

Stock Code: 688007

Stock Short Name: Appotronics



## **Appotronics Corporation Limited**

# **2023 Semiannual Report**

**August 2023**

本报告为深圳光峰科技股份有限公司自愿披露的《2023 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 2023 Semiannual Report (English version) voluntarily disclosed by Appotronics Corporation Limited. In the event of any discrepancy between the English and Chinese versions of this report, the Chinese version shall prevail.

## 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 Semiannual Report is true, accurate and complete and this Semiannual Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liability for this Semiannual 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 - V. Risk factors” for the relevant risks. The investors should be aware of the risk of investment.

**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, Principal of the Company, WANG Yingxia, Person in Charge of the Accounting Body, and WANG Yingxia, Chief Accountant, hereby warrant that the financial report contained in this Semiannual Report is 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 other 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. Others**

Applicable  N/A

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List of Documents Available for Inspection	Financial Statements with seals and signatures of the Principal of the Company, Person in charge of the Accounting Body, and Chief Accountant
	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 Appotronics	or	means	Appotronics Corporation Limited
Appotronics Ltd.		means	Appotronics Corporation Ltd., the predecessor of the Company
CINEAPPO		means	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.
Formovie, Chongqing Formovie		means	Formovie (Chongqing) Innovative Technology Co., Ltd.
Appotronics HK		means	Appotronics Hong Kong Limited
Appotronics Daye		means	Shenzhen Appotronics Daye Investment Partnership (LP)
Appotronics Deye		means	Shenzhen Appotronics Deye Consulting Partnership (LP)
Appotronics Hongye		means	Shenzhen Appotronics Hongye Consulting Partnership (LP)
Appotronics Chengye		means	Shenzhen Appotronics Chengye Consulting Partnership (LP)
Jinleijing		means	Shenzhen Jinleijing Investment Limited Partnership (LP)
Blackpine		means	Blackpine Investment Corp. Ltd.
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)
SSE		means	Shanghai Stock Exchange
Anker		means	Anker Innovations Technology Co., Ltd.
Dangbei		means	Hangzhou Dangbei Network Technology Co., Ltd.
ViewSonic		means	ViewSonic China Limited
Delta Electronics or Delta		means	Delta Electronics, Inc.
CES		means	International Consumer Electronics Show
AR		means	Augmented Reality
HUD		means	Head-Up Display
DCI		means	Digital Cinema Initiatives of the United States
DLP		means	Digital Light Processing
LCOS		means	Liquid Crystal on Silicon, a new reflective display technology that organically combines LCD and CMOS integrated circuits
LCD		means	Liquid Crystal Display
RGB		means	Optical three primary colors, R: red, G: green, B: blue
LED		means	Light Emitting Node, a common light emitting device
OSD		means	On-Screen Display, an adjustment method by using a menu displayed on the screen
CVIA		means	China Video Industry Association
4K		means	A screen resolution of digital products, representing the screen resolution of 4096×2160, which is an ultra-high-definition resolution
nit		means	The unit of brightness
IATF		means	International Automotive Task Force
ADB		means	Adaptive Driving Beam
AI		means	Artificial Intelligence
PCT		means	Patent Cooperation Treaty

## 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	<p>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</p> <p>2. September 6, 2007, Room 03, 17/F, Overseas Chinese High-tech Venture Building, South Area, High-tech Industrial Zone, Nanshan District, Shenzhen</p> <p>3. June 7, 2011, Area A, 1/F, Building 13, Xili Wenguang Industrial Zone, Nanshan District, Shenzhen</p> <p>4. October 24, 2012, 401 Shenzhen IC Design and Application Industrial Park, South to Chaguang Road, Xili Township, Nanshan District, Shenzhen</p> <p>5. December 14, 2017, 21-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen</p> <p>6. August 1, 2018, 20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen</p>
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	N/A

### II. Contact person and contact information

	<b>Board Secretary (Domestic representative for information disclosure)</b>
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 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	Office of the Board of Directors

reports	
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	1,073,249,037.75	1,269,322,202.11	-15.45
Net profit attributable to shareholders of the listed company	74,914,640.95	45,966,481.10	62.98
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	34,228,839.62	22,005,386.92	55.55
Net cash flow from operating activities	114,738,832.13	-78,553,359.67	N/A
	At the end of the reporting period	At the end of the prior year	Changes at the end of the reporting period from the end of the prior year (%)
Net assets attributable to shareholders of the listed company	2,725,371,454.07	2,647,663,487.59	2.93
Total assets	4,340,274,686.92	4,333,350,260.15	0.16

##### (II) Financial highlights

Financial highlights	During the reporting period (Jan. - Jun.)	Prior period	Change over the prior period (%)
Basic earnings per share (RMB/share)	0.16	0.10	60.00
Diluted earnings per share (RMB/share)	0.16	0.10	60.00
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.07	0.05	40.00
Weighted average return on net assets (%)	2.78	1.86	+0.92 percentage

			points
<b>Weighted average return on net assets after deduction of non-recurring profit or loss (%)</b>	1.27	0.89	+0.38 percentage points
<b>Proportion of R&amp;D investments to operating income (%)</b>	11.78	9.06	+2.72 percentage points

Explanation about the main accounting data and financial highlights

√ Applicable □ N/A

1. During the reporting period, the net profit attributable to shareholders of the listed company and the net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss increased by 62.98% and 55.55% year on year, respectively; the basic earnings per share, diluted earnings per share, and basic earnings per share after deduction of non-recurring profit or loss increased by 60.00%, 60.00%, and 40.00%, respectively year on year, primarily due to the following:

(1) During the reporting period, the incomes from the business of cinema projection services and the business of light sources and light generators increased by 32.75% and 18.43% year on year, respectively, while the proportion of the income from the To C business decreased, which changed the income structure and increased the overall gross profit margin by 7.39 percentage points;

(2) During the reporting period, the non-recurring profit or loss increased by RMB 16.7247 million year on year, an year-on-year increase by 69.80%, which caused a positive impact on the net profit attributable to shareholders of the listed company;

2. During the reporting period, the net cash flow from operating activities increased by RMB 193.2922 million year on year, which was mainly due to the optimized supply chain management, decreased payment for procurement, and net recovery of security deposits during the reporting period.

#### **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	-216,132.87	
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 policies and standards of the country)	33,198,815.57	VII. 84 of Section X
Profit or loss on entrusted investments or assets management	5,198,708.55	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	14,923,989.20	
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,	67,000.00	



derivative financial liabilities and other debt investments, other than those used in the effective hedging activities relating to normal operating business		
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	69,851.05	
Other non-operating income and expenses	14,480.93	
Other gains or losses meeting the definition of non-recurring profit or loss	442,061.07	
Less: Effect of income taxes	3,469,096.89	
Effects attributable to minority interests (net of tax)	9,543,875.27	
<b>Total</b>	<b>40,685,801.33</b>	

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

**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**

The Company, as a global leading enterprise in the field of laser display technology, stays market and customer demand-oriented, and continues to engage in the research, development, production and sales of laser display core devices and complete equipment based on the proprietary semiconductor laser light source technologies and architecture. We apply the semiconductor laser light source technology to household display, cinema, large venue, business education, and other conventional scenarios, and successfully expands to new fields such as automotive display, aviation display, AR, robots, etc., to provide customers with a full range of solutions.

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

Our products may be mainly classified into core laser display devices and complete laser display equipment. The core devices can be further classified into laser light source (cinema light source and large venue light source), laser TV and smart mini projection light generator, automotive optical core devices (automotive display, AR-HUD, laser headlights) and systems; 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**

###### **1 Development stage of the industry**

As an emerging industry, laser display is at a stage of rapid growth, and its growth drivers mainly come from: 1. technological progress has spawned emerging application fields, and semiconductor laser light source technology has been applied to the automotive optics and other fields, and the market has great potential for explosion; 2. the laser display industry in which the Company operates is one of the strategic emerging industries receiving the major support from the state for accelerated development. With the support of national and industry policies, more and more domestic enterprises and scientific research institutions enter the upstream and downstream fields of the laser display industry chain, strengthen the industrial chain, actively develop and iterate technology, thus further increasing the localization rate of core components of products.

###### **2 Basic characteristics of the industry**

In 2007, the ALPD® semiconductor laser light source technology invented by our R&D team created a wholly new semiconductor laser light source, which made a breakthrough in the application of core devices and imaging solutions of laser display, hence becoming the mainstream technical route for the laser display industry and widely used in vehicle, household, cinema, large venue, commercial, and education fields.

In terms of technology, the ALPD® semiconductor laser light source technology is compatible with various chip and technology routes, and is suitable for the DLP, LCOS, and LCD technologies. In terms of market, in addition to traditional applications such as cinema, large venue, and business education, emerging industries such as intelligent cockpit, intelligent networking, AR, and AI are booming, and gradually become a new application development focus of the laser display industry, and the overall scale of the industry continues to expand, which is expected to help to broaden the application scenarios of the ALPD® semiconductor laser light source technology.

### **3 Main technical barriers**

#### **(1) Core technologies and core devices**

The ALPD® technology independently developed by the Company at its early stage created a wholly new semiconductor laser light source - the ultra-high-brightness semiconductor laser light source based on rare earth light-emitting materials. The innovative combination of the semiconductor solid laser with the rare earth phosphor material is the key component of our ALPD® semiconductor laser light source technology. The blue laser of the gallium nitride (GaN) semiconductor material system is used to excite phosphor on the phosphor wheel, hence obtaining the green light and red light in a cost-effective manner.

On one hand, since the phosphor material contains numerous doping ions that emit light on their own, different doping ions emit light at slightly different time, and the lights are emitted towards various directions of the whole space, there is no time or spatial interference, hence eliminating speckle from the origin of the technology. On the other hand, thanks to the phosphor wheel as a core device developed and manufactured by the Company, and the rare earth phosphor materials as an advantageous industry of China, we can effectively control the costs of the devices.

As a result, our ALPD® semiconductor laser light source technology solves the problem of speckle and problem of costs of conventional RGB trichromatic laser display, hence achieving industrialization rapidly and becoming the mainstream technology architecture for laser display at present.

Our latest independently developed ALPD® 5.0 super panchromatic laser technology, which is a breakthrough on the basis of our early technology architecture, creatively integrates six light sources (three colors of laser light sources + three colors of LED light sources) by employing a unique light combination technology. This solves the technical bottleneck of pure three-color laser light sources or pure three-color LED light sources, effectively overcomes the problems of speckle and colorful edges caused by pure laser display and the problems of limited brightness for pure three-color LED, hence achieving the advantages of higher brightness, no speckle, and more comfortable colors.

#### **(2) Laser products**

Laser display products involve several fields, including optics, electronics, materials, physics, mechanical designing, precision manufacturing, etc. Specifically, in the designing of mechanical structures, simulation and designing of heat and stress, designing of optical lens and other components, electronic software and hardware (especially for image processing), analysis of ultra-high-definition signals, precision manufacturing, etc., the Company has profound technologies and manufacturing

processes barriers in all the foregoing fields.

It should be noted that at present, the ALPD® semiconductor laser light source technology is the only laser display and lighting technology meeting automotive standards thanks to its obvious technical advantages in the automotive optical field.

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

As the display technology of a new generation, thanks to the advantages of high brightness, small size, long service life, wide color gamut, environment friendliness, the ALPD® semiconductor laser light source technology has a broad space for market application. Besides the conventional display field, it has expanded to the automotive optics, AR, aviation, and many other innovative fields.

As a leader in the laser display technology, Appotronics has created a strong patent moat around the underlying technical architecture of the ALPD® semiconductor laser light source technology, which is hard to be bypassed by projection brands in the industry entering the route of laser phosphor technologies. We are committed in the breakthroughs, innovations, expansion of application scenarios, and industrialization of semiconductor laser light source technology, and created technology reserves and patent portfolios covering the whole technology chain of laser display technology from key system architecture, core devices to key algorithm. Thanks to the core competitive advantages consisting of “patent moat + technical barriers”, the Company holds a key position at the upstream core device stage.

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

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

We are committed in the breakthroughs, innovations, expansion of application scenarios, and industrialization of semiconductor laser light source technology, and created technology reserves and patent portfolios covering the whole technology chain of laser display technology from key system architecture, core devices to key algorithm. Meanwhile, the Company has devoted many R&D resources in the miniaturization of laser display system, light source architecture, complete equipment structure, machine perception and the preparation and processing of thin film materials to maintaining the leading position in the industry. As a Leader Level Member of the Laser Illuminated Projector Association (LIPA), we have participated in the preparation of the international laser display standard.

With the support of the data, algorithm and design solutions accumulated by us over the years, we can rapidly come up with 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. Meanwhile, we have continuously achieved breakthrough in automobile-grade laser light generators, AR optical modules, etc., and released products to the market.

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 technologies and core devices**

#### **A. Core technologies**

In November 2022, we officially released the ALPD® 5.0 super panchromatic laser technology, and moved further towards productization in 2023. Thanks to the innovation in the key technical architecture, this technology has the advantages of higher brightness, no speckle, and more comfortable colors.

Relying on the unique light combination technology and profound patent barriers, the ALPD® 5.0 super panchromatic laser technology integrates three colors of laser light sources with three colors of LED light sources to achieve the unprecedented integration of six light sources. This technology perfectly overcomes the technical bottleneck of pure three-color laser light sources or pure three-color LED light sources, effectively solves the problems of speckle and colorful edges, hence achieving the advantages of higher brightness, no speckle, and more comfortable colors to produce extreme visual experience for users.

On the basis of the innovative light source architecture, the ALPD® 5.0 super panchromatic laser technology also has an outstanding dynamic color gamut modulation, so that the system employs an algorithm to perform pre-analysis to identify the color gamut standard required for playing a video, and feeds back such standard to the light source for modulation; this accurately restores the color gamut that should be achieved for a corresponding image to present the truest colors and brightness.

#### **B. Core devices**

In the field of automotive core devices, we released the world's first automobile-grade colorful laser headlight at the 20<sup>th</sup> Shanghai International Automobile Industry Exhibition. Meanwhile, we also presented various immersive in-vehicle digital interaction solutions, such as window display, in-vehicle transparent display, in-vehicle entertainment large screen, smart surface, etc.

In the field of automotive display and lighting, the ALPD® technology used in our colorful laser headlights is the only laser technology that has passed the automobile-grade certification by now - it integrates the three functions of high beam, low beam, and projection display, and even implements colorful display for the first time to present ultra-high-definition and finer road display for more accurate ADB control, hence meeting the dual requirements of "lighting + display" for future smart headlights.

There are obvious advantages for applying laser light sources to smart headlights. Firstly, the laser is brighter. With the same DLP or LCoS chip, the luminous flux of laser is 4 times of LED. Secondly, laser devices are smaller. For example, our laser headlight module can implement the light aperture of 10mm x 10mm in the headlight, hence meeting the light distribution requirements for both the high beam and low beam.

Moreover, the ALPD® colorful laser headlight is a programmable component; therefore, we can develop various applications specific for driving, entertainment, and human-vehicle interaction for vehicle manufacturers, so as to create new experience of intelligent vehicles for consumers.

In the field of household core devices, based on the ALPD® semiconductor laser light source technology, we are continuously developing light generator products for laser mini projectors to meet diversified requirements of customers. During the reporting period, we supplied light generators for Dangbei's new laser projector D5X Pro. The light generator adopts the ALPD® semiconductor laser light source technology to present high-brightness, clear, and speckle-free images, hence creating more eye-friendly use experience for consumers. Thanks to the high performance of laser light generators, this light generator allows appearance designed with a smaller and more compact size of the overall device.

### **C. Algorithms**

During the reporting period, based on the study achievements of 3D visual algorithms, we developed the 3D and real-time projection and rendering system based on multiple points of sight, which can accurately sense the geographic information and semantic information of the projection bearing surface, render 3D content in real time, and achieve high-precision overlapping projection display. Being suitable for rapid mass production and measurement against specifications, and being equipped with functional modules for device parameter estimation, projection assistance (i.e. automatic focusing, automatic omnidirectional correction, automatic obstacle avoidance, automatic screen-in, non-inductive focusing, non-inductive omnidirectional correction etc.), high-quality 3D model reconstruction for the projection bearing surface, AI object gesture estimation, real-time overlapping projection rendering, monocular/binocular 3D rendering, AI content generation etc., this system can achieve high-quality 3D sensing and real-time rendering in projection augmented reality (projection AR) applications, making projection more interesting and novel. This algorithm system may be applied to large venue, consumer, and other fields to provide customers with solutions of greater functions, and provide consumers with more genuine and immersive experience.

#### **(2) Branded complete equipment**

##### **A. Household products**

In the field of household smart mini projectors, Formovie released multiple new projectors, including X5 laser projector, Xiaoming Q3 and Q3 MAX smart projectors, etc. In March 2023, Formovie officially released the X5 laser projector, which was the first projection product directly adopting the CVIA brightness standard in the industry. Being equipped with the ALPD® semiconductor laser light source technology, the X5 laser projector can achieve speckle-free and eye-friendly 4K resolution and the brightness up to 4,500 CVIA lumens, which is brighter than TVs and achieved projection for a 1,800-inch giant screen.

In the field of household laser TVs, Formovie released the laser TV C3 in May 2023. Being equipped with the ALPD® semiconductor laser light source technology that is same as high-end cinema laser halls, this product can display outstanding, clear, and speckle-free images while improving the brightness performance to 400nit.

##### **B. Dedicated display equipment**

In March 2023, we released the T Pro, G Pro, D, and other series of large venue projectors at the Summit of Dedicated Display Core Partners, and achieved product upgrade in terms of brightness, image

quality, and lens adaptation. The T Pro series high-brightness large venue projector is a laser large venue projector with stable performance and brightness up to 30,000lm; it is equipped with the ALPD® dual-color laser light source technology and the 3DLP imaging technology to produce outstanding colors. The core light source has the service life of up to 20,000 hours and supports dual-channel signal backup. Being able to restore colors accurately with outstanding stability, this product is suitable for large venues, outdoor lighting, stage performance, and lease scenarios. In terms of software, we released the “new Appotronics OSD system” and “Appotronics dedicated console system” to improve the control of projectors during installation, adjustment, and management, helping users to efficiently complete project management, operation, and maintenance.

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

	Increase		Total	
	Applications (pcs)	Granted (pcs)	Applications (pcs)	Granted (pcs)
Patent for invention	58	41	1,669	1,007
Patent for utility model	94	88	798	682
Patent for design	12	10	232	212
Software copyright	0	6	133	133
Others	32	45	1,150	1,025
<b>Total</b>	<b>196</b>	<b>190</b>	<b>3,982</b>	<b>3,059</b>

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 15 valid PCT international patent applications.

