in consolidation scope:

None

Basis to determine the company acts as the agent or the principal:

None

Other description:

None

## (2). Significant non-wholly subsidiaries

Applicable  N/A

Unit: Yuan Currency: RMB

Subsidiaries	Shareholding by minority shareholders Percentage (%)	Profit or loss attributable to minority shareholders for the current period	Dividends declared for distribution to minority shareholders in the current period	Closing balance of minority interests
Formovie (Chongqing) Innovative Technology Co., Ltd.	60.81%	-27,600,522.80	0.00	8,273,599.33
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	36.80%	2,342,157.88	0.00	162,326,507.23

Description of the difference between the proportion of shareholding by minority shareholders and their proportion of voting rights in a subsidiary:

Applicable  N/A

Please refer to the above.

Other description:

Applicable  N/A

**(3). Significant financial information of significant non-wholly subsidiaries**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Formovie (Chongqing) Innovative Technology Co., Ltd.	915,026,931.78	48,227,602.91	963,254,534.69	696,276,995.25	254,565,924.23	950,842,919.48	923,415,138.40	42,178,494.73	965,593,633.13	735,633,264.62	172,919,867.39	908,553,132.01
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	191,634,575.99	690,147,557.01	881,782,133.00	342,380,760.18	98,296,733.62	440,677,493.80	231,461,535.13	738,260,940.26	969,722,475.39	377,533,503.17	161,248,165.77	538,781,668.94

Subsidiaries	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Formovie (Chongqing) Innovative Technology Co., Ltd.	609,588,390.19	-46,582,172.21	-46,665,717.96	-113,145,829.78	531,216,939.04	12,761,375.30	12,761,391.07	31,963,176.54

CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	161,099,444.15	6,364,559.45	6,364,559.45	37,271,780.44	244,006,736.50	59,012,508.09	59,012,508.09	99,458,332.40
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Other description:

None

**(4). Significant limitations on use of the group assets and payment of the group debts:**
 Applicable  N/A

**(5). Financial or other support provided to structured entities included in consolidated financial statements :**
 Applicable  N/A

Other description:

 Applicable  N/A

**2. Changes of shares of owners' equity in subsidiaries but continue to remain control over transactions of subsidiaries**
 Applicable  N/A

**(1). Description of changes in the share in the owner's equity of subsidiaries**
 Applicable  N/A

**(2). Effect of the transaction on the minority interests and the equity attributable to owners of the parent company**
 Applicable  N/A

Other description

 Applicable  N/A

**3. Equity in joint ventures or associates**
 Applicable  N/A

**(1). Significant associates or joint ventures**
 Applicable  N/A

Unit: Yuan Currency: RMB

Associates or joint ventures	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
GDC Technology Limited (BVI)	Asia and North America	British Virgin Islands	R&D, production, and sales of digital cinema servers and cinema management system		44.00	Accounting for under equity method

Description of the difference between the proportion of shareholding and the proportion of voting rights in joint ventures or associates:

None

Basis that the Company owns less than 20% voting rights but may exercise major impact, or that the Company owns 20% or over voting rights but does not have major impact:

None

**(2). Major financial information of significant joint ventures**
 Applicable  N/A

**(3). Major financial information of significant associates**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the prior period
	GDC	GDC
Current assets	545,678,168.47	648,413,809.69
Non-current assets	32,522,787.49	53,380,720.39
Total assets	578,200,955.96	701,794,530.08
Current liabilities	368,124,353.15	458,123,239.33
Non-current liabilities	14,699,712.24	25,008,058.43
Total liabilities	382,824,065.39	483,131,297.76
Minority interests		
Interests attributable to shareholders of the parent company	195,376,890.57	218,663,232.32
Share of net assets calculated by ownership percentage	85,965,831.85	96,211,822.22
Adjustment	75,624,935.63	76,520,776.40
--Goodwill	77,772,341.43	77,772,341.43
--Unrealized profits for insider transactions	-2,147,405.80	-1,251,565.03
--Others		
Carrying amount of investment of associates	159,724,538.60	166,676,657.87
Fair values of equity investments in associates having publicly quoted prices		
Operating income	113,618,609.56	133,586,629.37
Net profit	-19,899,972.82	14,713,439.07
Net profit of discontinued operations		
Other comprehensive income	-2,383,768.26	3,894,036.4
Total comprehensive income	-22,283,741.07	18,607,475.46
Dividends received from associates in the current year		

Other description

None

**(4). Summary financial information of insignificant joint ventures and associates**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the prior period



Joint ventures:		
Total carrying amount of investments		
Total amounts calculated based on shareholding proportions		
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associates:		
Total carrying amount of investments	0.00	126,924,427.40
Total amounts calculated based on shareholding proportions		
--Net profit	-148,672.23	1,131,089.51
--Other comprehensive income	-3,495,875.44	-2,612,904.61
--Total comprehensive income	-3,644,547.67	-1,481,815.09

**Other description**

Long-term equity investments in Cinionic Limited as an associate are transferred to others in the current period.

**(5). Descriptions of significant limitations over the ability of joint ventures or associates to transfer funds to the Company**

Applicable  N/A

**(6). Excessive loss of joint venture or associates**

Applicable  N/A

**(7). Unrecognized commitment relating to investments in joint ventures**

Applicable  N/A

**(8). Contingent liabilities relating to investments in joint ventures or associates**

Applicable  N/A

**4. Significant joint operations**

Applicable  N/A

**5. Interests in structured entities that are not included in consolidated financial statements**

Description of structured entities that are not included in consolidated financial statements:

Applicable  N/A

**6. Others**

Applicable  N/A

**X. Risks associated with financial instruments**

Applicable  N/A

The Company's risk management objectives are to achieve a balance between risks and yield, minimize the adverse impacts of risks on the Company's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyze its exposure to various risks, establish an appropriate minimum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

The Company is exposed to various risks associated with financial instruments in its daily routines, primarily including credit risk, liquidity risk and market risk. The management has reviewed and approved policies to manage these risks, summarized as below.