### 3. R&D investments

Unit: Yuan

	Current period	Prior period	% Change
R&D investments expensed	126,406,142.12	114,959,786.37	9.96
R&D investments capitalized	-	-	-
Total R&D investments	126,406,142.12	114,959,786.37	9.96
Proportion of R&D investments to operating income (%)	11.78	9.06	+2.72 percentage points
Proportion of R&D investments capitalized (%)	-	-	-

#### Reason 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: 0'000 Yuan

No.	Item	Estimated total investment	Investment in the current period	Aggregate investment	Progress or interim results	Goals	Technological level	Application scenario
1	Innovative projection and optical application	17,087.00	3,435.95	7,336.94	Laboratory test	Provide customized automotive optical products for vehicle manufacturer brands, and develop AR optical modules, etc.	Leading in the industry.	Automotive, AR, and other innovative scenarios.
2	Core device light source and light generator project	10,062.00	1,368.37	6,873.03	Mass production	Continuously develop the new generation ALPD® semiconductor laser light source technology to achieve light sources and light generators with wider color gamut, higher brightness, and higher energy efficiency.	Leading in the industry.	Continuous development of core technologies and core devices for use in various fields.
3	Laser TV	10,204.00	1,504.13	10,006.10	Mass production	Develop laser TVs with advantageous performance such as high brightness and eye-friendliness.	Leading in the industry.	Household laser TVs.
4	Laser cinema projector	11,464.00	1,489.51	9,596.82	Mass production	Develop DCI-compliant and highly cost-effective household cinema projectors; and DCI-compliant LED cinema screen for cinema projection halls.	Leading in the industry.	Intended for the high-end household market and projection halls at cinemas.
5	Smart mini projector	17,452.00	3,451.71	12,575.21	Mass production	The smart mini projector products with high performance and high cost effectiveness will be researched and developed, and different series of products will be laid out to make breakthroughs in technology innovation, product form innovation and quality upgrade and meet different	Leading in the industry.	Intended for home mini projector market.



						user needs.		
6	Dedicated display products (large venue + business education)	8,004.00	1,390.94	5,821.26	Mass production	Multiple laser large venue projectors with high brightness, education projectors, and business projectors with cost effectiveness will be researched and developed for meeting different user needs.	Leading in the industry.	Large venue projector, business education projector and other fields.
<b>Total</b>	-	<b>74,273.00</b>	<b>12,640.61</b>	<b>52,209.36</b>	-	-	-	-

## 5. R&D staff

Unit: 0'000 Yuan Currency: RMB

<b>Basic information</b>		
	Current period	Prior period
Number of R&D staff (persons)	465	471
Proportion of R&D staff to total employees of the Company (%)	31.33	30.45
Total compensation of R&D staff	8,664.32	7,641.61
Average compensation of R&D staff	18.63	16.22

<b>Education</b>		
Academic background	Number	Percentage (%)
Master and above	132	28.39
Bachelor and below	333	71.61
Total	465	100

  

<b>Age structure</b>		
Age	Number	Percentage (%)
Below 30 (exclusive)	162	34.84
30-40 (including 30, excluding 40)	198	42.58
40 and above	105	22.58
Total	465	100

Note: The average compensation of R&D staff shown in the table above was the average compensation for the first half of 2023 and the first half of 2022, respectively.

## 6. Other information

Applicable  N/A

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

#### (I) Analysis of core competitiveness

Applicable  N/A

##### 1. High-quality R&D team to accelerate product R&D and iteration

The Company stays innovation-driven, continues to increase R&D investment in forward-looking technology arrangement and product technology development. As a high-tech enterprise, the Company will continue to improve R&D capabilities as the main theme of the Company's core competitiveness, and continue to improve the R&D system. With Mr. LI Yi, Chairman and General Manager, as the core personnel of R&D, the Company has established a leading R&D team in optical modules, mechanical designing, thermal simulation, software and hardware control and preparation of rare earth phosphor materials, developed and innovated the laser display technology for many years, thus having accumulated profound R&D technical strength and got a deep understanding and judgment of the industry's cutting-edge technology and development trend.

The Company has set up a research institute and a research and development center to jointly coordinate technology planning, development and accumulation. The institute carries out forward-looking product technology research and product verification, develops it into a new product under a new application scenario, and ensures that R&D resources are advanced; the R&D center, combining the R&D and scientific research achievements of the research institute, coordinates the management of new product development until mass production and launch. With leading R&D technical resources, the

Company significantly improves the efficiency of R&D planning through the cooperation of R&D center and research institute, and applies the latest R&D achievements to projection display products.

### **2.Relying on the technical advantages of core devices, all-round forward-looking strategic arrangement for application scenarios is made**

Based on the technical advantages of core devices and market development trends, the Company has been committed to the breakthrough and innovation of semiconductor laser light source technology, the development of application scenarios and the industrialization promotion, and thus forms the technical reserve and patent arrangement of the whole technology chain of laser display from key system architecture, core devices to key algorithms, and constantly optimizes and improves the strategic arrangement of automotive optics, aviation display, AR and other application fields. We promote the innovative application of core devices in new fields and new tracks, and continue to broaden the long-term growth space of core device value.

### **3.Build a patent moat around the underlying technical architecture**

The Company takes the underlying technical architecture patent of the original semiconductor laser light source technology as the center, and builds a solid and interconnected intellectual property patent system, and it is difficult for competitors to fully imitate or directly bypass the underlying patent arrangement of the Company's laser phosphor technology route. The Company actively responds to the national "intellectual property power strategy" and increases the proportion of high-value patents. As of June 30, 2023, the Company had a total of 2,714 patents filed and granted throughout the world, including 1,901 patents granted throughout the world, of which 1,007 ones were patents for invention.

In terms of technology leadership, the Company's original semiconductor laser light source technology has become the mainstream technology in the current laser display field, and as the underlying key architecture technology, it has been used more than 670 times by leading companies in the same industry, such as Philips of the Netherlands, Osram of Germany and Epson of Japan.

### **(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**

In the first half of 2023, we persisted in the core strategy of "core technologies + core devices + application scenarios" in response to challenges in the operating environment. Meanwhile, we increased R&D efforts for core technologies and growth businesses to build up energy for sustainable development of the Company.

During the reporting period, we made continuous efforts to expand the business of automotive core devices; the stable recovery of the business of cinema core devices and the business of dedicated display improved the overall gross profit margin of the Company; the business of household core devices and To C products experienced revenue reduction due to prudent consumption of the public and change in consumption habits. During the first half of 2023, our operating income was RMB 1.073 billion, decreased by 15.45%; the net profit attributable to the parent company reached RMB 74.9146 million,

increased by 62.98% year on year; and the overall gross profit margin of the Company was 37.70%, increased by 7.39 percentage points year on year.

## **1. Core device business**

### **1.1 Orderly carried out the business of automotive core devices to build a solid and all-round foundation for development**

➤ **Obtained fixed orders from multiple vehicle manufacturers to continuously increase the ALPD® installations**

During the reporting period, after making active efforts to communicate with well-known automobile manufacturers and the downstream and upstream players in the supply chain, and to promote favorable cooperation, we received the *Development Nomination Letters* from BYD, Beijing Electric Vehicle, and other outstanding vehicle manufacturers, which led to the stable development of the business of automotive core devices. The increase in fixed orders and the mass production and delivery of products under corresponding fixed orders will lead to positive impact on the operating performance of the Company during the project life cycle of the business of automotive core devices.

At the end of the period, besides the 5 nominations we have obtained, we also communicated with multiple vehicle manufacturers on laser headlights, AR-HUD, and other products to build the foundation for projects of their new vehicle models.

➤ **Actively participated in major industry exhibitions and released new products and new concepts for automotive optics**

In January 2023, at the International Consumer Electronics Show (CES 2023), the automobile brand BMW released Dee - the world's first concept car equipped with the multi-window immersive display technology at four windows, which technology was supplied by Appotronics. An ultra small-sized and high-brightness ALPD® DLP light generator is used to achieve the functions of projection inside and display outside, and projection inside and display inside at the side windows, so that the driver and passengers can interact with the display image either inside or outside of the car.

In addition, at the 20<sup>th</sup> Shanghai International Automobile Industry Exhibition held in April 2023, we made our debut with an exhibition car equipped with the automotive immersive laser display and lighting technical scenario, and released the world's first automobile-grade colorful laser headlight, and the immersive in-vehicle digital interaction solution containing window display, in-vehicle transparent display, in-vehicle entertainment large screen, smart surface. This presented our new concept for various automotive optical scenarios in the future, hence providing drivers and passengers with experience that is more intelligent and interesting.

➤ **Built a comprehensive supply chain system for the automotive optical business to get ready for delivery of products for dedicated projects**

We constantly build and improve the supply chain system in consideration of IATF standards, automotive industry standards, and the requirements of customers in cooperation at present, including but not limited to building different production lines for automotive products for mass production delivery to vehicle manufacturer customers; constantly optimizing the plan and delivery management,

manufacturing management, engineering management, quality management, and other functions in accordance with the whole-process designing for automotive projects; and building a set of strict procedure management system containing quality control, procurement management, engineering management, and production management specific for the automotive business, so as to ensure the quality of automotive products both on complete vehicles and on the end market.

➤ **Strengthened the patent layout in intellectual property rights to enhance the unique advantages in automotive optics**

In the field of automotive display and lighting, our ALPD® semiconductor laser light source technology is the only laser technology that has passed the automobile-grade certification by now. While continuously enhancing R&D efforts for automotive optics, we constantly improve the patent layout in technologies for automotive core devices to enhance our head start advantages and unique advantages in the field of automotive optics. During the reporting period, we have 62 new patents granted and filed for technologies of automotive core devices, an increase of 113.79% year on year; as of June 30, 2023, we have a total of 176 patents granted and filed, an increase of 70.87% year on year.

In consideration of the growing demands for intelligentization and scientific technologies in vehicles, we will actively expand the business of automotive core devices in three major directions, namely, automotive display, laser headlight, and AR-HUD, actively explore more novel and comfortable smart vehicle experience with outstanding domestic and overseas automakers and upstream and downstream partners in the supply chain, and make use of our resources to develop high-quality dedicated products, hence driving the rapid development of the growth business.

**1.2 Achieved outstanding performance in the business of cinema core devices and significant results in overseas market expansion**

With respect to the domestic market, the cinema market was gradually recovering - the number of films shown increased by 50% year on year in the first half of 2023. According to the statistics of China Film Administration, as of June 30, 2023, the total box office in China for the first half of 2023 was RMB 26.271 billion, up by 52.91% year on year. Driven by multiple favorable factors, such as sufficient supply of films and increased showings, we achieved the operating income of RMB 180 million from the business of cinema projection services, up by 32.75% year on year. Thanks to the accumulation and leading advantages built by the Company for multiple years, we achieved over 800 installations of newly leased light sources during the reporting period. As of June 30, 2023, over 28,600 sets of ALPD® laser light source projection solutions have been installed throughout China. Besides the cinema projection services, the subsidiary CINEAPPO continuously improved its product portfolio in recent years, and built various innovative products and services in consideration of the different requirements of cinema customers.

With respect to the overseas market, the box office in the North America was USD 4.4 billion in the first half of 2023, up by nearly 20% year on year. Given the continuous increase in the film watching demands, we will take active measures to expand the overseas market. Our light source business has expanded to North America, Europe, the Middle East, Southeast Asia, and other regions.

### **1.3 Accelerated the pace for productization of ALPD® 5.0 in the transitional period of the smart projection market**

Entering the year 2023, the public became more prudent in consumption, which affected the demands of consumer electronics to a certain extent. Meanwhile, the market entered a transitional period due to changes in the arrangement of smart projection brands. In the first half of 2023, our Business Division of Household Core Devices worked actively to assist Dangbei, ViewSonic, Anker, and other customers in releasing new products.

We officially released the ALPD® 5.0 super panchromatic laser technology in November 2022. Thanks to the innovation in the key technical architecture, this technology has the advantages of higher brightness, no speckle, and more comfortable colors. In this year, we will take the lead in releasing ALPD® 5.0 light generator products in the household field, and the Business Division of Household Core Devices will assist customers in releasing new products to allow consumers to experience projection products that are more outstanding.

## **2. Brand business**

### **2.1 Favorable recovery of the dedicated display business to build an ecology of core partners**

The reporting period witnessed the gradual recovery of the cultural and tourism lighting, night economy, and cultural and art market in China. We helped customers in multiple benchmark projects, including the light show on the world's highest cooling tower - "Lighting Show Program of the Indirect Cooling Tower of Mengtai Dongsheng Phase II". Meanwhile, thanks to the recovery of offline education activities, our education business performed outstandingly. In the first half of 2023, we achieved the operating income of RMB 202 million from the dedicated display business, which achieved favorable recovery with the increase by 13.79% year on year.



**Figure 1: Lighting Show Program of the Indirect Cooling Tower of Mengtai Dongsheng Phase II**

To deepen the strategic cooperation with core customers and partners, we held a summit of core partners under the theme of “Innovate Together to Create a Bright Future” in March 2023, at which we explored new opportunities and technical trends with core partners, and released multiple new products and software. In terms of new products, we released the T Pro, G Pro, D, and other new products and achieved product upgrade in terms of brightness, image quality, and lens adaptation. In terms of software, we released the “new Appotronics OSD system” and “Appotronics dedicated console system” to improve the control of projectors during installation, adjustment, and management, helping users to efficiently complete project management, operation, and maintenance.

For the overseas market, relying on the core advantages of the ALPD® semiconductor laser light source technology, we will further improve the influence of the ALPD® brand, enhance the overseas layout, and expand the size of the overseas business.

**2.2 Formovie improved the ratio of self-branded business to 78% despite the short-term fluctuation in the demands of consumer electronics**

Under the industry background of prudent consumption of the public, change in consumption habits, and change in market conditions, the subsidiary Formovie continuously improved its business structure by making great efforts to develop the cost-effective sub-brand Xiaoming and actively responding to the changes in the current market conditions. This increased the ratio of Formovie’s self-branded business to its total income to 78%.

During the reporting period, facing the short-term fluctuation in the market of consumer electronics, Formovie paid great attention to the cultivation and development of its self-branded products, and released new products such as the laser projector X5, laser TV C3, Xiaoming Q3 and Q3 MAX smart projector.

**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. Risks of the macro environment and the consumer electronics industry**

At present, given that the global economy is experiencing cyclical fluctuation, both domestic and overseas economy is complex and prone to changes. Under such circumstances, the public are more prudent in consumption, which slows down the demands on the consumer electronics market. As optional consumption products, smart projection products are facing more significant short-term fluctuation.

We will continue to enhance efforts for studying the macro economic conditions, closely follow the development trend of the consumer electronics industry, conduct in-depth research into market demands, constantly enhance efforts for product R&D and technology investment, improve our R&D and product

designing competence, assess risks rapidly, and take initiative to make relevant business adjustment, hence improving the risk tolerance of the Company.

## **2. Financial risks**

### **(1) Risk of impairment of accounts receivable**

As of the end of the reporting period, the book value of our accounts receivable was RMB 206.7273 million, accounting for 4.76% of our total assets. Our products are generally delivered after receiving the payment therefor. We give certain credit period to some major and high-quality 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.

The Company strengthens risk management and control, continuously tracks and controls customer credit, and strengthens the assessment of accounts receivable collection, and establishes an early warning system for overdue accounts receivable; for individual customers who maliciously default and have a long period of arrears, payment will be recovered through arbitration, litigation and other legal methods.

### **(2) Risk of impairment of inventories**

As of the end of the reporting period, the book value of our inventories was RMB 757.7190 million, accounting for 17.46% of our assets. Our inventories mainly comprise raw materials and goods in stock. In the event of any significant change in the competition pattern of the industry, and material innovation in laser display technology and products, the recoverable amount of the inventories will be lower than their book value. The impairment of inventories will have a negative effect on our earnings. The Company will pay close attention to the changes in supply and demand of the industrial chain, and promptly carry out production and marketing coordination according to the market and production conditions to reduce product inventory risks.

### **(3) Risks of impairment of fixed assets**

As of the end of the reporting period, the book value of our fixed asset was RMB 379.9624 million, accounting for 8.75% 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 71.87%. If force majeure factors result in shutdown 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. In order to cope with the above risks, the Company will pay close attention to the status of fixed assets, strengthen communication with business departments, improve the efficiency of asset use, and reduce the risk of impairment. In the meanwhile, for assets that show signs of impairment, the Company will measure the recoverable amount and make an impairment provision for fixed assets based on the difference between the recoverable amount and the carrying value.

### **(4) Risks of exchange rate movement**

The Company's procurement and sales involve a variety of foreign currencies, of which dollar is the main foreign currency. If the exchange rate of the relevant currency fluctuates, it will have a certain



impact on the Company's financial position. In this regard, in order to effectively avoid the risks of the foreign exchange market, prevent large fluctuations in the exchange rate from adversely affecting the Company's business performance, improve the efficiency of the use of foreign exchange funds, and reasonably reduce financial costs, the Company carries out foreign exchange derivatives and other businesses in a timely manner to reduce the risk of exchange rate fluctuations.

### 3. Risks in failing to implement investment projects as expected

Under the impact of changes in the internal and external environment, there are risks that the Company cannot implement investment projects as expected. Despite the efforts of the Company in enhancing the management over investment projects, accelerate the progress of investment projects, and constantly monitoring the progress of such investment projects, in the actual implementation, this cannot avoid situation like delayed construction compared with the plan, or adjustment to the implementation plan or solution in response to industry and market development. Upon the occurrence of such circumstances, the Company will make decisions in accordance with relevant provisions and promptly fulfill its obligations for information disclosure.

### 4. 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.

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. The Company has engaged a professional attorney team and taken relevant legal measures to safeguard the legitimate rights and interests of the Company and all shareholders in accordance with law, and will promptly fulfill the information disclosure obligations in accordance with relevant provisions.

## VI. Main business activities during the reporting period

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

### (I) Analysis of main business

#### 1 Analysis of changes in the lines of financial statements

Unit: Yuan Currency: RMB

Item	Current period	Prior period	% Change
Operating income	1,073,249,037.75	1,269,322,202.11	-15.45
Operating costs	668,659,467.49	884,560,607.88	-24.41
Selling expenses	143,399,660.02	120,302,361.36	19.20
Administrative expenses	86,696,223.82	106,015,842.36	-18.22
Financial expenses	-17,021,406.56	-3,353,880.91	N/A
R&D expenses	126,406,142.12	114,959,786.37	9.96
Net cash flow from operating	114,738,832.13	-78,553,359.67	N/A

activities			
Net cash flows from investment activities	-260,010,504.24	5,167,457.19	-5,131.69
Net cash flows from financing activities	110,646,737.55	124,508,865.09	-11.13

**Description of reasons for changes in the operating income:** The operating income decreased by 15.45% year on year, primarily due to the year-on-year decrease by 39.97% of the To C business;

**Description of reasons for changes in operating costs:** The operating costs decreased by 24.41% year on year, primarily due to the decrease in the operating costs corresponding to the year-on-year decrease by 39.97% of the operating income from the To C business;

**Description of reasons for changes in the selling expenses:** The selling expenses increased by 19.20% year on year, primarily due to the increase in marketing fees, salaries of the sales staff, etc.;

**Description of reasons for changes in the administrative expenses:** The administrative expenses decreased by 18.22% year on year, primarily due to the year-on-year decrease by RMB 19.2929 million of the share-based payment;

**Description of reasons for changes in the financial expenses:** The financial expenses decreased by RMB -13.6675 million year on year, primarily due to the year-on-year increase in the subsidy for interests on loans and interest incomes received;

**Description of reasons for changes in the R&D expenses:** The R&D expenses increased by 9.96% year on year, primarily due to the increase in the R&D expenses in the business of automotive core devices;

**Description of reasons for changes in the net cash flows from operating activities:** The net cash flow from operating activities increased by RMB 193.2922 million year on year, primarily due to the optimized supply chain management, decreased payment for procurement, and net recovery of security deposits during the reporting period;

**Description of reasons for changes in the net cash flows from investment activities:** The net cash flow from investment activities decreased by 5,131.69% year on year, primarily due to the increase in the purchase of wealth management products;

**Description of reasons for changes in the net cash flows from financing activities:** The net cash flow from financing activities decreased by 11.13% year on year, primarily due to the increase in the repayment of due bank loans.