### (I) Credit risk

Credit risk refers to the risk that a party of the financial instrument will default on its obligations resulting in financial loss to the counterparty.

#### 1. Management of credit risk

##### (1) Evaluation method of credit risk

The Company assesses at each balance sheet date whether the credit risk of the underlying financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, ranking of external credit risks and forward-looking information. The Company compares the risk of a default occurring on a financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with similar credit risk characteristic, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

The Company considers the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria are met:

1) The quantitative criterion primarily refers to a certain percentage of increase in the probability of default over the remaining life of the financial instruments as of the balance sheet date when comparing with that at initial recognition of the financial instruments;

2) The qualitative criterion includes, inter alia, adverse material changes in business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations, and an actual or expected significant adverse change in the technological, market, economic, or legal environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

##### (2) Definition of defaulted or credit-impaired assets

A financial asset is defined as defaulted when the financial instrument meets one or more conditions stated as below, and the criterion of defining defaulted asset is consistent with that of defining credit-impaired asset:

- 1) significant financial difficulty of the debtor;
- 2) a breach of contract terms with binding force by the debtor;
- 3) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession(s) that the creditor would not otherwise consider.

#### 2. Measurement of ECL

Key parameters to measure ECL include the probability of default, loss given default and the exposure at default. The Company established models of the probability of default, loss given default and the exposure at default on the basis of qualitative analysis on historical statistical data (such as counterparty ranking, guarantee methods, collateral category, and repayment way) and forward-looking information.

3. Details of reconciliation of the opening balance and the closing balance of provision for impairment of financial instruments can refer to the description in VII 4, 5, 6, 8, 10 and 16 of Section X.

#### 4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily from cash and bank balances and receivables. In order to control the risks associated with aforementioned items, the Company has taken the following measures.

##### (1) Cash and bank balances

The credit risk of the Company is limited because the Company has deposited bank deposits and other monetary funds in banks with high credit ratings.

##### (2) Receivables

The Company regularly evaluates the creditworthiness of its customers with deals on credit, and selects to deal with approved and creditworthy customers subject to the results of the credit assessment

with monitoring the balance of its receivables, so as to ensure that the Company is not exposed to significant risk of bad debt.

No collaterals are required since the Company only deals with third parties that are approved and creditworthy. The concentrated credit risks are managed by customers. As of June 30, 2022, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 66.41% of the total balance of accounts receivable (December 31, 2020: 67.07%). The Company held no collateral or other credit ranking measures for the balance of accounts receivable.

The maximum exposure to the Company is the carrying amount of each financial asset in the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk that the Company is in shortage of funds in performing obligations that are settled by delivering cash or another financial asset. Liquidity risk may arise from an inability to sell a financial asset at fair value as soon as possible, a counterparty's inability to pay its contractual liabilities, the accelerated maturity of liabilities, or an inability to generate expected cash flows.

In order to control this risk, the Company balances the continuity and flexibility of financing by using various financing measures such as notes settlement and bank loans comprehensively and adopting both long-term and short-term financing methods to optimize the financing structure. The Company has received credit facilities from a number of commercial banks to satisfy its working capital requirements and capital expenditures.

Financial liabilities classified by remaining maturity dates

Item	Closing balance				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	700,187,843.22	743,977,943.65	395,238,016.30	348,395,706.64	344,220.71
Notes payable	121,047,156.20	121,047,156.20	121,047,156.20		
Accounts payable	292,737,366.30	292,737,366.30	292,737,366.30		
Other payables	52,311,833.50	52,311,833.50	52,311,833.50		
Lease liabilities	50,880,372.91	54,579,686.15	22,771,775.29	23,238,816.18	8,569,094.68
Sub-total	1,217,164,572.13	1,264,653,985.80	884,106,147.59	371,634,522.82	8,913,315.39

(Continued to above table)

Item	Closing balance of last year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	509,637,141.27	565,968,031.25	161,844,102.83	335,211,636.92	68,912,291.50
Notes payable	144,456,001.87	144,456,001.87	144,456,001.87		
Accounts payable	409,889,533.01	409,889,533.01	409,889,533.01		
Other payables	54,115,784.80	54,115,784.80	54,115,784.80		

Item	Closing balance of last year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Lease Liabilities	29,560,179.86	30,987,424.69	19,686,637.60	10,725,062.82	575,724.27
Sub-total	1,147,658,640.81	1,205,416,775.62	789,992,060.11	345,936,699.74	69,488,015.77

### (III) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly includes interest rate risk and currency risk.

#### 1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of fair value interest rate due to financial instruments with a fixed interest rate and to the risk of cash value interest rate due to financial instruments with a floating interest rate. The Company determines the proportion between the fixed-rate financial instruments and the floating-rate financial instruments based on market conditions, and maintains appropriate portfolios of financial instruments through regular review and monitoring. The cash flow interest rate risk exposed to the Company relates primarily to the Company's floating-rate interest-bearing bank borrowings.

As of June 30, 2022, the principal of the Company's floating-rate interest-bearing bank borrowings amounted to RMB 481,187,843.22 (December 31, 2021: RMB 509,637,141.27). On the basis of the assumption that the interest rate has changed 50 basic points, where all other variables are held constant, it will bring no material impacts on the Company's total profits and shareholders' equity.

#### 2. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with the Company's monetary assets and liabilities dominated in foreign currencies. If the monetary assets and liabilities dominated in foreign currencies are imbalanced in a short time, the Company will purchase and sell foreign currencies at the market exchange rate to keep the net risk exposure acceptable.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies are disclosed in VII.82 of Section X in details.

## XI. Disclosure of fair value

### 1. The closing balance of the fair value of assets and liabilities measured at fair value

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance of fair value			
	Level 1	Level 2	Level 3	Total
<b>I. Continuous fair value measurement</b>				
(I) Held-for-trading financial assets		14,566,000.00	479,000,000.00	493,566,000.00
1. Financial assets at fair value through profit or loss		14,566,000.00	479,000,000.00	493,566,000.00
(1) Investment in debt instrument				

(2) Investment in equity instrument		14,566,000.00	30,000,000.00	44,566,000.00
(3) Derivative financial assets				
(4) Structural deposits			449,000,000.00	449,000,000.00
2. Designated as financial assets at fair value through profit or loss				
(1) Investment in debt instrument				
(2) Investment in equity instrument				
(II) Other debt investments				
(III) Other equity instrument investments			7,075,419.38	7,075,419.38
(IV) Investment properties				
1. Land use right for leasing purpose				
2. Buildings leased				
3. Land use right held for the purpose of transfer after value appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
Receivables financing			3,289,265.10	3,289,265.10
<b>Total assets continuously measured at fair value</b>		14,566,000.00	489,364,684.48	503,930,684.48

**2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items**

Applicable  N/A

**3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items**

Applicable  N/A

The equity instrument investment presented stocks subscribed on the New Third Board; considering the factors including the level of activity for trading of stocks on the New Third Board, the Company classified stocks on the New Third Board as level 2 for the measurement of fair value, where the fair value is determined according to the average closing price of the previous 20 trading days.

**4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items**

Applicable  N/A

No public market is available for equity instrument investments, structural deposits, receivables financing, and investment in other equity instruments, hence the fair value of the foregoing are measured at cost.

**5. Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items**

Applicable  N/A

**6. Where transfers among levels occurred in the period, transfer reasons and policies for determining transfer time point for continuous fair value measurement items**

Applicable  N/A

**7. Changes in valuation techniques in the period and reasons for changes**

Applicable  N/A

**8. Fair value of financial assets and financial liabilities not measured at fair value**

Applicable  N/A

**9. Others**

Applicable  N/A

**XII. Related-party relationships and transactions**

**1. Parent of the Company**

Applicable  N/A

Unit: 0'000 Currency: RMB

Parent company	Registration place	Business nature	Registered capital	Proportion of the Company's shares held by the parent company (%)	Proportion of the Company's voting right held by the parent company (%)
Shenzhen Appotronics Holdings Limited	Shenzhen	R&D and sales of semiconductor products	1,000	17.62	17.62

Description of the parent company of the Company

None

The ultimate controlling party of the Company is LI Yi.

Other description:

None

**2. Subsidiaries of the Company**

Refer to the Notes for details about the subsidiaries of the Company

Applicable  N/A

Refer to the description in IX.1 of Section X for details about the subsidiaries of the Company.

**3. Associates and joint ventures of the Company**

Information of the significant joint ventures or associates of the Company are disclosed in the Annex.

Applicable  N/A

Refer to the description in Note IX.3 of Section X for details about the associates of the Company.

Details of other joint ventures or associates having related-party transactions and balances with the Company in the period or in prior periods:

Applicable  N/A

Associates or joint ventures	Relationship with the Company
Cinionic Limited	Associate
GDC Technology Limited (BVI)	Associate

Other description

Applicable  N/A

**4. Other related parties of the Company**

√ Applicable □ N/A

Other related party	Relationship between other related party and the Company
Beijing Donview Education Technology Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
Shenzhen YLX Technology Development Co., Ltd.	Controlled by the same actual controller
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
CFEC and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
WeCast and its affiliates	Enterprise in which the actual controller holds the post of director
Shenzhen Beviz Technology Co., Ltd.	Holding more than 5% of shares in the company

Other description

None

**5. Related-party transactions**
**(1). Sales and purchase of goods, rendering and receipt of services**

Purchase of goods/receipt of services

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Related party	Subject matter	Amount for the current period	Amount for the prior period
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Electronic components and services	102,666,791.40	151,065,707.11
CFEC and its affiliates	Power, water cooling and services	10,702,327.46	14,313,447.67
GDC and its affiliates	Electronic components		5,711,956.57
WeCast and its affiliates	Sale agency services		155,309.88
Beijing Donview Education Technology Co., Ltd. and its affiliates	Maintenance services	8,962.26	9,911.50
Shenzhen YLX Technology Development Co., Ltd.	Electronic components	533,349.16	
Total		113,911,430.28	171,256,332.73

Sales of goods/rendering of services

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Related party	Subject matter	Amount for the current period	Amount for the prior period
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Laser TV, smart mini projector	302,360,399.65	341,732,526.82

CFEC and its affiliates	Laser light source and cinema projection services	16,119,369.88	42,679,705.11
CINIONIC and its affiliates	Cinema light source	50,666,582.80	3,130,401.43
Beijing Donview Education Technology Co., Ltd. and its affiliates	Education projector	1,533,749.83	686,049.45
GDC and its affiliates	Cinema projectors	7,493,997.70	3,729,645.10
WeCast and its affiliates	Laser TV, smart mini projector	-7,681,578.96	6,196,785.06
Shenzhen YLX Technology Development Co., Ltd.	Electronic components	950,681.50	
Total		371,443,202.39	398,155,112.97