## 2 Detailed description of major changes in the business types, profit composition or profit sources of the Company

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
Held-for-trading financial	564,877,200.00	13.01	352,880,000.00	8.14	60.08	Primarily due to the increase in the purchase of structural

assets						bank deposits in the current period
Notes receivable	3,404,025.55	0.08	2,234,687.77	0.05	52.33	Primarily due to the increase in commercial acceptance bills received in the current period
Receivables financing	15,223,418.33	0.35	4,279,041.00	0.10	255.77	Primarily due to the increase in bank acceptance bills received during this period
Contract assets	1,608,301.56	0.04	1,061,581.35	0.02	51.50	Primarily due to the increase in the warranty deposit for the new integration project in the current period
Non-current assets due within 1 year	28,306,652.31	0.65	13,431,554.82	0.31	110.75	Primarily due to the increase in the long-term receivables due within 1 year as of the end of the reporting period
Long-term receivables	22,198,629.19	0.51	11,524,193.80	0.27	92.63	Primarily due to the increase in the business of installment receipts in the current period
Other non-current assets	18,633,790.53	0.43	12,569,088.37	0.29	48.25	Primarily due to the increase in prepayments for long-term assets
Notes payable	80,254,013.57	1.85	201,299,388.57	4.65	-60.13	Primarily due to the payment of bank acceptance bills that are payable at the beginning and paid during the reporting period
Employee benefits payable	29,744,716.45	0.69	58,470,960.55	1.35	-49.13	Primarily due to the payment of accrued salaries and wages as well as bonuses for the preceding year in the current period
Other payables	119,907,648.52	2.76	56,662,357.08	1.31	111.62	Primarily due to the subscription amounts for restricted shares received in the current period, for which the share registration has not been completed
Other current liabilities	9,799,529.40	0.23	28,383,608.37	0.66	-65.47	Primarily due to the payment made in the current period for

						rebates incurred in the prior period
Long-term borrowings	531,486,901.70	12.25	403,720,542.45	9.32	31.65	Primarily due to the new long-term bank borrowings incurred in the current period
Deferred income	5,112,246.23	0.12	8,651,422.26	0.20	-40.91	Primarily due to the recognition and conversion of deferred income to other income

Other information

None

## 2. Overseas assets

Applicable  N/A

### (1) Size of assets

Including: The overseas assets were RMB 481.0871 million, representing 11.08% of the total assets.

### (2) Explanation about the high proportion of overseas assets

Applicable  N/A

Other information

None

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance of book value	Reason
Other monetary funds	10,961,787.42	Security deposits
Bank deposits	40,000,000.00	Term deposits
Bank deposits	5.49	Accounts not handling for a long time
Intangible assets	275,524,999.80	Mortgage collateral
<b>Total</b>	<b>326,486,792.71</b>	-

## 4. Other information

Applicable  N/A

**(IV) Analysis of investments**
**Overall analysis of external equity investments**

✓ Applicable □ N/A

Unit: Yuan Currency: RMB

Investment amount in the reporting period (in RMB)	Investment in the same period of the prior year (in RMB)	Range of change
156,523,146.05	159,724,538.60	-2.00%

**1. Material equity investments**

□ Applicable ✓ N/A

**2. Material non-equity investments**

□ Applicable ✓ N/A

**3. Financial assets at fair value**

✓ Applicable □ N/A

Unit: Yuan Currency: RMB

Asset category	Opening balance	Gain or loss on changes in fair value for the period	Cumulative fair value changes included in equity	Impairment of the current period	Purchase amount for the current period	Sale/redemption for the current period	Other changes	Closing balance
Equities	12,880,000.00							12,880,000.00
Others	351,354,460.38		-4,900,000.00		222,941,577.33			574,296,037.71
<b>Total</b>	<b>364,234,460.38</b>		<b>-4,900,000.00</b>		<b>222,941,577.33</b>			<b>587,176,037.71</b>

Note: "Others" mainly include structured deposits and other equity instruments, described in detail in XI of Section X.

Description of securities investments

✓ Applicable □ N/A

Unit: Yuan Currency: RMB

Security type	Security code	Short name	Initial investment cost	Source of funds	Opening book value	Gain or loss on changes in fair value for the period	Cumulative fair value changes included in equity	Purchase amount for the current period	Sale for the current period	Gains or losses from disposal	Closing balance of book value	Accounting account
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Domestic and overseas shares	835438	Gabrielle	14,000,000.00	Self-owned capital	12,880,000.00						12,880,000.00	Held-for-trading financial assets
<b>Total</b>	-	-	<b>14,000,000.00</b>	-	<b>12,880,000.00</b>						<b>12,880,000.00</b>	-

Description of investments in private funds

Applicable  N/A

Description of derivative investments

Applicable  N/A

The Company held the 16<sup>th</sup> meeting of the second Board of Directors on October 28, 2022, at which the *Proposal on Carrying out Foreign Exchange Derivatives Trading Business* was deliberated and approved, under which the Company and subsidiaries in the scope of consolidation were allowed to engage in the business of foreign exchange derivative products for no more than USD 35.00 million (the funds may be used on a rolling basis within such quota), and the management or relevant staff of the Company were authorized to implement relevant specific affairs. This proposal is valid for 12 months from the date when it is deliberated and passed by the Board of Directors of the Company. In the current period, the Company carried out the business of foreign exchange derivative products in the amount of USD 5.00 million. This business has become expired by the end of the period.

**(V) Sale of material assets and equities**

Applicable  N/A

**(VI) Analysis of major investees**

Applicable  N/A

Unit: 0'000 Yuan Currency: RMB

Company name	Main business	Registered capital	Shareholding ratio	Total assets	Net assets	Operating income	Net profit
CINEAPPO	Provision of cinema projection services and sales of projectors	10,000.00	67.80%	81,132.24	44,672.68	24,187.64	4,716.46
Chongqing Formovie	R&D and sale of household display products	7,017.54	39.19%	79,752.84	-15,573.76	37,600.18	-7,921.68
Appotronics HK	R&D and sale of laser light source	30,116.15	100.00%	43,254.05	35,443.24	8,162.26	-2,129.88

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

Applicable  N/A

**VII. Other disclosures**

Applicable  N/A

## Section IV Corporate Governance

### I. General meetings of shareholders held

Session	Date of meeting	Reference to resolutions published on the designated website	Date of disclosure of resolutions	Resolutions
Annual general meeting of shareholders in 2022	May 19, 2023	www.sse.com.cn	May 20, 2023	Refer to the <i>Announcement on the Resolutions of the Annual General Meeting of Shareholders in 2022</i> (No. 2023-020) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on May 20, 2023 for details.

#### Extraordinary general meeting of shareholders requested by the preferred shareholders 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. After being certified by Beijing Zhong Lun (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

Description of changes in directors, supervisors, senior officers and key technical staff

Applicable  N/A

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 or capitalization of the capital reserve

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

Whether to implement profit distribution or capitalization of the 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	-
Description of the proposal for profit distribution or capitalization of the capital reserve	
-	

### IV. Share incentive plan, employee stock ownership plan or 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
On June 25, 2023, the Company held the 20 <sup>th</sup> meeting of the second Board of Directors and the 19 <sup>th</sup> meeting of the second Board of Supervisors, deliberating and approving the <i>Proposal on Adjustments to Grant Prices under the Company's Restricted Share Incentive Plan</i> , the <i>Proposal on Invalidating Partially Granted but Not Vested Restricted Shares</i> , the <i>Proposal on Meeting Vesting Criteria for the First Vesting Period in the Initial Grant under 2022 Restricted Share Incentive Plan</i> , and other related proposals.	Refer to the relevant announcements disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on June 27, 2023 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 information

Applicable  N/A

Employee stock ownership plan

Applicable  N/A

Other incentives

Applicable  N/A

## Section V Environment and Social Responsibilities

### I. Environment

Whether mechanisms related to environmental protection have been established	Yes
Investment in environmental protection funds during the reporting period (unit: RMB 0'000)	17.24

**(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 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, development, production and sales of laser display core devices and complete equipment and application of semiconductor laser light source technologies to different scenarios based on the proprietary semiconductor laser light source technologies and architecture, making it a low energy consumption enterprise. 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, did not conduct its routine production and operation in the heavy pollution industry identified by relevant national laws and regulations, and its production and operating activities had little impact on environment.

During its production, the Company mainly emits waste gas, waste water and solid waste, which have been properly handled in accordance with the requirements of relevant authorities and industrial parks. For waste gas, we apply the level II standards defined in the *Emission Limits of Air Pollutants* (DB44/27-2001) promulgated by Guangdong Province. The waste gas is treated by an environment protection facility, and emitted when reaching the waste gas emission criteria. Moreover, we engage a professional third-party inspection institution every year to monitor and assess the waste gas emitted. Of the waste water, domestic sewage is pre-processed according to standards, and discharged through the municipal sewage pipelines to the regional water quality purification plant for in-depth processing. 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. With respect to solid waste, industrial solid waste is 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) certification in 2019. All of our products are green products and have passed China environmental labeling product certification, RoHS, REACH and other certifications.

We actively implemented internal measures to reduce costs and improve efficiency, and achieve energy conservation and environment protection by means of technical innovation. For example, our ALPD® 5.0 super panchromatic laser technology can achieve the energy efficiency of up to 20 lm/W and improve the efficiency by about 100% compared with other light sources, hence significantly reducing energy consumption while maintaining the high brightness. To promote green office among employees, we replaced paper approval with online approval, which effectively reduced the paper consumption at the office. Moreover, we encouraged employees to shut down devices when leaving their posts, turn off the light for one hour at the lunch break, and take the employee bus, hence improving employees' awareness of energy conservation and environment protection. We actively implemented rules of energy conservation and emission reduction and daily management measures, and effectively carried out measures to save water and power.

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

<b>Whether carbon reduction measures are in place</b>	Yes
<b>Reduction of CO<sub>2</sub> equivalent emissions (in tons)</b>	414,203
<b>Types of carbon reduction measures (e.g., using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that contribute to carbon reduction, etc.)</b>	To develop and produce new products that facilitate carbon reduction: The xenon lamp light sources used for projection at conventional cinemas have the characteristics of high power consumption and fast brightness attenuation. Our ALPD® laser light source, thanks to its obvious advantages in energy and power conservation, can reduce power consumption by about 1.8 degree for each hour compared with xenon lamps.

Specific description

Applicable  N/A

To verify the use performance of the ALPD® laser light source, a cinema in Hebei Province selected two cinema halls with almost identical conditions, and retained the xenon lamp light source in one hall while upgrading the other hall with the ALPD® laser light source. After operation for two months, given the basically same film programming, the xenon lamp hall consumed a total of 1,076 degrees of electricity, making the hourly electricity consumption of 2.91 degrees; while the ALPD® laser hall consumed 403 degrees of electricity, making the hourly electricity consumption of 1.1 degrees, which reduced the hourly electricity consumption by 1.81 degrees compared with the xenon lamp hall.

As of the end of the reporting period, we have installed over 28,600 sets of our ALPD® laser light source projection solution throughout China, achieving the total light source operation of about 268 million hours. On the basis of the average of about 1.8 degrees of electricity saved per hour, this saved a total of about 482 million degrees of electricity, equivalent to reducing the CO<sub>2</sub> emission by 0.4142 million tons.

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

Applicable  N/A

## 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
Covenant relating to IPO	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	Refer to IPO Prospectus	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

Covenant relating to IPO	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	Refer to IPO Prospectus	36 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
Covenant relating to IPO	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 such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	12 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
Covenant relating to IPO	Others	Issuer's covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Directors, supervisors and senior officers' covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to	Others	Issuer's covenant regarding remedial measures for diluted	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A

IPO		earnings in the current period							
Covenant relating to IPO	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding remedial measures for diluted earnings in the current period	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A	
Covenant relating to IPO	Others	Directors and senior officers' covenant regarding remedial measures for diluted earnings in the current period	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A	
Covenant relating to IPO	Others	Issuer's covenant regarding profit distribution policy	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A	
Covenant relating to IPO	Others	Issuer's covenant regarding restraint measures and liability for compensation in the event of failure to fulfill its covenants	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A	
Covenant relating to IPO	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	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A	
Covenant relating to IPO	Others	Directors, supervisors and senior officers' covenant regarding restraint measures and liability for compensation in the event of failure to fulfill their covenants	Refer to IPO Prospectus	Term of office	No	Yes	N/A	N/A	
Covenant relating to IPO	Resolve horizontal competition	Controlling shareholder's covenant on avoiding horizontal competition and	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A	



	issues	regulating and reducing related-party transactions						
Covenant relating to IPO	Resolve related-party transaction issues	Actual controller's covenant on avoiding horizontal competition and regulating and reducing related-party transactions	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant related to share incentives	Others	Covenant by the grantee of share incentives regarding information disclosure documents	For details, refer to the <i>2021 Restricted Share Incentive Plan (Draft)</i> , the <i>2021 Second Restricted Share Incentive Plan (Draft)</i> , and the <i>2022 Restricted Share Incentive Plan (Draft)</i> of the Company	Permanent	No	Yes	N/A	N/A
	Others	Company's covenant on refraining from providing financial assistance	For details, refer to the <i>2021 Restricted Share Incentive Plan (Draft)</i> , the <i>2021 Second Restricted Share Incentive Plan (Draft)</i> , and the <i>2022 Restricted Share Incentive Plan (Draft)</i> of the Company	Permanent	No	Yes	N/A	N/A

**II. Non-operating occupation of funds by the controlling shareholder and other 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 arbitrations during the reporting period  
 The Company was not involved in material litigations or arbitrations 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. (2019) Yue 03 Min Chu No. 2943, 2944, 2946, 2948 and 2951 In July 2019, the Company initiated a patent infringement litigation on the ground that Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, and Shenzhen Super Network Technology Co., Ltd. infringed the patent for invention 200810065225.X owned by the Company, requesting the court to order the defendants to stop the acts of infringing the Company's patent rights and compensate the plaintiff for its economic losses, etc. in the amount of RMB 28.00 million.	Refer to the <i>Announcement of Litigation Involving Appotronics</i> (No. 2019-006) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on July 31, 2019 for details.
II. (2021) Yue 73 Zhi Min Chu No. 1860 In December 2021, Delta 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 act, involving the amount of RMB 10.00 million.	Refer to the <i>Announcement on Malicious Litigation Initiated by Delta Electronics</i> (No. 2021-097) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on December 21, 2021 for details.
III. 01-22-0001-2735 In March 2022, GDC Cayman and GDC BVI initiated the arbitration against the Company and its wholly-owned subsidiary Appotronics HK in respect of the dispute over the implementation of the <i>Settlement Agreement</i> , involving the total amount of USD 38.00 million. Later, the Company 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 <i>Shareholders' Agreement</i> and <i>Settlement Agreement</i> , involving the total amount of no less than USD 40.00 million.	Refer to the <i>Announcement on Arbitration with GDC Cayman and GDC BVI</i> (No. 2022-028) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 2, 2022 for details.

**(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 Yuan Currency: RMB

During the reporting period:									
Plaintiff/claimant	Defendant/respondent	Party jointly and	Type of litigation/arbitration	Background	Amount claimed	Whether any	Status	Result and	Enforcement of judgment/award

		<b>severally liable</b>				<b>provision is recognized and the amount</b>		<b>effect</b>	
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, the Plaintiff alleges that it is the owner of the patent for invention ZL201610387831.8 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	Under trial of the second instance. Judgment of first instance: All the claims of Delta Electronics should be dismissed.	Trial not completed	-
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. 685, the Plaintiff alleges that the Defendant infringed such patent for invention ZL201610387831.8 of the Plaintiff and	1,601.00	No	The Plaintiff withdrew its case	The court approved to withdraw the case	-

				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. 686, the Plaintiff alleges that the Defendant infringed such patent for invention ZL201110041436.1 of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	The Plaintiff withdrew its case	The court approved to withdraw the case	-
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 (2023) Hu 73 Zhi Min Chu No. 15 (former case No.: (2021) Hu 73 Zhi Min Chu No. 1070), the Plaintiff alleges that the Defendant infringed such patent for invention ZL201110041436.1 of the Plaintiff and caused economic losses to the	1,601.00	No	The Plaintiff withdrew its case	The court approved to withdraw the case	-

				Plaintiff.					
Appotronics Corporation Limited	Delta Electronics (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited, WANG Yuhai, Hunan Dehao Cultural and Creative Co., Ltd., Digital Protection (Beijing) Electronics Technology Co., Ltd., Guangdong Jianye Display Information Technology Co., Ltd., and Guangzhou Jianye Network Technology Co., Ltd.	Infringement on patent for invention	Cases of dispute over infringement on patents for invention (2020) Yue 73 Zhi Min Chu No. 1335-1338, 1340, 1341, 1361, the Plaintiff accused the Defendants, Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, and other entities, of infringing the patent for invention No. ZL200880107739.5 of the Plaintiff and caused economic losses to the Plaintiff.	3,825.00	No	Case closed	The court has made the decision	-
Appotronics Corporation Limited	Delta Electronics (Shanghai) Co., Ltd.	Delta Video	Infringement on patent for invention	Cases of dispute over infringement	4,175.00	No	Case closed	The court has made	-

		Display System (Wujiang) Limited, WANG Yuhai, Hunan Dehao Cultural and Creative Co., Ltd., Digital Protection (Beijing) Electronics Technology Co., Ltd., Guangdong Jianye Display Information Technology Co., Ltd., and Guangzhou Jianye Network Technology Co., Ltd.		on patents for invention (2020) Yue 73 Zhi Min Chu No. 1339, 1353, 1355, 1357-1360, the Plaintiff accused the Defendants, Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, and other entities, of infringing the patent for invention No. ZL200810065225.X of the Plaintiff and caused economic losses to the Plaintiff.				the decision	
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**(III) Other information**

✓ Applicable □ N/A

1. As of the end of the reporting period, 3 of the invalidation petitions initiated by the Company against the patents held by Delta Electronics, Inc. were under examination at China National Intellectual Property Administration.
2. As of the end of the reporting period, 1 of the invalidation petitions initiated against a patent held by the Company was under examination at China National Intellectual Property Administration. The patent involved is “phosphor layer, device and corresponding light source and projection system, and corresponding production method” (patent No.: ZL201510420950.4).

**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

Summary	Reference
The Company expects to engage in daily related-party transactions with China Film Equipment Co., Ltd. and its affiliates, Xiaomi Communications Co., Ltd. and its affiliates, Beijing DonView Education Technology Co., Ltd. and its affiliates, CINIONIC Limited and its affiliates, GDC Technology Limited and its affiliates, Shenzhen YLX Technology Development Co., Ltd. for the amount of RMB 573.5000 million in 2023.	Refer to the <i>Announcement on the Prediction of Daily Related-party Transactions in 2023</i> (No. 2023-010) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 28, 2023.