Description of sales and purchase of goods, rendering and receipt of services

Applicable  N/A

**(2). Details of trust with related parties/subcontracting and trust management/contract-issuing**

Details of trust/contracting where a group entity is the trustor/main contractor:

Applicable  N/A

Description of trust/subcontracting with related parties

Applicable  N/A

Details of trust/contracting where a group entity is the trustor/main contractor :

Applicable  N/A

Description of management/contract-issuing with related parties

Applicable  N/A

**(3). Leases with related parties**

The Company as the lessor:

Applicable  N/A



The Company as the lessee:

 Applicable  N/A

Unit: Yuan Currency: RMB

Lessor	Type of leased assets	Paid rent		Assumed interest expenses of lease liabilities		Added use right assets	
		Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
CFEC and its affiliates	Housing lease	379,304.00	605,733.32	27,641.32	52,464.37	-1,086,329.01	698,685.87

Description of leases with related parties

 Applicable  N/A

**(4). Guarantees with related parties**

The Company as a guarantor:

 Applicable  N/A

The Company as a guaranteed party:

 Applicable  N/A

Description of guarantees with related parties

 Applicable  N/A

**(5). Borrowings/loans with related parties**
 Applicable  N/A

**(6). Assets transfer/debt restructuring with related parties**
 Applicable  N/A

**(7). Compensation for key management personnel**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	469.87	659.61

**(8). Other related-party transactions**
 Applicable  N/A

**6. Amounts due from/to related parties**
**(1). Amounts due from related parties**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Related party	Closing balance		Opening balance	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Beijing Donview Education Technology Co., Ltd. and its affiliates	900,000.00	45,000.00	912,982.89	45,649.14
	GDC and its affiliates	7,390,544.48	369,527.22	5,159,950.72	257,997.54
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	116,359,517.65	5,817,975.88	132,000,017.31	6,600,000.87
	WeCast and its affiliates	13,935,573.73	696,778.69	20,597,638.81	1,029,881.92
	CFEC and its affiliates	170,737.78	8,667.92	1,019,071.79	51,248.40

	CINIONIC and its affiliates	34,402,971.97	1,720,148.60	26,592,355.61	1,329,617.78
Sub-total	/	173,159,345.61	8,658,098.31	186,282,017.13	9,314,395.65
Prepayments	CFEC and its affiliates	781,079.65		1,369,286.22	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates			40,000.00	
Sub-total	/	781,079.65		1,409,286.22	
Other receivables	CFEC and its affiliates	185,111.00	9,255.55	229,355.00	11,467.75
	GDC and its affiliates	21,342,252.00	402,684.00	20,286,601.00	383,135.75
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	200,000.00	10,000.00		
Sub-total	/	21,727,363.00	421,939.55	20,515,956.00	394,603.50

**(2). Amounts due to related parties**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Related party	Closing balance of carrying amount	Opening balance of carrying amount
Accounts payable	CFEC and its affiliates	19,596,891.45	17,315,868.17
	GDC and its affiliates		5,593.76
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	33,911,552.54	65,042,097.29
	Shenzhen YLX Technology Development Co., Ltd.	1,462.94	1,147,275.29
Sub-total	/	53,509,906.93	83,510,834.51
Notes payable	CFEC and its affiliates		5,049,000.17
Sub-total	/		5,049,000.17
Advance from customers	CFEC and its affiliates	1,402,873.19	11,025,498.93
Sub-total	/	1,402,873.19	11,025,498.93
Contract liabilities	GDC and its affiliates	37,082.55	3,469.81
	CFEC and its affiliates	1,902,665.49	4,396,474.85
	Beijing Donview Education Technology Co., Ltd. and its affiliates	396,411.74	

	WeCast and its affiliates	127,651.23	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	67,136.28	
Sub-total	/	2,530,947.29	4,399,944.66
Other payables	CFEC and its affiliates	10,000.00	
	Beijing Donview Education Technology Co., Ltd. and its affiliates	100,000.00	10,800.00
	Xiaomi Communications Technologies Co., Ltd. and its affiliates		1,976.10
	GDC and its affiliates	270.00	
Sub-total	/	110,270.00	12,776.10
Other current liabilities	GDC and its affiliates	2,224.95	
	CFEC and its affiliates	247,346.51	
	Beijing Donview Education Technology Co., Ltd. and its affiliates	51,533.53	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	1,540,647.74	16,804,816.23
Sub-total	/	1,841,752.73	16,804,816.23

## 7. Related party commitments

Applicable  N/A

## 8. Others

Applicable  N/A

## XIII. Share-based payments

### 1. Summary of share-based payments

Applicable  N/A

Unit: Share Currency: RMB

Item	Company	Formovie
Total number of the Company's equity instruments granted during the period	11,900,000	
Total number of the Company's equity instruments executed during the period		
Total number of the Company's equity instruments lapsed during the period	2,708,860.00	

Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	Grant date: October 14, 2019; grant price: RMB 17.265/share; 4 months Grant date: October 13, 2020; grant price: RMB 17.265/share; 4 months Grant date: January 1, 2021; grant price: RMB 4.30/share; 6 months Grant date: April 22, 2021; grant price: RMB 20.84/share; 21 months Grant date: April 22, 2021; grant price: RMB 18.34/share; 21 months Grant date: April 22, 2021; grant price: RMB 17.34/share; 21 months Grant date: December 7, 2021; grant price: RMB 19.895/share; 29 months Grant date: December 7, 2021; grant price: RMB 22.895/share; 29 months Grant date: March 11, 2022; grant price: RMB 18.34/share; 21 months Grant date: March 11, 2022; grant price: RMB 19.895/share; 21 months Grant date: March 11, 2022; grant price: RMB 22.895/share; 29 months Grant date: May 25, 2022; grant price: RMB 15.395/share; 23 months	Grant date: December 31, 2021; grant price: RMB 1/share; 48 months
Range of exercise prices and remaining contractual life of the Company's other equity instruments outstanding at the end of the period	None	None

Other description

None

## 2. Equity-settled share-based payments

 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Company	Formovie
The method of determining the fair value of equity instruments at the grant date	Option pricing model	Evaluation of all shareholder's equity interests
The basis of determining the number of equity instruments expected to be executed	Actual grant amount	Actual grant amount
Reasons for the significant difference between the estimate in the current period and that in the prior period	None	None
Amounts of equity-settled share-based payments accumulated in capital reserve	116,375,739.84	10,998,484.23
Total expenses recognized arising from equity-settled share-based payments	43,682,773.93	594,999.63

Other description

None

**3. Cash-settled share-based payments**
 Applicable  N/A

**4. Modification to and termination of share-based payments**
 Applicable  N/A

**5. Others**
 Applicable  N/A

**XIV. Commitments and contingencies**
**1. Significant commitments**
 Applicable  N/A

Significant external commitments, and nature and amount thereof as of the balance sheet date

Significant lease contracts which the Company has entered into or will perform and their financial impacts are disclosed in the following table:

No.	Rent address	Rent area (square meters)	Rent purpose	Rent period	Rent expense/year
1	20/F, 21/F, 22/F, United Headquarter Building, High-Tech Zone, No. 63 Xuefu Road, Nanshan District, Shenzhen	5,808.79	Research and development, office administration	From January 1, 2022 to December 31, 2026	5,310,893.71
2	Yaochuan Industrial Zone, Tangwei Community, Fuhai Street, Bao'an District, Shenzhen	23,765.57	Plant	From December 1, 2018 to November 30, 2022	12,319,285.88

**2. Contingencies**
**(1). Significant contingencies as of the balance sheet date**
 Applicable  N/A

Pending litigation

1. Civil litigation and arbitration where the Company acted as the plaintiff

As of June 30, 2022, there are 24 civil litigation cases where the Company acted as a plaintiff, specifically including:

Case No.	Cause of action	Plaintiff/Appellant	Defendant/Appellee	Patents involved	Amount	Progress
(2019) Yue 03 Min Chu No. 2943 (2021) Zui Gao Fa Zhi Min Zhong No. 1582	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	2008100652 25.X	RMB 8.00 million	(1) Compensation amount decided in the trial of the first instance: RMB 271,399.40; (2) Under trial of the second instance

(2019) Yue 03 Min Chu No. 2944 (2021) Zui Gao Fa Zhi Min Zhong No. 1718	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	2008100652 25.X	RMB 8.00 million	(1) Compensation amount decided in the trial of the first instance: RMB 501,399.40; (2) Under trial of the second instance
(2019) Yue 03 Min Chu No. 2946 (2022) Zui Gao Fa Zhi Min Zhong No. 161	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	2008100652 25.X	RMB 4.00 million	(1) Compensation amount decided in the trial of the first instance: RMB 151,399.40; (2) Under trial of the second instance
(2019) Yue 03 Min Chu No. 2948 (2021) Zui Gao Fa Zhi Min Zhong No. 1548	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	2008100652 25.X	RMB 4.00 million	(1) Compensation amount decided in the trial of the first instance: RMB 146,399.40; (2) Under trial of the second instance
(2019) Yue 03 Min Chu No. 2951 (2021) Zui Gao Fa Zhi Min Zhong No. 1550	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	2008100652 25.X	RMB 4.00 million	(1) Compensation amount decided in the trial of the first instance: RMB 581,399.40; (2) Under trial of the second instance
(2020) Yue 73 Min Chu No. 1335	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd.	ZL20088010 7739.5	RMB 3.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance

			Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.			
(2020) Yue 73 Min Chu No. 1336	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20088010 7739.5	RMB 6.50 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1337	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Protection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20088010 7739.5	RMB 2.50 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1338	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20088010 7739.5	RMB 2.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance



(2020) Yue 73 Min Chu No. 1340	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Protection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20088010 7739.5	RMB 6.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1341	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20088010 7739.5	RMB 14.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1361	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 5: Guangzhou Jianye Network Technology Co., Ltd.	ZL20088010 7739.5	RMB 0.75 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1339	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Guangdong Jianye Display Information	ZL20081006 5225.X	RMB 0.75 million and right protection expenses of RMB 0.50 million	Under trial of the first instance

			Technology Co., Ltd. Defendant 5: Guangzhou Jianye Network Technology Co., Ltd.			
(2020) Yue 73 Min Chu No. 1353	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 14.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1355	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Protection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 6.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1356	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 6.50 million and right protection expenses of RMB 0.50 million	Under trial of the first instance

(2020) Yue 73 Min Chu No. 1357	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Protection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20081006 5225.X	RMB 2.50 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1358	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20081006 5225.X	RMB 2.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1359	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL20081006 5225.X	RMB 3.00 million and right protection expenses of RMB 0.50 million	Under trial of the first instance
(2020) Yue 73 Min Chu No. 1360	Infringem ent on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd.	ZL20081006 5225.X	RMB 3.00 million and right protection expenses of RMB	Under trial of the first instance