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

Applicable  N/A

**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 is 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 April 26, 2023, the Company held the 19 <sup>th</sup> meeting of the second Board of Directors and the 18 <sup>th</sup> meeting of	Refer to the <i>Announcement on Stopping Acquiring 51% Equity Interests in WeCast Technology Corp. by the Subsidiary</i>



<p>the second Board of Supervisors, at which the <i>Proposal on Stopping Acquiring 51% Equity Interests in WeCast Technology Corp. by the Subsidiary Formovie</i> was reviewed and approved, under which it was approved that Formovie (Chongqing) Innovative Technology Co., Ltd., a subsidiary of the Company, shall stop acquiring the 51% equity interests in WeCast.</p>	<p><i>Formovie</i> (No. 2023-014) disclosed by the Company at the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 28, 2023 for details.</p>
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**2. Matters already disclosed in the interim announcements about which there is 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 is 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) Others**

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 Yuan 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	1469.40	2022.12.01	2024.11.30	-	-	-	No	None

Description of lease

None

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

√ Applicable □ N/A

Unit: 0'000 Yuan Currency: RMB

External guarantees provided by the Company (excluding those provided for the subsidiaries)												
Total amount of guarantees provided during the reporting period (excluding those provided for the subsidiaries)											0	
Balance of guarantees as of the end of the reporting period (A) (excluding those provided for the subsidiaries)											0	
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	CINEAPP O 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	CINEAPP O Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	23,000.00	2021/1/26	2021/1/26	2026/2/7	Joint and several liability	No	No	-	No
Appotronics Corporation Limited	Headquarters	CINEAPP O Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	4,000.00	2021/12/27	2021/12/27	2026/7/3	Joint and several liability	No	No	-	No

Corporation Limited		Cinema Technology (Beijing) Co., Ltd.						liability					
Appotronics Corporation Limited	Headquarters	CINEAPP O Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	10,000.00	2022/12/30	2022/12/30	2027/2/28	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	Formovie (Chongqing) Innovative Technology Co., Ltd.	Controlled subsidiary	30,000.00	2022/9/16	2022/9/16	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 Technolog	Controlled subsidiary	12,000.00	2022/12/22	2022/12/22	Three years after the due date (without accelerated	Joint and several liability	No	No	-	No	

		y Co., Ltd.					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.					
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 claims determination period.	Joint and several liability	No	No	-	No
Total amount of guarantees provided for the subsidiaries during the reporting period								20,908.07				
Balance of guarantees provided for the subsidiaries as of the end of the reporting period (B)								51,793.89				
<b>Total amount of guarantees provided by the Company (including those provided for the subsidiaries)</b>												

Total amount guaranteed (A+B)	51,793.89
Proportion of total amount guaranteed to the net assets of the Company (%)	19.00
Including:	
Total amount of guarantees provided for the shareholders, actual controller and their affiliates (C)	0
Total amount of debt guarantees directly or indirectly provided for the obligors whose equity-debt ratio exceeds 70% (D)	36,599.64
Total amount guaranteed in excess of 50% of the net assets of the Company (E)	0
Total amount guaranteed (C+D+E)	36,599.64
Explanation about outstanding guarantees for which the Company may assume joint and several liability	N/A
Explanation about guarantees	N/A

**(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	Date of receiving offering proceeds	Total offering proceeds	Net offering proceeds after deduction of offering expenses	Total offering proceeds committed	Total offering proceeds committed 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)	Amount invested in this year (4)	Ratio of the amount invested in this year (%) (5)=(4)/(1)
Initial public offering	July 16, 2019	1,190,000,000.00	1,062,470,797.73	1,062,470,797.73	1,062,470,797.73	824,612,707.26	77.61	70,089,074.44	6.60

**(II) Breakdown of investment projects**

√ Applicable □ N/A

Unit: Yuan

Project	Nature	Whether change of investment is involved	Source of offering proceeds	Date of receiving offering proceeds	Whether over-raise funds are used	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	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 [Note 1]	Completed or not	Whether the investment progress meets the progress planned	Specific reason for failing to achieve the plan of investment progress	Whether benefits are achieved during the reporting period	Benefits or R&D results achieved by the project	Material changes in the project feasibility; if any, describe the specific reasons	Balance amount and reasons thereof
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(2)

R&D and industrialization of new generation of laser display products [Note 5]	Production and construction	N/A	Initial public offering	July 16, 2019	No	313,000,000.00	313,000,000.00	279,311,086.99	89.24	December 2022	Yes	Yes	N/A	N/A	N/A [Note 4]	No	As of December 31, 2022, the project “R&D and industrialization of new generation of laser display products” has been completed, which used the raised funds of RMB 279.3111 million; the remaining raised funds of RMB 51.6167 million in total were used to supplement the working capital.
R&D center at the head office of Appotronics	R&D	N/A	Initial public offering	July 16, 2019	No	284,000,000.00	284,000,000.00	151,972,898.43	53.51	December 2023	No	No	The construction of the head office building slowed down due to the 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,	N/A	N/A	No	N/A



													the project implementation is postponed.				
Information system upgrade and building	Operation management	N/A	Initial public offering	July 16, 2019	No	70,000,000.00	70,000,000.00	38,556,386.63	55.08	December 2023	No	No	Since the main body of the head office building of the Company is still under construction, the prerequisites for implementing this project have not been satisfied.	N/A	N/A	No	N/A
Supplementary working capital [Note 2]	Supplementing the working capital and repayment of loans	N/A	Initial public offering	July 16, 2019	No	333,000,000.00	333,000,000.00	335,395,037.62	100.72	N/A	Yes	Yes	N/A	N/A	N/A	No	N/A
Share repurchase [Note 3]	Others	N/A	Initial public offering	July 16, 2019	Yes	20,000,000.00	20,000,000.00	19,377,297.59	96.89	September 2022	Yes	Yes	N/A	N/A	N/A	No	N/A

Other excess offering proceeds	Others	N/A	Initial public offering	July 16, 2019	N/A	42,470,797.73	42,470,797.73	-	-	N/A	No	Yes	N/A	N/A	N/A	No	N/A
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[Note 1] On March 18, 2022, the Company held the 9th 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.

[Note 2] During the period of implementation of the Company’s investment projects, 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 for supplementary working capital (Huaxia Bank Co., Ltd. Shenzhen Houhai Branch, account number: 10869000000251463) has been deregistered on July 30, 2020. 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.

[Note 3] 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 via the trading system of the Shanghai Stock Exchange.

[Note 4] As of December 31, 2022, the project “R&D and industrialization of new generation of laser display products” has been completed, for which the incremental sales revenue of RMB 50.5068 million before and after the investment in this project was taken as the indicator of the benefits realized from the project.

[Note 5] On April 26, 2023, the Company held the 19<sup>th</sup> meeting of the second Board of Directors and the 18<sup>th</sup> meeting of the second Board of Supervisors respectively, which deliberated and approved the *Proposal on the Completion of Some of the Company’s Fundraising Projects and Permanent Replenishment of Working Capital with the Surplus Raised Funds*, and agreed that the Company would close the fundraising project “R&D and industrialization of new generation of laser display products”, and a total of RMB 51.6167 million saved (as of December 31, 2022) shall be used for permanent replenishment of the working capital. As at the date of remittance, the actual balance in the special account was RMB 52.0022 million (including the interest income and wealth management income, net of handling fees). This special account (Hua Xia Bank Co., Ltd. Shenzhen Houhai Branch, account No.: 10869000000305964) has been deregistered on May 17, 2023, and the funds have been transferred to the general account of the Company.

**(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 projects invested with offering proceeds  
 Applicable  N/A
2. 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 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 from the review and approval by the Board of Directors and Board of Supervisors.

The *Proposal on Cash Management of Temporarily Idle Offering Proceeds* was approved through deliberation at the 20<sup>th</sup> meeting of the second Board of Directors and the 19<sup>th</sup> meeting of the second Board of Supervisors held by the Company on June 25, 2023. It was approved that, without affecting the normal implementation of the investment plan for offering proceeds, a maximum of RMB 249.00 million (inclusive) 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, 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 (inclusive), which shall be effective within 12 months from the review and approval.

4. 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. 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 1st 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 via 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 December 31, 2022, the Company repurchased 900,000 shares in the aggregate through call auction, representing 0.1969% of the Company's total share capital, and paid RMB 19,377,297.59 (including stamp duty, commissions and other transaction fees). The repurchase of shares has been completed.

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" by RMB 53.802 million and increase the "R&D expenditures" by RMB 53.802 million.

4. The Company held the 19<sup>th</sup> meeting of the second Board of Directors and the 18<sup>th</sup> meeting of the second Board of Supervisors and the annual general meeting for 2022 on April 26, 2023 and May 19, 2023, respectively, 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 center at the head office of Appotronics", and to decrease the "equipment purchase expenses" by RMB 65.0000 million and increase the "R&D expenditures" by RMB 65.0000 million.

### **XIII. Other significant matters**

Applicable  N/A

## Section VII Changes in Shares and Shareholders

### I. Changes in shares

#### (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

Applicable  N/A

On July 5, 2023, the Company disclosed the *Announcement on the Vesting Result for the First Vesting Period in the Initial Grant of the Restricted Share Incentive Plan 2022 and Listing of Shares* (No. 2023-029). The Company registered a total of 3,299,000 newly vested shares for the first vesting period in the initial grant of the restricted share incentive plan 2022. These shares became available for trading on July 7, 2023, increasing the Company's total shares from 457,107,538 shares to 460,406,538 shares.

From the end of the reporting period to the disclosure date of this semiannual report, changes in the Company's shares increased the diluted earnings per shares and net assets per share attributable to ordinary shareholders of the Company.

##### 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. Shareholders

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

Total number of ordinary shareholders as of the end of the reporting period (accounts)	14,576
Total number of shareholders of preferred shares whose voting right has 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	Percentage (%)	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	17.45	0	0	None	0	Domestic non-state-owned corporation
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	0	24,139,500	5.28	0	0	None	0	Domestic non-state-owned corporation
Nantong Strait Appotronics Investment Partnership (LP)	0	22,780,329	4.98	0	0	None	0	Domestic non-state-owned corporation
Shenzhen Appotronics Daye Investment Partnership (LP)	0	20,430,250	4.47	0	0	None	0	Domestic non-state-owned corporation
Shenzhen Appotronics Hongye Investment Partnership (LP)	0	15,662,374	3.43	0	0	None	0	Domestic non-state-owned corporation
Shenzhen Jinleijing Investment Limited Partnership (LP)	0	12,353,106	2.70	0	0	None	0	Domestic non-state-owned corporation

Shenzhen Appotronics Chengye Consulting Partnership (LP)	0	10,394,846	2.27	0	0	None	0	Domestic non-state-owned corporation
Bank of China Co., Ltd. - Stable Income Bond Securities Investment Fund of E Fund	-222,857	9,710,544	2.12	0	0	None	0	Others
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. - Shenzhen Chengguhui Equity Investment Partnership (LP)	+428,600	8,114,369	1.78	0	0	None	0	Domestic non-state-owned corporation
Industrial Bank Co., Ltd. - Tianhong Yongli Bond Securities Investment Fund	+497,077	7,540,688	1.65	0	0	None	0	Others

**Shares held by top 10 holders of tradable shares**

Shareholder	Number of tradable shares held	Type and number of shares	
		Category	Quantity
Shenzhen Appotronics Holdings Limited	79,762,679	RMB-denominated ordinary share	79,762,679
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	24,139,500	RMB-denominated ordinary share	24,139,500
Nantong Strait Appotronics Investment Partnership (LP)	22,780,329	RMB-denominated ordinary share	22,780,329
Shenzhen Appotronics Daye Investment Partnership (LP)	20,430,250	RMB-denominated ordinary share	20,430,250
Shenzhen Appotronics Hongye Investment Partnership (LP)	15,662,374	RMB-denominated ordinary share	15,662,374
Shenzhen Jinleijing Investment Limited Partnership (LP)	12,353,106	RMB-denominated ordinary share	12,353,106



Shenzhen Appotronics Chengye Consulting Partnership (LP)	10,394,846	RMB-denominated ordinary share	10,394,846
Bank of China Co., Ltd. - Stable Income Bond Securities Investment Fund of E Fund	9,710,544	RMB-denominated ordinary share	9,710,544
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. - Shenzhen Chengguhui Equity Investment Partnership (LP)	8,114,369	RMB-denominated ordinary share	8,114,369
Industrial Bank Co., Ltd. - Tianhong Yongli Bond Securities Investment Fund	7,540,688	RMB-denominated ordinary share	7,540,688
<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 shareholders above</b>	N/A		
<b>Affiliates or concert parties among the shareholders stated above</b>	<p>1. As of June 30, 2023, the following entities in top 10 shareholders of the Company constituted persons acting in concert: Shenzhen Appotronics Holdings Limited, Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP), Shenzhen Appotronics Daye Investment Partnership (LP), Shenzhen Appotronics Hongye Investment Partnership (LP), Shenzhen Jinleijing Investment Limited Partnership (LP), and Shenzhen Appotronics Chengye Consulting Partnership (LP);</p> <p>2. Except for the above, we are not aware whether there are affiliates or concert parties as defined in the <i>Administrative Measures for the Acquisition of the Listed Companies</i> 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

**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 information

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
LI Yi	Chairman & General Manager	3,500,000	0	0	0	3,500,000
ZHANG Wei	Director, Deputy General Manager	700,000	0	100,000	0	700,000
WANG Yingxia	Director, Financial Director	470,560	0	50,000	0	470,560
CHEN Yasha	Board Secretary	432,750	0	75,000	0	432,750
YU Xin	Key technical staff	1,070,000	0	100,000	0	1,070,000
HU Fei	Key technical staff	540,000	0	75,000	0	540,000
WANG Lin	Key technical staff	630,000	0	75,000	0	630,000
WANG Zeqin	Key technical staff	632,000	0	75,000	0	632,000
GUO Zuqiang	Key technical staff	626,000	0	75,000	0	626,000
<b>Total</b>	-	<b>8,601,310</b>	<b>0</b>	<b>625,000</b>	<b>0</b>	<b>8,601,310</b>

**(III) Other information**

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**

Applicable  N/A

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## Section VIII Preferred Shares

Applicable  N/A

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## 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

June 30, 2023

Prepared by: Appotronics Corporation Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2023	December 31, 2022
<b>Current Assets:</b>			
Monetary funds	VII. 1	1,279,193,927.48	1,355,882,208.63
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	VII. 2	564,877,200.00	352,880,000.00
Derivative financial assets			
Notes receivable	VII. 4	3,404,025.55	2,234,687.77
Accounts receivable	VII. 5	206,727,257.21	208,260,235.79
Receivables financing	VII. 6	15,223,418.33	4,279,041.00
Prepayments	VII. 7	34,764,381.68	48,445,976.86
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	VII. 8	26,973,222.84	26,331,721.55
Including: Interest receivable			
Dividend receivable		14,307,084.00	13,789,908.00
Financial assets purchased under resale agreements			
Inventories	VII. 9	757,719,004.42	865,639,961.79
Contract assets	VII. 10	1,608,301.56	1,061,581.35
Assets held for sale			
Non-current assets due within 1 year	VII. 12	28,306,652.31	13,431,554.82
Other current assets	VII. 13	95,956,187.10	106,502,611.79
Total current assets		3,014,753,578.48	2,984,949,581.35
<b>Non-current Assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	VII. 16	22,198,629.19	11,524,193.80
Long-term equity investment	VII. 17	156,523,146.05	162,394,917.57
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	379,962,412.96	427,539,718.53
Construction in progress	VII. 22	314,382,210.87	278,978,057.73
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	55,804,553.57	62,255,670.29
Intangible assets	VII. 26	285,586,197.40	290,341,693.08

Development expenditure			
Goodwill			
Long-term prepaid expenses	VII. 29	7,285,477.87	5,990,984.03
Deferred tax assets	VII. 30	78,069,270.62	89,730,936.02
Other non-current assets	VII. 31	18,633,790.53	12,569,088.37
Total non-current assets		1,325,521,108.44	1,348,400,678.80
Total assets		4,340,274,686.92	4,333,350,260.15
<b>Current Liabilities:</b>			
Short-term borrowings	VII. 32	129,604,426.40	129,589,634.03
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII. 35	80,254,013.57	201,299,388.57
Accounts payable	VII. 36	275,507,953.57	276,845,321.28
Advance from customers	VII. 37	99,404,605.97	113,834,728.10
Contract liabilities	VII. 38	39,465,849.54	37,285,920.43
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	29,744,716.45	58,470,960.55
Taxes payable	VII. 40	6,453,066.16	8,272,768.90
Other payables	VII. 41	119,907,648.52	56,662,357.08
Including: Interest payable			
Dividend payable		797,774.22	
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Liabilities held for sale			
Non-current liabilities due within 1 year	VII. 43	178,360,640.39	178,031,817.37
Other current liabilities	VII. 44	9,799,529.40	28,383,608.37
Total current liabilities		968,502,449.97	1,088,676,504.68
<b>Non-current Liabilities:</b>			
Insurance contract reserves			
Long-term borrowings	VII. 45	531,486,901.70	403,720,542.45
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VII. 47	27,260,832.49	34,319,284.23
Long-term payables			
Long-term employee benefits payable			
Provisions	VII. 50	53,463,551.36	56,463,882.87
Deferred income	VII. 51	5,112,246.23	8,651,422.26
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		617,323,531.78	503,155,131.81
Total liabilities		1,585,825,981.75	1,591,831,636.49
<b>Owners' Equity (Shareholders' Equity):</b>			
Paid-in capital (or share capital)	VII. 53	457,107,538.00	457,107,538.00
Other equity instruments			

Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	1,551,466,365.12	1,530,752,116.04
Less: Treasury shares	VII. 56	19,377,297.59	19,377,297.59
Other comprehensive income	VII. 57	12,451,180.91	5,736,897.41
Special reserve			
Surplus reserve	VII. 59	75,519,782.06	75,519,782.06
General risk reserve			
Retained profits	VII. 60	648,203,885.57	597,924,451.67
Total owners' (or shareholders') equity attributable to owners of the parent company		2,725,371,454.07	2,647,663,487.59
Minority interests		29,077,251.10	93,855,136.07
Total owners' (or shareholders') equity		2,754,448,705.17	2,741,518,623.66
Total liabilities and owners' (or shareholders') equity		4,340,274,686.92	4,333,350,260.15

Principal of the Company: LI Yi    Chief Accountant: WANG Yingxia    Person in Charge of the Accounting Body: WANG Yingxia

### Balance Sheet of the Parent Company

June 30, 2023

Prepared by: Appotronics Corporation Limited

Unit: Yuan    Currency: RMB

Item	Note	June 30, 2023	December 31, 2022
<b>Current Assets:</b>			
Monetary funds		708,529,158.47	675,429,827.76
Held-for-trading financial assets		556,410,000.00	352,880,000.00
Derivative financial assets			
Notes receivable		3,404,025.55	2,234,687.77
Accounts receivable	XVII. 1	640,188,219.65	688,004,828.29
Receivables financing		8,441,068.33	2,399,041.00
Prepayments		8,174,839.77	11,009,592.85
Other receivables	XVII. 2	14,803,374.55	7,556,623.71
Including: Interest receivable			
Dividend receivable			
Inventories		342,827,948.28	390,906,125.18
Contract assets		1,608,301.56	1,061,581.35
Assets held for sale			
Non-current assets due within 1 year		1,388,837.66	1,334,808.66
Other current assets		25,403,663.47	27,531,860.98
Total current assets		2,311,179,437.29	2,160,348,977.55
<b>Non-current Assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		993,013.56	944,108.40
Long-term equity investment	XVII. 3	466,035,120.86	450,239,347.45
Investment in other equity instruments		7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment property			
Fixed assets		64,584,608.06	66,271,459.60
Construction in progress		309,377,852.19	270,837,599.21
Productive biological assets			



Oil and gas assets			
Right-of-use assets		41,175,572.84	52,738,418.54
Intangible assets		288,593,244.60	294,108,453.73
Development expenditure			
Goodwill			
Long-term prepaid expenses		1,136,835.80	487,991.29
Deferred tax assets		17,162,782.96	20,220,930.66
Other non-current assets		16,605,003.36	9,952,305.78
Total non-current assets		1,212,739,453.61	1,172,876,034.04
Total assets		3,523,918,890.90	3,333,225,011.59
<b>Current Liabilities:</b>			
Short-term borrowings		60,038,850.01	60,043,166.67
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		33,608,729.87	58,301,159.76
Accounts payable		289,751,340.58	275,547,785.20
Advance from customers			
Contract liabilities		17,901,395.11	19,945,270.00
Employee benefits payable		16,396,021.22	35,920,277.61
Taxes payable		1,883,828.76	5,339,271.71
Other payables		77,053,825.14	9,722,655.99
Including: Interest payable			
Dividend payable		797,774.22	
Liabilities held for sale			
Non-current liabilities due within 1 year		50,590,576.11	24,463,018.64
Other current liabilities		1,429,595.96	2,666,327.90
Total current liabilities		548,654,162.76	491,948,933.48
<b>Non-current Liabilities:</b>			
Long-term borrowings		249,181,118.32	148,087,667.43
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		19,976,948.15	29,114,281.86
Long-term payables			
Long-term employee benefits payable			
Provisions		22,959,255.63	24,939,050.33
Deferred income		2,657,700.76	5,630,959.06
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		294,775,022.86	207,771,958.68
Total liabilities		843,429,185.62	699,720,892.16
<b>Owners' Equity (Shareholders' Equity):</b>			
Paid-in capital (or share capital)		457,107,538.00	457,107,538.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,561,226,098.34	1,541,789,874.63
Less: Treasury shares		19,377,297.59	19,377,297.59
Other comprehensive income			
Special reserve			
Surplus reserve		74,242,241.33	74,242,241.33
Retained profits		607,291,125.20	579,741,763.06
Total owners' (or shareholders') equity		2,680,489,705.28	2,633,504,119.43
Total liabilities and owners' (or		3,523,918,890.90	3,333,225,011.59

shareholders') equity			
Principal of the Company: LI Yi	Chief Accountant: WANG Yingxia	Person in Charge of the Accounting Body: WANG Yingxia	

### Consolidated Income Statement

Jan. - Jun. 2023

Unit: Yuan Currency: RMB

Item	Note	Half year of 2023	Half year of 2022
I. Total operating income		1,073,249,037.75	1,269,322,202.11
Including: Operating income	VII. 61	1,073,249,037.75	1,269,322,202.11
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		1,012,145,838.42	1,227,121,118.16
Including: Operating costs	VII. 61	668,659,467.49	884,560,607.88
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	4,005,751.53	4,636,401.10
Selling expenses	VII. 63	143,399,660.02	120,302,361.36
Administrative expenses	VII. 64	86,696,223.82	106,015,842.36
R&D expenses	VII. 65	126,406,142.12	114,959,786.37
Financial expenses	VII. 66	-17,021,406.56	-3,353,880.91
Including: Interest expense		7,061,642.05	12,510,421.43
Interest income		15,604,073.30	6,740,942.87
Add: Other income	VII. 67	23,608,983.31	21,565,810.43
Investment income (loss is indicated by "-")	VII. 68	-2,806,106.20	-4,567,473.71
Including: Income from investments in associates and joint ventures		-8,071,814.75	-10,562,840.53
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
Losses of credit impairment (loss is indicated by "-")	VII. 71	-3,513,083.07	1,393,164.79
Impairment losses of assets (loss is indicated by "-")	VII. 72	-29,013,931.74	-19,822,363.99
Gains from disposal of assets (loss is indicated by "-")	VII. 73	15,262.15	17,213.16
III. Operating profit (loss is indicated by "-")		49,394,323.78	39,153,434.63
Add: Non-operating income	VII. 74	9,424,347.83	167,888.31
Less: Non-operating expenses	VII. 75	641,261.92	1,511,909.47
IV. Total profits (total losses are indicated by		58,177,409.69	37,809,413.47

“-”)			
Less: Income tax expenses	VII. 76	18,649,943.64	19,269,471.17
V. Net profits (net losses are indicated by “-”)		39,527,466.05	18,539,942.30
(I) Categorized by the continuity of operation			
1. Net profits from continuing operations (net losses are indicated by “-”)		39,527,466.05	18,539,942.30
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 “-”)		74,914,640.95	45,966,481.10
2. Profits or losses attributable to minority shareholders (net losses are indicated by “-”)		-35,387,174.90	-27,426,538.80
VI. Other comprehensive income, net of tax	VII. 77	5,158,805.71	13,583,493.02
(I) Other comprehensive income that can be attributable to owners of the parent company, net of tax		6,714,283.50	13,734,264.61
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		6,714,283.50	13,734,264.61
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method		-4,176,328.87	-9,668,892.26
(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		10,890,612.37	23,403,156.87
(7) Others			
(II) Other comprehensive income that can be attributable to minority shareholders, net of tax		-1,555,477.79	-150,771.59
VII. Total comprehensive income		44,686,271.76	32,123,435.32
(I) Total comprehensive income that can be attributable to owners of the parent company		81,628,924.45	59,700,745.71
(II) Total comprehensive income that can be attributable to minority shareholders		-36,942,652.69	-27,577,310.39
VIII. Earnings per share:			

(I) Basic earnings per share (RMB/share)		0.16	0.10
(II) Diluted earnings per share (RMB/share)		0.16	0.10

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.

Principal of the Company: LI Yi      Chief Accountant: WANG Yingxia      Person in Charge of the Accounting Body: WANG Yingxia

### Income Statement of the Parent Company

Jan. - Jun. 2023

Unit: Yuan      Currency: RMB

Item	Note	Half year of 2023	Half year of 2022
I. Operating income	XVII. 4	542,956,800.34	649,645,354.34
Less: Operating costs	XVII. 4	368,571,473.83	432,684,792.22
Taxes and surcharges		3,199,879.01	2,709,645.68
Selling expenses		37,056,481.71	34,971,927.98
Administrative expenses		46,709,472.09	70,191,714.62
R&D expenses		70,859,871.98	74,661,621.25
Financial expenses		-16,034,801.70	-12,346,217.67
Including: Interest expense		3,133,969.39	1,758,702.76
Interest income		14,313,472.46	9,044,664.08
Add: Other income		19,359,728.30	12,418,751.65
Investment income (loss is indicated by “-”)	XVII. 5	12,717,708.55	5,884,922.38
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 “-”)		-2,891,569.80	-970,107.59
Impairment losses of assets (loss is indicated by “-”)		-7,961,985.67	-7,784,985.64
Gains from disposal of assets (loss is indicated by “-”)		12,718.43	
II. Operating profit (loss is indicated by “-”)		53,831,023.23	54,686,451.06
Add: Non-operating income		362,544.72	94,307.77
Less: Non-operating expenses		216,230.87	1,451,707.15
III. Total profits (total losses are indicated by “-”)		53,977,337.08	53,329,051.68
Less: Income tax expenses		1,792,767.89	11,694,579.04
IV. Net profits (net losses are indicated by “-”)		52,184,569.19	41,634,472.64
(I) Net profits from continuing operations (net losses are indicated by “-”)		52,184,569.19	41,634,472.64
(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		52,184,569.19	41,634,472.64
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Principal of the Company: LI Yi    Chief Accountant: WANG Yingxia    Person in Charge of the Accounting Body: WANG Yingxia

### Consolidated Cash Flow Statement

Jan. - Jun. 2023

Unit: Yuan Currency: RMB

Item	Note	Half year of 2023	Half year of 2022
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		1,117,055,783.68	1,429,234,114.59
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		4,435,896.68	3,189,929.64
Other cash receipts relating to operating activities	VII. 78	90,837,327.64	34,395,802.37
Sub-total of cash inflows from operating		1,212,329,008.00	1,466,819,846.60

activities			
Cash payments for goods purchased and services received		678,514,829.90	1,065,198,956.89
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		235,611,354.36	226,213,079.42
Payments of various types of taxes		30,029,161.72	47,664,436.15
Other cash payments relating to operating activities	VII. 78	153,434,829.89	206,296,733.81
Sub-total of cash outflows from operating activities		1,097,590,175.87	1,545,373,206.27
Net cash flow from operating activities		114,738,832.13	-78,553,359.67
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		765,000,000.00	1,047,763,409.68
Cash receipts from investment income		5,265,708.55	5,995,366.82
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		30,975.00	2,210.00
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		770,296,683.55	1,053,760,986.50
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		41,659,342.63	53,593,529.31
Cash payments to acquire investments		976,816,480.00	995,000,000.00
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business units		11,831,365.16	
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		1,030,307,187.79	1,048,593,529.31
Net cash flows from investment activities		-260,010,504.24	5,167,457.19
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		50,609,959.00	8,866,332.86
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries			

Cash receipts from borrowings		265,000,000.00	260,569,353.56
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities		315,609,959.00	269,435,686.42
Cash repayments of borrowings		137,959,994.00	70,016,183.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		49,596,180.44	57,206,348.66
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	17,407,047.01	17,704,289.67
Sub-total of cash outflows from financing activities		204,963,221.45	144,926,821.33
Net cash flows from financing activities		110,646,737.55	124,508,865.09
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		8,274,666.00	9,162,860.18
<b>V. Net Increase in Cash and Cash Equivalents</b>		-26,350,268.55	60,285,822.80
Add: Opening balance of cash and cash equivalents		1,254,582,403.12	891,195,166.73
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		1,228,232,134.57	951,480,989.53

Principal of the Company: LI Yi    Chief Accountant: WANG Yingxia    Person in Charge of the Accounting Body: WANG Yingxia

### Cash Flow Statement of the Parent Company

Jan. - Jun. 2023

Unit: Yuan    Currency: RMB

Item	Note	Half year of 2023	Half year of 2022
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		631,177,814.33	682,350,809.37
Receipts of tax refunds		1,915,638.25	329,661.66
Other cash receipts relating to operating activities		34,660,128.09	42,069,540.58
Sub-total of cash inflows from operating activities		667,753,580.67	724,750,011.61
Cash payments for goods purchased and services received		345,900,092.57	519,893,495.98
Cash payments to and on behalf of employees		147,052,438.69	136,476,115.67
Payments of various types of taxes		12,354,746.49	25,813,452.99
Other cash payments relating to operating activities		36,687,871.73	51,239,349.11
Sub-total of cash outflows from operating activities		541,995,149.48	733,422,413.75
Net cash flow from operating activities		125,758,431.19	-8,672,402.14
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		765,000,000.00	877,000,000.00
Cash receipts from investment income		12,717,708.55	5,884,922.38
Net cash receipts from disposals of fixed assets, intangible assets and other long-term		24,975.00	

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		777,742,683.55	882,884,922.38
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		35,226,743.48	46,538,785.01
Cash payments to acquire investments		976,818,280.00	935,000,000.00
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		1,012,045,023.48	981,538,785.01
Net cash flows from investment activities		-234,302,339.93	-98,653,862.63
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		50,609,959.00	8,866,332.86
Cash receipts from borrowings		135,000,000.00	80,569,353.56
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities		185,609,959.00	89,435,686.42
Cash repayments of borrowings		5,750,000.00	500,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		29,004,483.78	46,860,137.39
Other cash payments relating to financing activities		12,747,615.67	14,585,132.93
Sub-total of cash outflows from financing activities		47,502,099.45	61,945,270.32
Net cash flows from financing activities		138,107,859.55	27,490,416.10
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		3,294,539.64	1,342,904.11
<b>V. Net Increase in Cash and Cash Equivalents</b>		32,858,490.45	-78,492,944.56
Add: Opening balance of cash and cash equivalents		634,972,775.32	483,223,615.33
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		667,831,265.77	404,730,670.77

Principal of the Company: LI Yi    Chief Accountant: WANG Yingxia    Person in Charge of the Accounting Body: WANG Yingxia



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

Jan. - Jun. 2023

Unit: Yuan Currency: RMB

Item	Half year of 2023														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	Retained profits	Others				
	Preferred shares	Perpetual bonds	Others													
I. Closing balance of the prior year	457,107.538.00				1,530,752,116.04	19,377,297.59	5,736,897.41		75,519,782.06		597,924,451.67		2,647,663,487.59	93,855,136.07	2,741,518,623.66	
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	457,107.538.00				1,530,752,116.04	19,377,297.59	5,736,897.41		75,519,782.06		597,924,451.67		2,647,663,487.59	93,855,136.07	2,741,518,623.66	
III. Changes for the year (decrease is indicated by "-")					20,714,249.08		6,714,283.50				50,279,433.90		77,707,966.48	64,777,884.97	12,930,081.51	
(I) Total comprehensive							6,714,283.50				74,914,640.95		81,628,924.45	-36,942,652	44,686,271.76	



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 current period															
(VI) Others															
IV. Closing balance of the current year	457,107,538.00				1,551,466,365.12	19,377,297.59	12,451,180.91		75,519,782.06		648,203,885.57		2,725,371,454.07	29,077,251.10	2,754,448,705.17

Item	Half year of 2022														Minority interests	Total owner's equity
	Equity attributable to owners of the Parent Company															
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others	Sub-total			
	Preferred shares	Perpetual bonds	Others													
I. Closing balance of the prior 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																
(III) Profit distribution													47,539,596.43	47,539,596.43		47,539,596.43
1. Transfer to surplus reserve																
2. Transfer to general risk reserve																
3. Distributions to owners (or shareholders)													47,539,596.43	47,539,596.43		47,539,596.43
4. Others																
(IV) Transfers within owners' equity																
1. Capitalization of capital reserve																
2.																

Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the current period															
(VI) Others															
IV. Closing balance of the current year	452,756,901.00				1,436,069,597.56	3,211,260.13	3,106,247.99		56,265,868.31		543,704,072.75		2,482,478,931.50	160,228,810.79	2,642,707,742.29

Principal of the Company: 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. 2023

Unit: Yuan Currency: RMB

Item	Half year of 2023										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the prior year	457,107,538.00				1,541,789,874.63	19,377,297.59			74,242,241.33	579,741,763.06	2,633,504,119.43
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	457,107,538.00				1,541,789,874.63	19,377,297.59			74,242,241.33	579,741,763.06	2,633,504,119.43
III. Changes for the year (decrease is indicated by "-")					19,436,223.71					27,549,362.14	46,985,585.85
(I) Total comprehensive income										52,184,569.19	52,184,569.19
(II) Owners' contributions and reduction in capital					19,436,223.71						19,436,223.71
1. Ordinary shares contributed by owners											
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					19,436,223.71						19,436,223.71
4. Others											
(III) Profit distribution										-	-
1. Transfer to surplus reserve										24,635,207.05	24,635,207.05
2. Distributions to owners (or shareholders)										-	-
3. Others										24,635,207.05	24,635,207.05
(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 current period											
(VI) Others											
IV. Closing balance of the current year	457,107,538.00				1,561,226,098.34	19,377,297.59			74,242,241.33	607,291,125.20	2,680,489,705.28

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	Retained profits	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the prior 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				-5,905,123.7	29,195,395.73



										9	
(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										-47,539,596.43	-47,539,596.43
1. Transfer to surplus reserve											
2. Distributions to owners (or shareholders)										-47,539,596.43	-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 current period											

(VI) Others											
IV. Closing balance of the current year	452,756,901.00				1,448,461,913.90	3,211,260.13			54,988,327.58	448,091,011.93	2,401,086,894.28

Principal of the Company: 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 Appotronics Corporation Ltd. (hereinafter referred to as “Appotronics Ltd.”), was jointly invested and established by LI Yi and XU Yanzheng, registered in Nanshan Branch of Market Supervision and Regulation Bureau of Shenzhen Municipality on October 24, 2006, 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 457,107,538.00 divided into 457,107,538 shares (RMB 1.00 per share), including 457,107,538 unrestricted shares. 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 optical engines, 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 21st meeting of the second Board of Directors on August 16, 2023 for public disclosure.

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

√ Applicable  N/A

The Company has included 35 subsidiaries into the consolidated financial statements for the current period, including CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd., Appotronics Hong Kong Limited, Formovie (Chongqing) Innovative Technology Co., Ltd., Fengmi (Beijing) Technology Co., Ltd., etc. Refer to 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, amortization of intangible assets, recognition of revenues and other transactions and events according to the actual production and operation characteristics of the Company.

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

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, 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 and domestic subsidiaries adopt RMB as their functional currency, while Appotronics Hong Kong Limited and other overseas subsidiaries engaging in overseas operation adopt the currency in their primary economic environments as their functional currencies.

### **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 book values 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 book value of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the book value 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 for the current period.

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 accordingly where its present obligation (or part thereof) is 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 book value 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 book value 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 book value 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 book value 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 book value.

(2) Financial instruments for which expected credit risk is assessed and expected credit losses are measured collectively by using a three-stage model

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	Contract assets 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 using the simple measurement method

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	Contract assets from related parties in the scope of consolidation	
Accounts receivable - 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 accounts receivable and rate of lifetime expected credit loss, and calculate the expected credit losses.
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 - 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 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, contract assets, and long-term receivables - comparison table of the age of accounts receivable and rate of lifetime expected credit loss

Aging	Rate of expected credit loss for accounts receivable, contract assets, and long-term receivables (%)
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. Any excess of the cost over the net realizable value of each item/class of inventories is recognized as a provision for diminution in the value of inventories. 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

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

#### (2) Packaging materials

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

## 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. Held-for-sale assets**

□ 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 the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee 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 book value 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 book value 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 book value 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 book value of long-term equity investment before the combination and the book value 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 book value 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 book value 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 property**

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 ratio (%)	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. 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 costs are capitalized when all of the following conditions are met: 1) capital expenditure has been incurred; 2) borrowing costs 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 costs 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 costs 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 costs**

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. Right-of-use asset

√ Applicable □ N/A

Right-of-use 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 right-of-use 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 rights, patents, and software etc. 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 rights	30
Patents	10
Software	3-5

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

√ Applicable □ N/A

Expenditures incurred during the research phase of internal research and development projects are recognized as current expenses when they occur. Expenditures on an internal research and development project at development phase are recognized as an intangible asset if all the following conditions are met: (1) it is technically feasible to complete the intangible asset so that it will be available for use of sale; (2) it is intended to complete the intangible asset so that it will be available for use of sale; (3) the pattern in which the intangible asset will generate economic results can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself, or if it is to be used internally, the usefulness of the intangible asset; (4) there are sufficient technical, financial and other resources available to complete the development activities and to use or sell the intangible asset; and (5) the expenditures attributable to the development of the intangible asset can be reliably measured.

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

√ Applicable □ N/A

For long-term equity investments, fixed assets, construction in progress, right-of-use 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 book value, 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 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 book value of the right-of-use assets accordingly. Where the book value 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 book value 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) 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; If the Company shares profits from sales of product by downstream end customers, the Company recognizes shared revenue when it can be measured reliably. 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) E-commerce platform revenue

In the e-commerce platform model, the e-commerce platform is responsible for product promotion and order management. Consumers place orders and pay directly to the e-commerce platform, and the e-commerce platform arranges third-party logistics through the Company or ships directly to the consumer by the e-commerce platform after receiving the consumer's payment. The specific revenue recognition time points are: for domestic e-commerce platforms, revenue is recognized according to the time of end customer receipt; for foreign e-commerce platforms, revenue is recognized after receiving the confirmation list of the e-commerce platform after checking the reconciliation time agreed in the contract.

#### (3) 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 patrol inspection services provided by the Company, the Company determines the service performance progress by using the output approach, and recognizes the revenue according to the performance progress; 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 book value 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 book value 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 book value of such assets shall not exceed the book value 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 book value 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 book value (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 book value) 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 book value 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: (1) business combination; or (2) 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 right-of-use assets and lease liabilities for leases.

(1) Use right assets

Right-of-use 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 right-of-use 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 book value of the right-of-use assets accordingly. Where the book value 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

**(3). The first implementation of new accounting standards or standard interpretations from 2023 onwards that involves adjusting the financial statements at the beginning of the year in which they were first implemented**

Applicable  N/A

**45. Others**

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	5%, 7%
Education surcharges	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%
Enterprise income tax	Taxable income	6.5%, 8.25%, 8.70%, 8.84%, 15%, 16.5%, 20%, 21%, 25%

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	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%
Hongkong Orange Juice Energy Technology Co., Limited	16.5%
Wemax Inc.	6.5%, 21%
Shenzhen Weiwoqi Trading Co., Ltd.	20%
Yaoyouguang (Chongqing) Technology Co., Ltd.	20%
Appotronics International Limited	16.5%
Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd.	20%
Shenzhen Qianhai Taishi Investment Partnership (LP)	Tax exemption
Other taxpayers except above	25%

Note:

1. Appotronics Hong Kong Limited, as domiciled in Hong Kong, one of which 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 16.50% 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. Formovie Limited, as domiciled in Hong Kong, applies the income tax rate of 16.50%.

9. Hong Kong Orange Juice Energy Technology Co., Limited, as domiciled in Hong Kong, applies the income tax rate of 16.50%.

10. 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 6.50%.

11. Appotronics International Limited, as domiciled in Hong Kong, applies the income tax rate of 16.50%.

## **2. Tax incentives**

√ Applicable □ N/A

### **1. Enterprise income tax**

(1) On December 19, 2022, the Company obtained the High-tech Enterprise Certificate (Certificate No.: GR202244206480) 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 2023.

(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 2023.

(3) On October 18, 2022, CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. obtained the High-tech Enterprise Certificate (Certificate No.: GR202211008942) 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 2023.

(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. 6 in 2023 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 levied with the enterprise income tax rate at a discount of 25%, 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., Shenzhen Orange Juice Energy Technology Co., Ltd., Shenzhen Weiwoqi Trading Co., Ltd., Yaoyouguang (Chongqing) Technology Co., Ltd., and Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd.