			Defendant 4: Digital Protection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.		0.50 million	
(2021) Yue 73 Min Chu No. 1860	Maliciously initiate an intellectual property litigation	Appotronics Corporation Limited	Defendant: Delta Electronics, Inc.	/	RMB 10.00 million	Under trial of the first instance
(2022) Yue 0305 Min Chu No. 10069	Dispute over the sales contract	Appotronics Corporation Limited	Defendant: Shenzhen Crealty 3D Technology Co., Ltd.	/	RMB 219,900 and the costs for litigation and preservation.	Under trial of the first instance
XA20220598	Dispute over the sales contract	Qingda Appotronics (Xiamen) Technology Co., Ltd.	Defendant: Yunzhi Feiyang (Beijing) Network Technology Co., Ltd.	/	RMB 214,800 and other expenses including arbitration costs	Under trial of arbitration
01-22-0001-2735	Arbitration of dispute over the implementation of the Settlement Agreement and arbitration counterclaims	Counter-claimants: Appotronics Hong Kong Limited and Appotronics Corporation Limited	Counter-respondents: GDC Technology Limited (Cayman Islands), GDC Technology Limited (British Virgin Islands), actual controller ZHANG Wanneng and his management team	/	USD 40 million	Pending trial

## 2. Civil litigation and arbitration where the Company acted as the defendant

As of June 30, 2022, there are 8 civil litigations where the Company was a defendant, specifically including:

Case No.	Cause of action	Plaintiff	Defendant	Patents involved	Amount involved	Progress
(2019) Yue 73 Zhi Min Chu No. 662	Infringement on patent for invention	Delta Electronics, Inc.	Appotronics Corporation Limited; Futian SPN Projector & Video System Firm of Shenzhen	ZL201610387831.8	Loss compensation of RMB 16.00 million + right protection expenses of RMB 14,500.00	Under trial of the first instance

Case No.	Cause of action	Plaintiff	Defendant	Patents involved	Amount involved	Progress
(2019) Jing 73 Min Chu No.1275			Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201410249663.7	Loss compensation of RMB 15.00 million + right protection expenses of RMB 1.01 million	The judgment of the first instance in January 2022 held that no infringement is constituted, under trial of the second trial
(2019) Jing 73 Min Chu No. 1276			Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201610387831.8	Loss compensation of RMB 15.00 million + right protection expenses of RMB 1.01 million	The judgment of the first instance in January 2022 held that no infringement is constituted, under trial of the second trial
(2021) Hu 73 Zhi Min Chu No. 1070			Appotronics Corporation Limited and Shanghai Haichi Digital Technology Co., Ltd.	ZL201110041436.1	Loss compensation of RMB 15.00 million + right protection expenses of RMB 1.01 million	Under trial of the first instance
(2021) Chuan 01 Zhi Min Chu No. 685			Appotronics Corporation Limited; Chengdu Jinxi Guangxian Information Technology Co., Ltd.	ZL201610387831.8	Loss compensation of RMB 15.00 million + right protection expenses of RMB 1.01 million	Under trial of the first instance
(2021) Chuan 01 Zhi Min Chu No. 686			Appotronics Corporation Limited; Chengdu Jinxi Guangxian Information Technology Co., Ltd.	ZL201110041436.1	Loss compensation of RMB 15.00 million + right protection expenses of RMB 1.01 million	Under trial of the first instance

Case No.	Cause of action	Plaintiff	Defendant	Patents involved	Amount involved	Progress
(2022) Zhe 01 Min Chu No. 157	Dispute over infringement on patent for design	Wanbo Technology Co., Ltd.	Defendant 1: Shenzhen Appotronics Xiaoming Technology Co., Ltd. Defendant 2: Fengmi (Beijing) Technology Co., Ltd. Defendant 3: Zhejiang Tmall Network Co., Ltd.	ZL201930556138.3	Requesting compensation in the amount of: RMB 3.00 million	Under trial of the first instance
01-22-0001-2735	Arbitration of dispute over the implementation of the Settlement Agreement and arbitration counterclaims	Claimants: GDC Technology Limited (Cayman Islands) and GDC Technology Limited (British Virgin Islands)	Respondents: Appotronics Hong Kong Limited and Appotronics Corporation Limited	/	USD 38 million	Pending trial

**(2). Description shall also be provided even if the Company has no significant contingencies to be disclosed:**

Applicable  N/A

**3. Others**

Applicable  N/A

**XV. Events after the balance sheet date**

**1. Material non-adjusting event**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Content	Effects on the financial position and operating results	Reasons for not being able to estimate such effects
Issuance of stocks and bonds	A total of 2,881,497 shares in the first vesting period meets the vesting criteria for the initial grant under the 2021 Restricted Share Incentive Plan, and the formalities for	The paid-in share capital increases by RMB 2,881,497.00 and the capital reserve (share premium) increases by RMB 48,352,137.36	

	such shares completed on July 13, 2022.		
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**2. Profit distribution**
 Applicable  N/A

**3. Sales return**
 Applicable  N/A

**4. Description of other events after the balance sheet date**
 Applicable  N/A

**XVI. Other significant events**
**1. Corrections of prior period errors**
**(1). Retrospective application**
 Applicable  N/A

**(2). Prospective application**
 Applicable  N/A

**2. Debt restructuring**
 Applicable  N/A

**3. Asset swap**
**(1). Exchange of non-monetary assets**
 Applicable  N/A

**(2). Other asset swap**
 Applicable  N/A

**4. Annuity plan**
 Applicable  N/A

**5. Discontinued operations**
 Applicable  N/A

**6. Segment reporting**
**(1). Determination basis and accounting policies of reporting segments**
 Applicable  N/A

**(2). Financial information of reporting segments**
 Applicable  N/A

**(3). If the Company has no reporting segments, or cannot disclose the total assets and liabilities of reporting segments, specify the reasons**
 Applicable  N/A

The Company has no reporting segments due to absence of diversified operations. A breakdown of the Company's principal operating incomes and costs categorized by businesses, products and regions is disclosed as below:

Categorized by businesses and products:

Unit: RMB0'000

Item	Amount of the current period		Amount of the prior period	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Sales	113,156.62	81,850.58	91,163.98	65,553.48

Item	Amount of the current period		Amount of the prior period	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Projection services	13,521.49	6,474.67	18,565.59	6,437.12
Other business	254.11	130.82	739.35	370.63
Sub-total	126,932.22	88,456.06	110,468.92	72,361.23

Categorized by regions:

Unit: RMB0'000

Item	Amount of the current period		Amount of the prior period	
	Principal operating income	Principal operating cost	Principal operating income	Principal operating cost
Domestic	111,764.66	79,898.99	105,208.67	69,458.21
Overseas	15,167.56	8,557.07	5,260.25	2,903.02
Sub-total	126,932.22	88,456.06	110,468.92	72,361.23

**(4). Other description**
 Applicable  N/A

**7. Other significant transactions and matters having an impact on the decisions of investors**
 Applicable  N/A

**8. Others**
 Applicable  N/A

**XVII. Notes to key items in the parent company's financial statements**
**1. Accounts receivable**
**(1). Disclosure by aging**
 Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	649,298,212.29
1 to 2 years	23,341,733.24
2 to 3 years	3,148,153.35
Total	675,788,098.88



**(2). Disclosure by categories of provision for bad debts**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Gross carrying amount		Provision for bad debts		Carrying amount	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually										
Including:										
Provision for bad debts made by group	675,788,098.88	100.00	6,371,273.75	0.94	669,416,825.13	621,699,280.41	100.00	5,483,110.45	0.88	616,216,169.96
Including:										
Group of aging	122,652,853.97	18.15	6,371,273.75	5.19	116,281,580.22	109,178,209.03	17.56	5,483,110.45	5.02	103,695,098.58
Group of receivables from related parties in the scope of consolidation	553,135,244.91	81.85			553,135,244.91	512,521,071.38	82.44			512,521,071.38
Total	675,788,098.88	100.00	6,371,273.75	0.94	669,416,825.13	621,699,280.41	100.00	5,483,110.45	0.88	616,216,169.96

Provision for bad debts made individually:

□ Applicable √ N/A

Provision for bad debts made by group:

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Group of aging	122,652,853.97	6,371,273.75	5.19
Group of receivables from related parties in the scope of consolidation	553,135,244.91		0.00
Total	675,788,098.88	6,371,273.75	0.94

Recognition criterion to make the provision for bad debts by group and explanation:

□ Applicable √ N/A

If a provision for bad debts of accounts receivable is made in accordance with the general model of ECL, please disclose relevant information subject to the disclosure of the provision for bad debts for other receivables:

Applicable  N/A

**(3). Provision for bad debts**

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made by group	5,483,110.45	888,163.30				6,371,273.75
Total	5,483,110.45	888,163.30				6,371,273.75

Including significant amounts recovered or reversed from the current provision for bad debts:

Applicable  N/A

**(4). Accounts receivable actually canceled in the current period**

Applicable  N/A

**(5). Top five closing balances of accounts receivable categorized by debtors**

Applicable  N/A

Entity	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Top 1	217,442,090.82	32.18	
Top 2	119,295,011.51	17.65	
Top 3	111,493,328.28	16.50	
Top 4	70,204,911.89	10.39	
Top 5	33,135,753.04	4.90	1,711,165.15
Total	551,571,095.54	81.62	1,711,165.15

**(6). Accounts receivable derecognized due to transfer of financial assets**

Applicable  N/A

**(7). Assets and liabilities arising from transfer of accounts receivable and continued involvement**

Applicable  N/A

Other description:

Applicable  N/A

**2. Other receivables**

**Presented by items**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	11,109,739.71	6,645,181.15
Total	11,109,739.71	6,645,181.15

Other description:

Applicable  N/A

#### Interest receivable

##### (1). Categories of interest receivable

Applicable  N/A

##### (2). Significant interests overdue

Applicable  N/A

##### (3). Provision for bad debts

Applicable  N/A

Other description:

Applicable  N/A

##### (4). Dividends receivable

Applicable  N/A

##### (5). Dividends receivable with significant amounts aged more than 1 year

Applicable  N/A

##### (6). Provision for bad debts

Applicable  N/A

Other description:

Applicable  N/A

#### Other receivables

##### (7). Disclosure by aging

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	7,723,237.58
1 to 2 years	
2 to 3 years	3,687,618.00
Total	11,410,855.58

##### (8). Categories by the nature of other receivables

Applicable  N/A

Unit: Yuan Currency: RMB

Nature of receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	5,909,756.01	5,855,101.09
Receivables from related parties in the scope of consolidation	5,388,538.01	912,569.02
Temporary receivables	112,561.56	207,998.50

Total	11,410,855.58	6,975,668.61
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**(9). Provision for bad debts**
 Applicable  N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL in the future	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2022	296,321.86	34,165.60		330,487.46
Balance as at January 1, 2022 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	4,794.01	-34,165.60		-29,371.59
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at June 30, 2022	301,115.87			301,115.87

Description of significant changes in the balance of other receivables with changed provisions for losses in the current period:

 Applicable  N/A

Basis for recognizing the amount of provision for bad debts and evaluating whether the credit risk of financial instruments has been increased significantly in the current period:

 Applicable  N/A

**(10). Provision for bad debts**
 Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts	330,487.46	-29,371.59				301,115.87

made by group						
Total	330,487.46	-29,371.59				301,115.87

Including significant amounts recovered or reversed from the current provision for bad debts:

Applicable  N/A

**(11). Other receivables actually canceled in the current period**

Applicable  N/A

Description of other receivables cancellation:

Applicable  N/A

**(12). Top five closing balances of other receivables categorized by debtors**

Applicable  N/A

Unit: Yuan Currency: RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion to the balance of other receivables (%)	Provision for bad debts Closing balance
Top 1	Receivables from related parties in the scope of consolidation	4,561,858.65	Within 1 year	39.98	
Top 2	Deposits/margins/petty cash	3,574,618.00	Over 3 years	31.33	178,730.90
Top 3	Deposits/margins/petty cash	1,257,075.20	2-3 years, over 3 years	11.02	62,853.76
Top 4	Receivables from related parties in the scope of consolidation	691,051.81	Within 1 year	6.06	
Top 5	Deposits/margins/petty cash	500,000.00	2-3 years	4.38	25,000.00
Total	/	10,584,603.66	/	92.77	266,584.66

**(13). Accounts receivable involving government grants**

Applicable  N/A

**(14). Other receivables derecognized due to transfer of financial assets**

Applicable  N/A

**(15). Assets and liabilities arising from transfer of other receivables and continued involvement**

Applicable  N/A

Other description:

Applicable  N/A

**3. Long-term equity investments**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Investments in subsidiaries	460,313,745.55	12,827,792.79	447,485,952.76	453,386,804.91	12,827,792.79	440,559,012.12

Investments in associates and joint ventures						
Total	460,313,745.55	12,827,792.79	447,485,952.76	453,386,804.91	12,827,792.79	440,559,012.12

**(1) Investments in subsidiaries**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of provision for impairment
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	40,023,897.89	4,488,535.66		44,512,433.55		
Shenzhen Appotronics Software Technology Co., Ltd.	1,763,700.01		272,764.93	1,490,935.08		
Beijing Orient Appotronics Technology Co., Ltd.	5,900,000.00			5,900,000.00		
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	12,000,000.00			12,000,000.00		12,000,000.00
Fengmi (Beijing) Technology Co., Ltd.	3,285,537.50	242,168.82		3,527,706.32		
Qingda Appotronics (Xiamen) Technology Co., Ltd.	5,100,000.00			5,100,000.00		827,792.79
Shenzhen Appotronics Laser Display Technology Co., Ltd.	18,966,857.26			18,966,857.26		

Appotronics HongKong Limited	303,045,217.02	1,676,517.72		304,721,734.74		
JOVEAI Innovation	769,778.40		7,580.21	762,198.19		
Appotronics Technology (Changzhou) Co., Ltd.	2,000,000.00			2,000,000.00		
Shenzhen Appotronics Display Device Co., Ltd.	3,000,000.00			3,000,000.00		
WEMAX LLC				-		
APPOTRONICS USA, INC.	399,600.01		399,600.01			
Tianjin Bonian Film Partnership (LP)	26,954,120.20			26,954,120.20		
Formovie (Chongqing) Innovative Technology Co., Ltd.	30,178,096.62	1,199,663.59		31,377,760.21		
<b>Total</b>	<b>453,386,804.91</b>	<b>7,606,885.79</b>	<b>679,945.15</b>	<b>460,313,745.55</b>		<b>12,827,792.79</b>

**(2) Investments in associates and joint ventures**
 Applicable  N/A

Other description:

 Applicable  N/A

**4. Operating income and operating costs**
**(1). Description of operating income and operating costs**
 Applicable  N/A

Unit: Yuan Currency : RMB

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main business	649,645,354.34	432,684,792.22	572,827,875.91	381,855,853.31
<b>Total</b>	<b>649,645,354.34</b>	<b>432,684,792.22</b>	<b>572,827,875.91</b>	<b>381,855,853.31</b>

**(2). Description of incomes from contracts**
 Applicable  N/A

**(3). Description of performance obligations**
 Applicable  N/A

**(4). Description of allocation to remaining performance obligations**
 Applicable  N/A

Other description:

None

**5. Investment income**
 Applicable  N/A

Unit: Yuan Currency : RMB

Item	Amount for the current period	Amount for the prior period
Gains from long-term equity investment accounted for using the cost method		7,452,000.00
Long-term equity investment accounted for using the equity method		6,057,494.48
Investment income from held-for-trading financial assets during the holding period	200,000.00	
Investment income from disposal of held-for-trading financial assets	5,684,922.38	2,145,923.39
<b>Total</b>	<b>5,884,922.38</b>	<b>15,655,417.87</b>

Other description:

None

**6. Others**
 Applicable  N/A

**XVIII. Supplementary information**
**1. Breakdown of non-recurring profit or loss for the current period**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount	Description
Gain or loss on disposal of non-current assets	-4,939,437.34	
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	16,026,819.55	
Profit or loss on entrusted investments or assets management	5,795,366.82	
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises involving enterprises under common control	13,594,336.06	
Profit or loss on changes in the fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, other than those used in the effective hedging activities relating to normal operating business	-1,434,000.00	
Other non-operating income and expenses	-1,047,993.35	



Other gains or losses meeting the definition of non-recurring profit or loss	364,144.36	
Less: Effect of income taxes	2,770,765.40	
Effects attributable to minority interests (net of tax)	1,627,376.52	
Total	23,961,094.18	

It is required to specify the reason for defining items as non-recurring profit or loss items according to Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss, and reasons for defining non-recurring profit or loss items illustrated in Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss as recurring profit or loss items.

Applicable  N/A

## 2. Return on net assets and earnings per share

Applicable  N/A

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	1.86	0.10	0.10
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	0.89	0.05	0.05

## 3. Differences in accounting data under Chinese accounting standards and overseas accounting standards

Applicable  N/A

## 4. Others

Applicable  N/A

Chairman: LI Yi

Approval for submission by the Board of Directors: August 18, 2022

## Revision information

Applicable  N/A