## 2. Value-added tax (VAT)

(1) 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%. Appotronics Corporation Limited, Fengmi (Beijing) Technology Co., Ltd., and Shenzhen Appotronics Software Technology Co., Ltd. are qualified for enjoying such tax incentives.

(2) According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Policies for Reducing and Exempting Value-added Tax of Small-scale Taxpayers* (Announcement No. 1 of 2023 by the Ministry of Finance and the State Taxation Administration), production and service-oriented taxpayers are allowed to deduct an additional 5% of the deductible input tax amount from the payable tax amount; CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. is qualified for this tax incentive.

## 3. Others

Applicable  N/A

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

### 1. Monetary funds

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	3,346.05	5,479.42
Bank deposits	1,257,428,379.51	1,283,079,345.51
Other monetary funds	21,762,201.92	72,797,383.70
Total	1,279,193,927.48	1,355,882,208.63
Including: Total overseas deposits	185,283,856.24	261,403,774.28

Other information:

In other monetary funds, an amount of RMB 10,961,787.42 is restricted for in use because they are security deposits; In the bank deposits, RMB 40,000,005.49 is deposited by the Company at banks at term deposits or in restricted accounts, and therefore is not presented as cash and cash equivalents in the cash flow statement.

### 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	564,877,200.00	352,880,000.00
Including:		
Equity instrument investment	42,880,000.00	42,880,000.00
Structural deposits	521,997,200.00	310,000,000.00
<b>Total</b>	<b>564,877,200.00</b>	<b>352,880,000.00</b>

Other information:

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

Item	Closing balance	Opening balance
Bank acceptances		
Commercial acceptances	3,404,025.55	2,234,687.77
<b>Total</b>	<b>3,404,025.55</b>	<b>2,234,687.77</b>

#### (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				Book value	Opening balance				Book value
	Carrying amount		Provision for bad debts			Carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	

Provision for bad debts made individually										
Including:										
Provision for bad debts made by group	3,583,184.80	100.00	179,159.25	5.00	3,404,025.55	2,352,302.92	100.00	117,615.15	5.00	2,234,687.77
Including:										
Bank acceptance bills										
Commercial acceptance bills	3,583,184.80	100.00	179,159.25	5.00	3,404,025.55	2,352,302.92	100.00	117,615.15	5.00	2,234,687.77
<b>Total</b>	<b>3,583,184.80</b>	<b>100.00</b>	<b>179,159.25</b>	<b>5.00</b>	<b>3,404,025.55</b>	<b>2,352,302.92</b>	<b>100.00</b>	<b>117,615.15</b>	<b>5.00</b>	<b>2,234,687.77</b>

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

Unit: Yuan Currency: RMB

Name	Closing balance		
	Notes receivable	Provision for bad debts	Percentage of provision (%)
Group of commercial acceptance bills	3,583,184.80	179,159.25	5.00
<b>Total</b>	<b>3,583,184.80</b>	<b>179,159.25</b>	<b>5.00</b>

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

Applicable  N/A

If the bad debt provision is made according to the general model of ECL, please refer to the disclosure of 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	
Provision for bad debts made individually					
Provision for bad debts made by group	117,615.15	61,544.10			179,159.25
Total	117,615.15	61,544.10			179,159.25

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

Applicable  N/A

Other information:

None

**(7). Notes receivable actually canceled in the current period**

Applicable  N/A

Other information:

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: Sub-items within 1 year	
Within 1 year	201,099,239.16
Sub-total of items within 1 year	201,099,239.16
1 to 2 years	34,816,446.50
2 to 3 years	4,747,311.85
Over 3 years	306,798.88
Total	240,969,796.39

**(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	Book value	Carrying amount	Provision for bad debts	Book value

	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually	17,662,466.52	7.33	17,662,466.52	100.00		16,498,540.60	6.89	16,498,540.60	100.00	
Including:										
Provision for bad debts made individually	17,662,466.52	7.33	17,662,466.52	100.00		16,498,540.60	6.89	16,498,540.60	100.00	
Provision for bad debts made by group	223,307,329.87	92.67	16,580,072.67	7.42	206,727,257.20	222,932,593.11	93.11	14,672,357.32	6.58	208,260,235.79
Including:										
Accounts receivable for which the provision for bad debts is made by aging group	223,307,329.87	92.67	16,580,072.67	7.42	206,727,257.20	222,932,593.11	93.11	14,672,357.32	6.58	208,260,235.79
Total	240,969,796.39	100.00	34,242,539.19	14.21	206,727,257.20	239,431,133.71	100.00	31,170,897.92	13.02	208,260,235.79

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
Company A	16,875,766.52	16,875,766.52	100.00	Expected to be unrecoverable because the customer is in hardship
Company B	786,700.00	786,700.00	100.00	Expected to be unrecoverable because the

				customer is in hardship
Total	17,662,466.52	17,662,466.52	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	198,608,813.03	9,930,440.68	5.00
1 to 2 years	23,412,103.50	5,853,025.88	25.00
2 to 3 years	979,614.46	489,807.24	50.00
Over 3 years	306,798.88	306,798.88	100.00
Total	223,307,329.87	16,580,072.67	7.42

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

Applicable  N/A

If the bad debt provision is made according to the general model of ECL, please refer to the disclosure of 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 individually	16,498,540.60	1,233,776.97	69,851.05			17,662,466.52
Provision for bad debts made by group	14,672,357.32	1,909,765.35		2,050.00		16,580,072.67
Total	31,170,897.92	3,143,542.32	69,851.05	2,050.00		34,242,539.19

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	2,050.00

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

Entity	Carrying amount	Proportion to the balance of accounts receivable (%)	Provision for bad debts	Percentage of provision (%)
Top 1	74,247,921.96	30.81	3,712,396.10	5.00
Top 2	27,415,195.69	11.38	1,377,935.38	5.03
Top 3	16,875,766.52	7.00	16,875,766.52	100.00
Top 4	15,719,222.85	6.52	2,374,725.82	15.11
Top 5	12,880,063.84	5.35	644,003.19	5.00
Total	147,138,170.86	61.06	24,984,827.02	16.98

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount derecognized	Gains or losses associated with derecognition	Method of transferring financial assets
CCB E Infocomm	3,000,000.00		Discount
<b>Sub-total</b>	<b>3,000,000.00</b>		

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

Applicable  N/A

Other information:

Applicable  N/A

**6. Receivables financing**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	15,223,418.33	4,279,041.00
Total	15,223,418.33	4,279,041.00

Changes in amount and fair value of receivables financing:

Applicable  N/A

If the bad debt provision is made according to the general model of ECL, please refer to the disclosure of other receivables:

Applicable  N/A

Other information:

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	16,262,610.13	46.78	37,333,767.05	77.06
1 to 2 years	10,111,878.04	29.09	4,701,469.65	9.70
2 to 3 years	7,693,706.89	22.13	6,410,740.16	13.24
Over 3 years	696,186.62	2.00		
<b>Total</b>	<b>34,764,381.68</b>	<b>100.00</b>	<b>48,445,976.86</b>	<b>100.00</b>

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

Item	Balance	Reasons for no settlement
Company C	6,503,220.00	Not delivered due to ongoing efforts for solving a technical difficulty

### (2). Top five closing balances of prepayments categorized by receivers

Applicable  N/A

Entity	Closing balance	Proportion to the total closing balance of prepayments (%)
Top 1	6,503,220.00	18.71
Top 2	6,135,245.74	17.65
Top 3	3,048,575.71	8.77
Top 4	2,014,000.00	5.79
Top 5	1,438,253.83	4.14
Sub-total	19,139,295.28	55.05

Other information

Applicable  N/A

## 8. Other receivables

Presented by item

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable	14,307,084.00	13,789,908.00
Other receivables	12,666,138.84	12,541,813.55
<b>Total</b>	<b>26,973,222.84</b>	<b>26,331,721.55</b>

Other information:

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 information:

 Applicable  N/A

**(1). Dividends receivable**
 Applicable  N/A

Unit: Yuan Currency: RMB

Project (or investee)	Closing balance	Opening balance
Dividend distribution from GDC Technology Limited (BVI)	14,307,084.00	13,789,908.00
<b>Total</b>	<b>14,307,084.00</b>	<b>13,789,908.00</b>

**(2). Dividends receivable with significant amounts aged more than 1 year**
 Applicable  N/A

Unit: Yuan Currency: RMB

Project (or investee)	Closing balance	Aging	Reason for non-recovery	Whether impairment has occurred and the basis for its judgment
Dividend distribution from GDC Technology Limited (BVI)	14,307,084.00	1-2 years	There are matters not reached an agreement through negotiation, and the payment has not yet been made	No
<b>Total</b>	<b>14,307,084.00</b>	-	-	-

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

Other information:

 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	



Within 1 year	4,814,935.60
Sub-total of items within 1 year	4,814,935.60
1 to 2 years	2,052,183.69
2 to 3 years	1,085,737.64
Over 3 years	5,412,560.59
<b>Total</b>	<b>13,365,417.52</b>

**(5). 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	11,046,676.68	11,162,127.62
Withholding	770,800.89	818,004.80
Temporary receivables	1,547,939.95	1,133,717.92
Compensation receivable		65,819.64
<b>Total</b>	<b>13,365,417.52</b>	<b>13,179,669.98</b>

**(6). 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, 2023	613,139.94	24,716.49		637,856.43
Balance as at January 1, 2023 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	83,606.33	-22,184.08		61,422.25
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at June 30,	696,746.27	2,532.41		699,278.68

2023				
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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

**(7). 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	637,856.43	61,422.25				699,278.68
<b>Total</b>	<b>637,856.43</b>	<b>61,422.25</b>				<b>699,278.68</b>

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

Applicable  N/A

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

Applicable  N/A

**(9). 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	Deposits/margins/petty cash	3,574,618.00	Over 3 years	26.75	178,730.90
Top 2	Deposits/margins/petty cash	1,310,675.20	Over 3 years	9.81	65,533.76
Top 3	Deposits/margins/petty cash	900,000.00	Within 1 year; 1-2 years; 2-3 years; Over 3 years	6.73	45,000.00
Top 4	Deposits/margins/petty cash	683,180.24	Within 1 year	5.11	34,159.01
Top 5	Deposits/margins/petty cash	505,491.60	Within 1 year; 2-3 years	3.78	25,274.58
<b>Total</b>	<b>-</b>	<b>6,973,965.04</b>	<b>-</b>	<b>52.18</b>	<b>348,698.25</b>

**(10). Accounts receivable involving government grants**
 Applicable  N/A

**(11). Other receivables derecognized due to transfer of financial assets**
 Applicable  N/A

**(12). Assets and liabilities arising from transfer of other receivables and continued involvement**
 Applicable  N/A

Other information:

 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	Book value	Carrying amount	Provision for decline in value of inventories/impairment of contract performance cost	Book value
Raw materials	476,094,221.57	29,828,966.97	446,265,254.60	511,371,448.78	29,152,044.36	482,219,404.42
Work in progress	12,707,512.13	963,414.83	11,744,097.30	15,037,109.26	2,581,014.21	12,456,095.05
Goods on hand	320,339,395.14	38,858,676.06	281,480,719.08	354,588,226.87	24,770,894.74	329,817,332.13
Goods upon delivery	15,058,879.28	3,310,312.17	11,748,567.11	31,157,150.48	1,901,108.14	29,256,042.34
Materials for consigned processing	4,168,659.09	183,081.13	3,985,577.96	9,397,672.25	246,897.56	9,150,774.69
Contract performance cost	3,200,650.71	705,862.34	2,494,788.37	2,740,313.16		2,740,313.16
<b>Total</b>	<b>831,569,317.92</b>	<b>73,850,313.50</b>	<b>757,719,004.42</b>	<b>924,291,920.80</b>	<b>58,651,959.01</b>	<b>865,639,961.79</b>

**(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	29,152,044.36	2,294,599.08	3,349.33	1,621,025.80		29,828,966.97

Work in progress	2,581,014.21	959,268.10		2,576,867.48		963,414.83
Goods on hand	24,770,894.74	21,960,705.51	34,089.15	7,907,013.34		38,858,676.06
Goods upon delivery	1,901,108.14	1,409,204.03				3,310,312.17
Materials for consigned processing	246,897.56	-52,231.78		11,584.65		183,081.13
Contract performance cost		705,862.34				705,862.34
Total	58,651,959.01	27,277,407.28	37,438.48	12,116,491.27		73,850,313.50

**(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 information:

Applicable  N/A

**10. Contract assets**

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Warranty security receivable	1,668,534.88	187,601.32	1,480,933.56	1,031,362.02	153,332.67	878,029.35
Goods payment	1,202,847.32	1,075,479.32	127,368.00	1,202,847.32	1,019,295.32	183,552.00
Total	2,871,382.20	1,263,080.64	1,608,301.56	2,234,209.34	1,172,627.99	1,061,581.35

**(2). Amount and reasons of major changes in the book value 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	Reason
Provision made by	90,452.65			

group				
Total	90,452.65			/

If the bad debt provision is made according to the general model of ECL, please refer to the disclosure of other receivables:

Applicable  N/A

Other information:

Applicable  N/A

### 11. Held-for-sale assets

Applicable  N/A

### 12. Non-current assets due within 1 year

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Debt investments due within 1 year		
Other debt investments due within 1 year		
Long-term receivables due within 1 year	28,306,652.31	13,431,554.82
Total	28,306,652.31	13,431,554.82

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

Applicable  N/A

Other information:

None

### 13. Other current assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Input VAT to be deducted	90,522,705.12	96,670,912.86
Prepaid enterprise income tax	4,367,773.15	6,101,724.28
Cost of returned goods receivable	1,065,708.83	3,729,974.65
Total	95,956,187.10	106,502,611.79

Other information:

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 information:

 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
	Carrying amount	Provision for bad debts	Book value	Carrying amount	Provision for bad debts	Book value	
Installment payment	24,448,456.36	1,519,399.48	22,929,056.88	14,773,704.48	2,834,052.02	11,939,652.46	4.30% - 4.65%
Including: Financing income not realized	-730,427.69		-730,427.69	-415,458.66		-415,458.66	4.30% - 4.65%
Total	23,718,028.67	1,519,399.48	22,198,629.19	14,358,245.82	2,834,052.02	11,524,193.80	/

**(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, 2023	2,834,052.02			2,834,052.02
Balance as at January 1, 2023 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				

--reversed to Stage I				
Provision	723,105.21			723,105.21
Reversal				
Write-off				
Cancellation				
Other changes	-2,037,757.75			- 2,037,757.75
Balance as at June 30, 2023	1,519,399.48			1,519,399.48

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

Applicable  N/A

“Other changes” indicate the amount of the provision for bad debts that was transferred to long-term receivables due within 1 year.

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 information:

Applicable  N/A

**17. Long-term equity investments**

Applicable  N/A

Unit: Yuan Currency: RMB

Investee	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										
GDC Technology Limited (BVI)	162,394,917.57			-8,071,814.75	-4,176,328.87				6,376,372.10	156,523,146.05
Sub-total	162,394,917.57			-8,071,814.75	-4,176,328.87				6,376,372.10	156,523,146.05
Total	162,394,917.57			-8,071,814.75	-4,176,328.87				6,376,372.10	156,523,146.05

Other information

“Others” under “Changes for the current period” was the amount from the change in foreign currency exchange gain or loss.

## 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 Timewayin					Subject to the management'	



g Technolog y Co., Ltd.					s intention of holding	
Shenzhen Bevix Technolog y Co., Ltd.					Subject to the management' s intention of holding	

Other information:

Applicable  N/A

The Company's equity investments in Shen Zhen Timewaying Technology Co., Ltd., and Shenzhen Bevix Technology Co., Ltd. are mainly for promoting future business cooperation rather than making transactions, hence they are designated as investments in equity instruments at fair value through other comprehensive income.

The cost of Shenzhen Bevix Technology Co., Ltd. is RMB 4,900,000.00, and the fair value change is - RMB 4,900,000.00.

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

Applicable  N/A

#### 20. Investment property

Measurement mode of investment properties

N/A

#### 21. Fixed assets

Presented by item

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	379,962,412.96	427,539,718.53
Disposal of fixed assets		
Total	379,962,412.96	427,539,718.53

Other information:

None

#### Fixed assets

##### (1). Description of fixed assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Machinery and equipment	Transportatio n equipment	Electronic equipment and others	Operating leased equipment	Total
I. Original book value:					
1. Opening balance	159,638,878.71	1,171,400.05	58,558,067.60	682,654,171.75	902,022,518.11
2. Increase	10,467,813.25	486,486.74	2,747,223.45	6,972,816.06	20,674,339.50

(1) Purchase	9,950,187.05	486,486.74	2,560,297.91		12,996,971.70
(2) Transfer from construction in progress				6,972,816.06	6,972,816.06
(3) Transfer from inventories	334,565.82		72,569.90		407,135.72
(4) Exchange rate changes	183,060.38		114,355.64		297,416.02
3. Decrease	2,851,486.44		712,629.67	16,490,101.12	20,054,217.23
(1) Disposal or retirement	2,851,486.44		454,730.00	269,230.77	3,575,447.21
(2) Transfer to inventories			257,899.67	16,220,870.35	16,478,770.02
4. Closing balance	167,255,205.52	1,657,886.79	60,592,661.38	673,136,886.69	902,642,640.38
II. Accumulated depreciation					
1. Opening balance	77,432,539.28	758,120.79	30,586,219.43	364,608,760.63	473,385,640.13
2. Increase	12,520,028.89	97,799.22	4,358,304.49	43,126,901.58	60,103,034.18
(1) Provision	12,421,481.40	97,799.22	4,280,360.66	43,126,901.58	59,926,542.86
(2) Exchange rate changes	98,547.49		77,943.83		176,491.32
3. Decrease	2,621,874.58		505,329.37	10,538,978.83	13,666,182.78
(1) Disposal or retirement	2,621,874.58		409,719.07	217,229.08	3,248,822.73
(2) Transfer to inventories			95,610.30	10,321,749.75	10,417,360.05
4. Closing balance	87,330,693.59	855,920.01	34,439,194.55	397,196,683.38	519,822,491.53
III. Provision					

for impairment					
1. Opening balance				1,097,159.45	1,097,159.45
2. Increase				1,833,685.55	1,833,685.55
(1) Provision				1,833,685.55	1,833,685.55
3. Decrease				73,109.11	73,109.11
(1) Disposal or retirement				8,795.77	8,795.77
(2) Transfer to inventories				64,313.34	64,313.34
4. Closing balance				2,857,735.89	2,857,735.89
IV. Book value					
1. Closing book value	79,924,511.93	801,966.78	26,153,466.83	273,082,467.42	379,962,412.96
2. Opening book value	82,206,339.43	413,279.26	27,971,848.17	316,948,251.67	427,539,718.53

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

Unit: Yuan Currency: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Operating leased equipment	45,485,926.77	28,123,113.06	2,516,133.64	14,846,680.07	

**(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 book value
Operating leased equipment	258,235,787.35

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

Other information:

 Applicable  N/A

**Disposal of fixed assets**
 Applicable  N/A
**22. Construction in progress****Presented by item**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	314,382,210.87	278,978,057.73
Materials for construction		
Total	314,382,210.87	278,978,057.73

Other information:

None

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

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Headquarter buildings	309,377,852.19		309,377,852.19	270,837,599.21		270,837,599.21
Assets to be leased	5,004,358.68		5,004,358.68	6,266,605.31		6,266,605.31
Decoration construction				1,873,853.21		1,873,853.21
Total	314,382,210.87		314,382,210.87	278,978,057.73		278,978,057.73

**(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	270,837,599.21	38,540,252.98			309,377,852.19	63.08	63.08	8,011,931.43	3,015,800.64	4.08	Self-owned capital
Assets to be leased		6,266,605.31	5,710,569.43	6,972,816.06		5,004,358.68						Self-owned capital
<b>Total</b>	534,635,200.00	277,104,204.52	44,250,822.41	6,972,816.06		314,382,210.87	-	-	8,011,931.43	3,015,800.64	-	-

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

Other information

 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 information

 Applicable  N/A

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

**25. Right-of-use asset**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Houses and buildings	Total
<b>I. Original book value</b>		
1. Opening balance	80,936,615.37	80,936,615.37
2. Increase	9,052,943.22	9,052,943.22
(1) Rents	9,013,018.21	9,013,018.21
(2) Other changes	39,925.01	39,925.01
3. Decrease	763,530.71	763,530.71
(1) Disposal	763,530.71	763,530.71
4. Closing balance	89,226,027.88	89,226,027.88
<b>II. Accumulated depreciation</b>		
1. Opening balance	18,680,945.08	18,680,945.08
2. Increase	14,920,234.73	14,920,234.73
(1) Provision	14,899,916.76	14,899,916.76
(2) Other changes	20,317.97	20,317.97
3. Decrease	179,705.50	179,705.50
(1) Disposal	179,705.50	179,705.50
4. Closing balance	33,421,474.31	33,421,474.31
<b>III. Provision for impairment</b>		
1. Opening balance		
2. Increase		
(1) Provision		
3. Decrease		

(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing book value	55,804,553.57	55,804,553.57
2. Opening book value	62,255,670.29	62,255,670.29

Other information:

None

## 26. Intangible assets

### (1). Description of intangible assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Total
I. Original book value				
1. Opening balance	330,630,000.00	20,059,950.00	20,151,437.21	370,841,387.21
2. Increase			2,899,914.47	2,899,914.47
(1) Purchase			2,875,894.25	2,875,894.25
(2) Exchange rate changes			24,020.22	24,020.22
3. Decrease				
(1) Disposal				
4. Closing balance	330,630,000.00	20,059,950.00	23,051,351.68	373,741,301.68
II. Accumulated amortization				
1. Opening balance	49,594,500.18	16,390,600.14	10,845,243.95	76,830,344.27
2. Increase	5,510,500.02		2,144,910.13	7,655,410.15
(1) Provision	5,510,500.02		2,121,924.37	7,632,424.39
(2) Exchange rate changes			22,985.76	22,985.76
3. Decrease				
(1) Disposal				
4. Closing balance	55,105,000.20	16,390,600.14	12,990,154.08	84,485,754.42
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. Book value				
1. Closing book value	275,524,999.80		10,061,197.60	285,586,197.40
2. Opening book	281,035,499.82		9,306,193.26	290,341,693.08

value				
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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 information:

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 presented value of future cash flow) as well as recognition method for impairment loss**

Applicable  N/A

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

Applicable  N/A

Other information:

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	5,935,938.09	3,232,521.81	1,940,313.25	-18,799.02	7,246,945.67
RTO gas for the screen project	55,045.94		16,513.74		38,532.20
Total	5,990,984.03	3,232,521.81	1,956,826.99	-18,799.02	7,285,477.87

Other information:

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	67,348,572.44	10,102,393.87	54,480,645.82	8,172,204.87
Unrealized profits for insider transactions	250,032,883.05	37,504,932.45	293,141,594.90	43,971,239.24
Provisions	33,155,919.65	4,973,387.95	33,861,061.30	5,079,159.20
Share-based payment expenses	55,758,843.58	8,367,280.98	78,336,744.64	11,756,236.09
Deferred income	2,657,700.76	398,655.11	5,651,422.25	847,713.34
Leases	894,583.85	135,455.56	848,471.94	128,229.81
Losses from changes in fair values	1,120,000.00	168,000.00	1,120,000.00	168,000.00
Deductible losses	133,936,891.98	20,090,533.80	145,752,332.17	21,862,849.83
Total	544,905,395.31	81,740,639.73	613,192,273.02	91,985,632.38

**(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
Long-term receivables	24,429,108.67	3,664,366.30	15,031,309.08	2,254,696.36
Other current assets - Cost of returned goods receivable	46,685.41	7,002.81		
Total	24,475,794.08	3,671,369.11	15,031,309.08	2,254,696.36

**(3). Deferred tax assets and 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 deferred tax assets and	Closing balance of deferred tax assets or liabilities after	Opening set-off amount of deferred tax assets and	Opening balance of deferred tax assets or liabilities after
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	liabilities	set-off	liabilities	set-off
Deferred tax assets	3,671,369.11	78,069,270.62	2,254,696.36	89,730,936.02
Deferred tax liabilities	3,671,369.11		2,254,696.36	

**(4). Details of unrecognized deferred tax assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Provision for impairment of assets	55,225,838.14	47,406,755.88
Unrealized profits for insider transactions	36,617,810.36	33,624,043.48
Provisions	20,307,631.71	18,872,846.92
Deferred income	2,454,545.47	3,000,000.01
Share-based payment expenses	724,391.43	3,180,261.29
Leases	1,992,084.01	1,557,490.63
Profit distribution from partnership enterprises		15,991.72
Changes in fair value of investments in other equity instruments	4,900,000.00	4,900,000.00
Deductible losses	541,984,302.47	322,268,687.11
Total	664,206,603.59	434,826,077.04

**(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
2023	4,629,271.35	4,629,271.35	
2024	3,721,926.96	3,721,926.96	
2025	4,647,581.11	4,647,581.11	
2026	87,289,773.75	98,077,911.35	
2027	188,173,306.33	105,226,991.61	
2028	118,599,765.45		
No expiry date	134,922,677.52	105,965,004.73	
Total	541,984,302.47	322,268,687.11	/

Other information:

 Applicable  N/A

**31. Other non-current assets**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Prepayment for purchase of long-term assets	18,633,790.53		18,633,790.53	12,569,088.37		12,569,088.37
Total	18,633,790.53		18,633,790.53	12,569,088.37		12,569,088.37

Other information:

None

### 32. Short-term borrowings

#### (1). Categories of short-term borrowings

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Notes discount within the group		30,000,000.00
Guaranteed loans	69,500,000.00	39,500,000.00
Credit loans	60,000,000.00	60,000,000.00
Interest payable	104,426.40	89,634.03
Total	129,604,426.40	129,589,634.03

Description for categories of short-term borrowings:

None

#### (2). Short-term borrowings overdue but not yet repaid

Applicable  N/A

Other information:

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
Commercial acceptance bills		
Bank acceptance bills	80,254,013.57	201,299,388.57
Total	80,254,013.57	201,299,388.57

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	275,507,953.57	276,845,321.28
Total	275,507,953.57	276,845,321.28

**(2). Accounts payable with significant amounts aged more than 1 year**
 Applicable  N/A

Other information:

 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	99,404,605.97	113,834,728.10
Total	99,404,605.97	113,834,728.10

**(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
Company D	8,291,234.83	Lease payments received in advance
Total	8,291,234.83	/

Other information:

 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	39,465,849.54	37,285,920.43
Total	39,465,849.54	37,285,920.43

**(2). Amount and reasons of major changes in the book value during the reporting period**
 Applicable  N/A

Other information:

 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	57,760,642.14	180,487,550.87	209,126,826.77	29,121,366.24
II. Post-employment benefits-defined contribution plan	170,231.90	8,970,833.40	8,975,331.91	165,733.39
III. Dismissal benefits	540,086.51	5,230,288.43	5,312,758.12	457,616.82
IV. Other benefits due within 1 year				
Total	58,470,960.55	194,688,672.70	223,414,916.80	29,744,716.45

**(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	57,630,572.03	161,249,944.24	189,946,770.35	28,933,745.92
II. Staff welfare		2,396,777.44	2,396,777.44	
III. Social security contributions	107,849.71	5,588,106.63	5,573,461.28	122,495.06
Including: Medical insurance	102,565.34	5,194,748.76	5,180,056.00	117,258.10
Work injury insurance	5,267.39	241,105.94	241,177.94	5,195.39
Maternity insurance	16.98	152,251.93	152,227.34	41.57
IV. Housing funds		10,780,341.66	10,780,341.66	
V. Union running costs and employee education costs	22,220.40	472,380.90	429,476.04	65,125.26
VI. Short-term paid				

leaves				
VII. Short-term profit sharing plan				
Total	57,760,642.14	180,487,550.87	209,126,826.77	29,121,366.24

**(3). Presented by defined contribution plan**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	164,547.68	8,715,951.66	8,720,362.91	160,136.43
2. Unemployment insurance	5,684.22	254,881.74	254,969.00	5,596.96
3. Enterprise annuity contribution				
Total	170,231.90	8,970,833.40	8,975,331.91	165,733.39

Other information:

□ Applicable √ N/A

**40. Taxes payable**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	415,633.50	283,831.65
Enterprise income tax	3,423,409.78	1,329,891.54
Individual income tax	1,503,794.91	5,330,584.62
City maintenance and construction tax	420,196.47	461,779.38
Education surcharges	181,807.01	200,014.57
Local education surcharges	118,333.33	133,343.03
Stamp duty	368,555.48	521,340.60
Annual franchise right tax	12,381.41	11,933.84
Urban land use tax	8,914.32	49.67
Others	39.95	
Total	6,453,066.16	8,272,768.90

Other information:

None

**41. Other payables**
**Presented by item**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Interest payable		
Dividend payable	797,774.22	
Other payables	119,109,874.30	56,662,357.08
Total	119,907,648.52	56,662,357.08

Other information:

None

**Interest payable**

Applicable  N/A

**Dividends payable**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends on ordinary shares	797,774.22	
Total	797,774.22	

Other description, including significant dividend payable with aging 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	118,512.62	264,611.23
Deposits/margins	11,630,428.35	9,538,090.44
Withdrawals in advance	36,325,990.61	38,870,669.59
Temporary receipts payable	12,531,383.72	7,988,985.82
Amount of equity transfer payable	7,893,600.00	
Subscription payment for restricted stocks	50,609,959.00	
Total	119,109,874.30	56,662,357.08

**(2). Other payables with significant amounts aged more than 1 year**

Applicable  N/A

Other information:

Applicable  N/A

**42. Liabilities held for sale**

Applicable  N/A

**43. Non-current liabilities due within 1 year**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Long-term borrowings due within 1 year	146,783,523.75	147,500,008.00
Lease liabilities due within 1 year	31,430,388.88	30,342,348.86
Long-term payables due within 1 year		
Interest payable	146,727.76	189,460.51
<b>Total</b>	<b>178,360,640.39</b>	<b>178,031,817.37</b>

Other information:

None

#### 44. Other current liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Rebates payable	6,375,935.11	25,168,744.15
Taxes to be written off	3,423,594.29	3,013,395.69
Refund		201,468.53
<b>Total</b>	<b>9,799,529.40</b>	<b>28,383,608.37</b>

Changes in short-term bonds payable:

Applicable  N/A

Other information:

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
Guaranteed loans and loans against collateral	139,982,252.95	147,905,776.70
Guaranteed loans	281,980,000.00	255,299,986.00
Credit loans	109,000,000.00	
Interest payable	524,648.75	514,779.75
<b>Total</b>	<b>531,486,901.70</b>	<b>403,720,542.45</b>

Description for categories of long-term borrowings:

None

Other description, including interest rate range:

Applicable  N/A

#### 46. Bonds payable

##### (1). Bonds payable

Applicable  N/A



**(2). Changes in bonds payable (excluding other financial instruments such as preference shares, perpetual bonds and others 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 information:

Applicable  N/A

**47. Lease liabilities**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Unpaid lease payments	28,324,784.45	37,874,912.40
Less: Financing charges not recognized	1,063,951.96	3,555,628.17
Total	27,260,832.49	34,319,284.23

Other information:

None

**48. Long-term payables**

**Presented by item**

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	49,871,884.36	51,870,435.99	Expenses for “three guarantees” services
Amounts payable for goods returned	6,591,998.51	1,578,759.24	
Pending litigation		14,356.13	
Total	56,463,882.87	53,463,551.36	/

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 related to assets	5,905,986.57		1,078,195.80	4,827,790.77	The relevant asset is within its service life
Government grants related to income	2,745,435.69	1,500,000.00	3,960,980.23	284,455.46	Used for compensation of relevant costs, expenses, or losses in subsequent periods
Total	8,651,422.26	1,500,000.00	5,039,176.03	5,112,246.23	/

Other information:

Applicable  N/A

Breakdown of government grants

Item	Opening balance	Increased government grants for the current period	Amount recognized in current profit or loss	Closing balance	Related to assets/income
8K Ultra High Definition Laser Display Technology Engineering Research Center	2,905,986.56		532,741.26	2,373,245.30	Related to assets
Industry support funds	3,000,000.01		545,454.54	2,454,545.47	Related to assets
R&D of key		1,000,000.00	1,000,000.00		Related to

technologies for ultra high-definition micro laser projector optical engine based on light-emitting ceramic devices					income
Trichromatic Laser Display Complete Equipment Production Demonstration Line	2,412,101.15	500,000.00	2,912,101.15		Related to income
Research of trichromatic laser light sources and LCoS optical engine	333,334.54		48,879.08	284,455.46	Related to income
Sub-total	8,651,422.26	1,500,000.00	5,039,176.03	5,112,246.23	

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
		Issuance of new shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	
Total shares	457,107,538.00						457,107,538.00

Other information:

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 information:

Applicable  N/A

**55. Capital reserve**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share premium)	1,363,879,803.31	271,501.89		1,364,151,305.20
Other capital reserve	166,872,312.73	20,442,747.19		187,315,059.92
Total	1,530,752,116.04	20,714,249.08		1,551,466,365.12

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 24,996,374.80, in which RMB 21,649,969.88 was recognized in the capital reserve (other capital reserve) and RMB 3,346,404.92 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 1,349,420.12, the decrease in the capital reserve (other capital reserve) by RMB 1,207,222.69, and the decrease in the minority interests by RMB 142,197.43.

(3) The Company acquired minority interests by paying the consideration of RMB 19,734,000.00 for the shares, and acquired shares in the fair value of the identifiable net assets in the amount of RMB 20,005,501.89, while the difference RMB 271,501.89 was recognized as capital premium (share premium).

**56. Treasury shares**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury shares	19,377,297.59			19,377,297.59
Total	19,377,297.59			19,377,297.59

Other description, including changes in the current period and reasons for changes:

None

**57. Other comprehensive income**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Amount for 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 owners of 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	10,636,897.41	5,158,805.71				6,714,283.50	-1,555,477.79	17,351,180.91
Including: Other comprehensive income that will be reclassified to profit or loss under the equity method	-13,180,600.06	-4,176,328.87				-4,176,328.87		-17,356,928.93
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	23,817,497.47	9,335,134.58				10,890,612.37	-1,555,477.79	34,708,109.84
Total other comprehensive income	5,736,897.41	5,158,805.71				6,714,283.50	-1,555,477.79	12,451,180.91

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	75,519,782.06			75,519,782.06
Total	75,519,782.06			75,519,782.06

Surplus reserve description, including changes in the current period and reasons for changes:

None

**60. Retained profits**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Current period	Prior year
Retained profits at the end of prior period before adjustment	597,924,451.67	545,277,188.08
Total adjusted undistributed profits at the beginning of the period (Add: +; Less: -)		
Retained profits at the beginning of the period after adjustment	597,924,451.67	545,277,188.08
Add: Net profit attributable to owners of the parent company for the period	74,914,640.95	119,440,773.77
Less: Appropriation to statutory surplus reserve		19,253,913.75
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Declaration of dividends on ordinary shares	24,635,207.05	47,539,596.43
Conversion of ordinary shares' dividends into share capital		
Retained profits at the end of the period	648,203,885.57	597,924,451.67

Details of adjustments to undistributed profits at the beginning of the period:

- 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.
- Retained profits at the beginning of the period were affected by RMB 0.00 due to changes in accounting policies.
- Retained profits at the beginning of the period were affected by RMB 0.00 due to the correction of significant accounting errors.
- Retained 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.
- Retained 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	1,073,249,037.75	668,659,467.49	1,269,322,202.11	884,560,607.88
Other business				
Total	1,073,249,037.75	668,659,467.49	1,269,322,202.11	884,560,607.88

### (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 information:

Breakdown of revenue from contracts with customers by category:

Item	Amount for the current period	Amount for the prior period
Main business areas:		
Domestic	704,902,664.35	982,431,749.79
Overseas	188,845,868.39	151,675,564.56
Sub-total	893,748,532.74	1,134,107,314.35
By product:		
Laser optical engine	269,264,171.31	227,366,190.32
Complete laser projector	529,660,750.51	797,685,682.96
Others	94,823,610.92	109,055,441.07
Sub-total	893,748,532.74	1,134,107,314.35
Revenue recognition time:		
Goods (transferred at a time point)	893,741,128.35	1,133,767,224.50
Services (provided during a specific period of time)	7,404.39	340,089.85
Sub-total	893,748,532.74	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	1,849,757.98	1,854,709.81

construction tax		
Stamp duty	718,782.33	1,328,656.61
Education surcharges	810,475.02	837,797.56
Local education surcharges	540,316.68	596,844.97
Others	86,419.52	18,392.15
Total	4,005,751.53	4,636,401.10

Other information:

None

### 63. Selling expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Marketing fees	67,103,262.08	56,105,203.98
Employee benefits	44,813,421.97	38,321,847.96
After-sale repair expenses	8,783,249.44	7,794,363.57
Travel expenses	3,323,826.10	1,140,208.55
Advertising and business promotion expenses	2,606,865.49	2,152,634.28
Business entertainment expenses	891,056.45	874,145.73
Other expenses	15,877,978.49	13,913,957.29
Total	143,399,660.02	120,302,361.36

Other information:

None

### 64. Administrative expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	34,743,913.52	36,480,928.08
Share-based payment expenses	25,008,586.26	44,301,483.42
Service fees	13,261,395.13	11,634,987.32
Depreciation and amortization expenses	6,559,184.36	7,367,554.34
Rent expense	2,699,984.57	2,149,163.28
Other expenses	4,423,159.98	4,081,725.92
Total	86,696,223.82	106,015,842.36

Other information:

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	86,643,213.03	76,416,118.90
Material consumption expenses	11,968,242.66	13,749,893.95
Rent expense	2,027,319.05	2,724,452.14
Service fees	6,014,448.00	4,297,638.31
Depreciation and amortization expenses	7,408,217.43	4,958,080.99
Testing expenses	2,233,677.17	4,511,335.54
Patent fees	1,909,173.76	836,908.48
Other expenses	8,201,851.02	7,465,358.06
Total	126,406,142.12	114,959,786.37

Other information:

None

#### 66. Financial expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	7,061,642.05	12,510,421.43
Less: Interest income	-15,604,073.30	-6,740,942.87
Exchange profit or loss	-9,807,901.42	-10,026,339.12
Bank service charges	1,328,926.10	902,979.64
Total	-17,021,406.56	-3,353,880.91

Other information:

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	1,078,195.80	940,282.23
Government grants related to income	21,467,825.51	18,812,831.21
Refund of transaction fees for withholding individual income taxes	442,061.07	364,144.36
Additional deduction of input VAT	620,900.93	1,448,552.63
Total	23,608,983.31	21,565,810.43

Other information:

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 accounted for using the equity method	-8,071,814.75	-5,951,760.87
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	5,265,708.55	5,795,366.82
<b>Total</b>	<b>-2,806,106.20</b>	<b>-4,567,473.71</b>

Other information:

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
<b>Total</b>		<b>-1,634,000.00</b>

Other information:

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	-3,513,083.07	1,393,164.79
<b>Total</b>	<b>-3,513,083.07</b>	<b>1,393,164.79</b>

Other information:

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	-90,452.65	-38,217.98
II. Decline in value of inventories	-26,383,931.20	-19,378,228.52
III. Impairment losses of long-term equity		

investments		
IV. Impairment losses of investment properties		
V. Impairment losses of fixed assets	-1,833,685.55	-405,917.49
VI. Losses of contract performance cost	-705,862.34	
Total	-29,013,931.74	-19,822,363.99

Other information:

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	18,395.62	106.88
Gains from disposal of right-of-use assets	-3,133.47	17,106.28
Total	15,262.15	17,213.16

Other information:

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	11,482.30	7,964.60	11,482.30
Including: Gains from disposal of fixed assets	11,482.30	7,964.60	11,482.30
Government grants	9,000,000.00		9,000,000.00
Amounts not required for payment	233,306.16		233,306.16
Others	179,559.37	159,923.71	179,559.37
Total	9,424,347.83	167,888.31	9,424,347.83

Other information:

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	242,877.32	353,535.44	242,877.32
Including: Losses from disposal of fixed assets	242,877.32	353,535.44	242,877.32
External donations		1,011,354.98	
Penalties and overdue fines	27,463.52	141,821.94	27,463.52
Others	370,921.08	5,197.11	370,921.08
Total	641,261.92	1,511,909.47	641,261.92

Other information:

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	8,337,698.37	15,688,777.00
Deferred income tax expenses	10,312,245.27	3,580,694.17
Total	18,649,943.64	19,269,471.17

### (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	58,177,409.69
Income tax expense calculated based on statutory/applicable tax rate	8,726,611.46
Effect of different tax rates of subsidiaries operating in other jurisdictions	-8,719,094.86
Effect of income tax for the period before adjustment	-536,497.80
Effect of non-taxable income	-42,425.30
Effect of non-deductible cost, expense and loss	237,744.26
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-351,326.89
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	25,128,174.15
Change in the balance of opening deferred tax assets caused by tax rate adjustment	0.00
Effect of additional deduction of R&D expenses	-10,821,251.40
Others	5,028,010.02
Income tax expenses	18,649,943.64

Other information:

Applicable  N/A

**77. Other comprehensive income**
 Applicable  N/A

Refer to VII. 57 of Section X for 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	15,203,804.27	6,586,011.83
Government grants	31,156,389.47	14,967,754.76
Recovery of security deposits	38,485,289.61	9,021,162.77
Non-operating income	167,768.72	78,226.30
Other transaction accounts	5,824,075.57	3,742,646.71
Total	90,837,327.64	34,395,802.37

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	133,812,521.03	135,601,238.70
Non-operating expenses	369,426.97	138,934.57
Payment of security deposits	14,513,684.21	67,068,694.27
Service charges	777,510.79	757,068.27
Other transaction accounts	3,961,686.89	2,730,798.00
Total	153,434,829.89	206,296,733.81

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	23,814.21	

Actual lease payment	17,383,232.80	14,493,029.54
Share repurchase payment		3,211,260.13
Total	17,407,047.01	17,704,289.67

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	39,527,466.05	18,539,942.30
Add: Provision for impairment of assets	29,013,931.74	19,822,363.99
Impairment losses of credit	3,513,083.07	-1,393,164.79
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	59,926,542.86	60,956,631.02
Amortization of right-of-use assets	14,899,916.76	13,511,079.53
Amortization of intangible assets	2,121,924.37	1,599,345.03
Amortization of long-term prepaid expenses	1,956,826.99	3,680,782.65
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “-”)	-15,262.15	-17,213.16
Losses on disposal of fixed assets (gains are indicated by “-”)	231,395.02	345,570.84
Losses on changes in fair values (gains are indicated by “-”)		1,634,000.00
Financial expenses (income is indicated by “-”)	3,338,040.63	2,484,082.32
Investment losses (income is indicated by “-”)	2,806,106.20	4,567,473.71
Decrease in deferred tax assets (increase is indicated by “-”)	10,312,245.28	3,580,734.09
Increase in deferred tax liabilities (decrease is indicated by “-”)		
Decrease in inventories (increase is indicated by “-”)	104,726,621.15	-33,033,292.19
Decrease in receivables from operating activities (increase is indicated by “-”)	18,233,904.75	36,305,146.46
Increase in payables from operating activities (decrease is indicated by “-”)	-200,944,159.73	-255,297,259.11
Others	25,090,249.13	44,160,417.64
Net cash flow from operating activities	114,738,832.13	-78,553,359.67
<b>2. Significant investing and financing activities</b>		



<b>that do not involve cash receipts and payments:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within 1 year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	1,228,232,134.57	951,480,989.53
Less: Opening balance of cash	1,254,582,403.12	891,195,166.73
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-26,350,268.55	60,285,822.80

**(2) Net cash paid to acquire subsidiaries for the current period**
 Applicable  N/A

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid in the period for business combination occurring in the period	11,840,400.00
Shenzhen Qianhai Taishi Investment Partnership (LP)	11,840,400.00
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	9,034.84
Shenzhen Qianhai Taishi Investment Partnership (LP)	9,034.84
Add: Cash or cash equivalents paid in the prior period for business combination occurring in the period	
Net cash paid for acquiring subsidiaries	11,831,365.16

Other information:

None

**(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	1,228,232,134.57	1,254,582,403.12
Including: Cash on hand	3,346.05	5,479.42
Bank deposits that can be paid at any time	1,217,428,374.02	1,241,921,379.19
Other monetary funds that can be paid at any time	10,800,414.50	12,655,544.51
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	1,228,232,134.57	1,254,582,403.12
Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group		

Other information:

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 book value	Reason
Bank deposits	40,000,000.00	Term deposits
Bank deposits	5.49	Accounts not handling for a long time
Other monetary funds	10,961,787.42	Security deposits
Intangible assets	275,524,999.80	Mortgage collateral
Total	326,486,792.71	/

Other information:

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
Monetary funds			297,486,092.24
Including: USD	41,026,579.84	7.2258	296,449,860.61
GBP	15,782.11	9.1432	144,298.99
HKD	297,205.06	0.9220	274,017.12
Euro	74,738.72	7.8771	588,724.37
Others			29,191.15
Accounts receivable			83,635,231.71
Including: USD	11,394,715.89	7.2258	82,335,938.08
Euro	161,644.37	7.8771	1,273,288.87
Others			26,004.76
Accounts payable			44,736,752.22
Including: USD	6,182,542.60	7.2258	44,673,816.31
JPY	1,256,356.25	0.0501	62,935.91

Other information:

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	Basis of choice
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
Formovie Limited	Hong Kong	USD	Common 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
Appotronics International Limited	Hong Kong	USD	Common 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		Other income	1,078,195.80
Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods	1,500,000.00	Other income	3,960,980.23
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	27,968,381.50	Other income, non-operating income	27,941,857.82
Interest subsidies	6,084,300.00	Financial expenses	6,084,300.00

**(2). Refund of government grants**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount	Reason
Trichromatic Display Complete Equipment Production Demonstration Line	992,951.47	Refund of remaining funds
Sub-total	992,951.47	

**Other information**
**(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	2,905,986.56		532,741.26	2,373,245.30	Other income

Industry support funds	3,000,000.01		545,454.54	2,454,545.47	Other income
Sub-total	5,905,986.57		1,078,195.80	4,827,790.77	

- (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
R&D of key technologies for ultra high-definition micro laser projector optical engine based on light-emitting ceramic devices		1,000,000.00	1,000,000.00		Other income
Trichromatic Laser Display Complete Equipment Production Demonstration Line	2,412,101.15	500,000.00	2,912,101.15		Other income
Research of trichromatic laser light sources and LCoS optical engine	333,334.54		48,879.08	284,455.46	Other income
Sub-total	2,745,435.69	1,500,000.00	3,960,980.23	284,455.46	

- (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	4,431,505.74	Other income	
Rewards for Employment Stability and Subsidy for New	40,200.00	Other income	

Employees			
Refund of service charges for “three withholdings”	442,061.07	Other income	
Shenzhen one-off subsidy for job expansion in 2022 (10 <sup>th</sup> batch)	3,000.00	Other income	
Maternity Grants from Shenzhen Social Security Bureau	12,459.49	Other income	Provisions of Guangdong for Maternity Insurance of Employees, Shenzhen Social Insurance Fund Administration
2022 Subsidy for Housing Rents for Talents of Enterprises	370,000.00	Other income	2022 Talent Housing Rent Agreement of Nanshan District
2022 Shenzhen Special Funds for Intellectual Property Rights	1,000,000.00	Other income	Announcement of Shenzhen Administration for Market Regulation on 2022 Candidate Projects for the Special Funds for Intellectual Property Rights (For Protection), Shenzhen Administration for Market Regulation
Key enterprise research institute for laser display	10,000,000.00	Other income	Disclosure of Shenzhen Science and Technology Innovation Commission on the Candidate Subsidy Projects for Key Enterprise Research Institutes for 2023
Subsidy for copyright registration	18,900.00	Other income	Notice on Starting the Application (Third Batch) of Projects for Sub-special Funds under the Special Fund for Independent Innovation Industry Development in Nanshan District (2022)
2022 Reward for Economic Contribution	50,000.00	Other income	
Subsidy for trademark registration under 2022 Shenzhen intellectual property special fund	14,000.00	Other income	Notice of Shenzhen Administration for Market Administration on Handling the Subsidy Collection Procedures for Verified Projects on Shenzhen Intellectual Property Special Fund in 2022, Shenzhen Administration for Market Regulation
2022 second and third batch of	50,000.00	Other income	Announcement of Candidate

subsidy for daily management expenditures of post-doctor stations			Entities Qualified for Subsidy for Daily Management Expenditures in Shenzhen (Second Batch in 2022) - Announcement to Society, website of Shenzhen Human Resources and Social Security Bureau
2022 Shenzhen Special Fund in the Standard Field	30,000.00	Other income	Notice on the Reward Scheme of Special Funds for Standard Field of Shenzhen in 2022, Shenzhen Administration for Market Regulation
Subsidy for Social Security and Post for Employment of the Poor Population	62,731.52	Other income	
Special funds for the development of cultural industry (original research and development projects)	1,500,000.00	Other income	2023 Announcement for Candidate Projects for the Special Fund for the Development of the Cultural Industry, Shenzhen City Bureau of Culture, Radio, Television, Tourism and Sports
Reward for Production Expansion and Efficiency Improvement of Industrial Enterprises for the First Half of 2022	310,000.00	Other income	Notice of Shenzhen Bureau of Industry and Information Technology on the Disclosure for the First Half of 2022 Proposed Subsidy Scheme for Enterprises' Production Expansion and Efficiency Improvement
Subsidy for Employment of the Poor Population	30,000.00	Other income	
Payment of industry support funds	9,000,000.00	Non-operating income	Investment agreement
Subsidy under the 2023 Nanshan District Scientific Reward and Support Plan (First Batch)	200,000.00	Other income	Notice on Filing for Projects under Joint Support Plans for Technology Breakthrough in 2023
Rewards for Enterprises Qualified as Enterprises above Designated Size	250,000.00	Other income	Announcement of Chongqing Liangjiang New Area Operation Bureau on Candidate Enterprises Qualified for Rewards under Policies for Stabilizing the Macro Economy (Second Batch)
Special Funds for Service	127,000.00	Other income	Letter of Chongqing Commission

Trading			of Commerce on Communication about Review of International Service Trading Projects under the Special Development Fund
Sub-total	27,941,857.82		

## (4) Interest subsidies

Item	Opening deferred income	Increase	Amortization	Closing deferred income	Amortization of items presented in the current period
Interest subsidies		6,084,300.00	6,084,300.00		Financial expenses
Sub-total		6,084,300.00	6,084,300.00		

**85. Others**
 Applicable  N/A
**VIII. Changes in scope of consolidation****1. Business combination not involving enterprises under common control**
 Applicable  N/A
**(1). Business combinations not involving enterprises under common control in the current period**
 Applicable  N/A

Unit: Yuan Currency: RMB

Name of acquiree	Time point of obtaining equity	Cost of equity acquisition	Ratio of acquired equity interests (%)	Method of obtaining equity	Acquisition date	Basis for determining the acquisition date	Incomes of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Shenzhen Qianhai Taishi Investment Partnership (LP)	May 15, 2023	19,734,000.00	100.00	Acquisition	May 15, 2023	Share Transfer Agreement	0.00	75.57



Other information:

None

**(2). Combination costs and goodwill**

Applicable  N/A

Unit: Yuan Currency: RMB

Combination costs	Shenzhen Qianhai Taishi Investment Partnership (LP)
-- Cash	19,734,000.00
-- Fair value of non-cash assets	
-- Fair value of debts issued or undertaken	
-- Fair value of equity securities issued	
-- Fair value of contingent consideration	
-- Fair value at the acquisition date of the equity interests held prior to the acquisition date	
--Others	
Total combination costs	19,734,000.00
Less: Acquired shares in the fair value of the identifiable net assets	20,005,501.89
Differences between amounts of goodwill/combination costs and the acquired shares in the fair value of the identifiable net assets	-271,501.89

Description of the method for determining the fair value of combination costs, and the contingent considerations and changes thereof:

N/A

Main reasons of large-amount goodwill:

N/A

Other information:

During the reporting period, the Company acquired Shenzhen Qianhai Taishi Investment Partnership (LP) through business combination not involving enterprises under common control. In essence, this transaction is acquiring the minority interests held by the subsidiary CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. The difference above is recognized in capital reserve - share premium.

**(3). Identifiable assets and liabilities of the acquiree at the acquisition date**

Applicable  N/A

Unit: Yuan Currency: RMB

	Shenzhen Qianhai Taishi Investment Partnership (LP)	
	Fair value at the acquisition date	Carrying amount at the acquisition
Assets:	20,005,501.89	4,759,034.84
Monetary funds	9,034.84	9,034.84
Long-term equity investment	19,996,467.05	4,750,000.00
Net assets	20,005,501.89	4,759,034.84

Acquired net assets	20,005,501.89	4,759,034.84
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Method for determining the fair value of identifiable assets and liabilities:

Long-term equity investments are determined according to the net assets and shareholding ratio of the investee, and other assets and liabilities are determined according to the book values.

Contingent liabilities of the acquiree that are taken in the business combination:

None

Other information:

None

**(4). Gains or losses from the equity interests held prior to the acquisition date that are remeasured at fair value**

Whether there are transactions for the purpose of implementing business combination via multiple transactions and obtaining the control during the reporting period

Applicable  N/A

**(5). Description about the failure in reasonably determining the combination considerations or the fair values of the identifiable assets and liabilities of the acquiree at the acquisition date or at the end of the combination period**

Applicable  N/A

**(6). Other information**

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 information:

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

**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	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Shenzhen Appotronics Laser Display Technology Co., Ltd.	Shenzhen	Shenzhen	R&D 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 Line Technology Co., Ltd.	Shenzhen	Shenzhen	Software development related to semiconductor optoelectronic products	100.00		Establishment
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	Chongqing	Chongqing	Technology and software development	39.19		Establishment

Technology Co., Ltd.						
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
Hongkong Orange Juice Energy Technology Co., Limited	Hong Kong	Hong Kong	Engaged in import and export business		33.31	Establishment
Wemax Inc.	USA	USA	Engaged in import and export business		33.31	Establishment
Shenzhen Weiwoqi Trading Co., Ltd.	Chongqing	Shenzhen	No specific business conducted		33.31	Business combination not involving enterprises under common control
Yaoyouguang (Chongqing) Technology Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	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	42.96	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	R&D of laser display software system		64.29	Establishment
JoveAI Asia Company Limited	Vietnam	Vietnam	Technical research and development of projection equipment, screen and electronic computer		64.29	Establishment
Appotronics International Limited	Hong	Hong Kong	No specific business conducted	100.00		Establishment

	Kong					
Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	No specific business conducted	100.00		Establishment
Shenzhen Qianhai Taishi Investment Partnership (LP)	Shenzhen	Shenzhen	No specific business conducted	70.00	30.00	Business combination not involving enterprises under common control

Description of the difference between the proportion of shareholding and the proportion of voting rights in a subsidiary:

None

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., and Yaoyouguang (Chongqing) Technology Co., Ltd. are wholly-owned subsidiaries of Formovie (Chongqing) Innovative Technology Co., Ltd.; Hongkong Orange Juice Energy Technology Co., Limited, Wemax Inc., and Weiwoqi Trading Co., Ltd. are wholly-owned subsidiaries of Shenzhen Orange Juice Energy Technology Co., Ltd.; Shenzhen Orange Juice Energy Technology Co., Ltd. is a controlled subsidiary of Formovie (Chongqing) Innovative Technology Co., Ltd.

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 of Formovie (Chongqing) Innovative Technology Co., Ltd., 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 information:

None

## (2). Significant non-wholly subsidiaries

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Subsidiary name	Minority shareholdings ratio (%)	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	-49,013,347.97		-98,871,403.61

CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	32.20	16,806,569.59	11,040,000.00	143,846,043.06
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Description of the difference between the proportion of shareholding by minority shareholders and their proportion of voting rights in a subsidiary:

Applicable  N/A

Other information:

Applicable  N/A

**(3). Significant financial information of significant non-wholly subsidiaries**

Applicable  N/A

Unit: 0'000 Yuan Currency: RMB

Subsidiary name	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.	72,686.24	7,066.60	79,752.84	64,264.26	31,062.34	95,326.60	87,088.07	7,121.89	94,209.96	78,428.22	23,708.90	102,137.12
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	27,171.27	53,960.97	81,132.24	35,367.05	1,092.50	36,459.55	23,247.54	61,872.57	85,120.11	36,586.71	5,659.82	42,246.53

Subsidiary name	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.	37,600.18	-7,921.68	-8,124.01	-5,369.48	60,958.84	-4,658.22	-4,666.57	-11,314.58
CINEAPPO Laser	24,187.64	4,716.46	4,716.46	11,989.67	16,109.94	636.46	636.46	3,727.18

Cinema Technology (Beijing) Co., Ltd.								
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Other information:

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 information:

 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

Subsidiary name	Date of change	Shareholding ratio prior to change	Shareholding ratio after change
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	May 15, 2023	63.20%	67.80%

**(2). Effect of the transaction on the minority interests and the equity attributable to owners of the parent company**
 Applicable  N/A

Unit: Yuan Currency: RMB

	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.
Acquisition cost/disposal consideration	
-- Cash	19,734,000.00
-- Fair value of non-cash assets	
Total acquisition cost/disposal consideration	19,734,000.00
Less: Share in net assets of subsidiaries calculated based on the acquired/disposed shareholding ratio	20,005,501.89
Difference	-271,501.89
Including: Adjustment to capital reserves	-271,501.89

Adjustment to surplus reserves	
Adjustment to retained profits	

Other information

 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	Shareholding ratio (%)		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 Technology Limited (BVI)	GDC Technology Limited (BVI)
Current assets	506,702,638.76	552,730,874.23
Non-current assets	36,851,993.25	52,568,431.68
Total assets	543,554,632.01	605,299,305.91
Current liabilities	202,634,110.90	240,966,036.37



Non-current liabilities	170,431,610.33	172,710,379.48
Total liabilities	373,065,721.23	413,676,415.85
Minority interests		
Interests attributable to shareholders of the parent company	170,488,910.78	191,622,890.06
Share of net assets calculated by ownership percentage	75,015,120.74	84,314,071.63
Adjustment		
--Goodwill	77,772,341.43	77,772,341.43
--Unrealized profits for insider transactions	-517,974.63	-797,530.34
--Others		
Book value of investment of associates	156,523,146.05	162,394,917.57
Fair values of equity investments in associates having publicly quoted prices		
Operating income	121,512,899.31	113,618,609.56
Net profit	-18,317,067.87	-19,899,972.82
Net profit of discontinued operations		
Other comprehensive income	-9,491,656.52	-2,383,768.26
Total comprehensive income	-27,808,724.38	-22,283,741.07
Dividends received from associates in the current year		

Other information

None

**(4). Summary financial information of insignificant joint ventures and associates**

Applicable  N/A

**(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 proper balance between risks and yield, minimize the adverse impacts of risks on the Company's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyze its exposure to various risks, establish an appropriate 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 counter-party.

**1. Management of credit risk****(1) Evaluation 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 additional cost or effort, including quantitative and qualitative analysis based on historical data, ranking of external credit risks and forward-looking information. The Company compares the risk of a default occurring on a financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with similar credit risk characteristic, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

The Company considers the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria are met:

1) The quantitative criterion primarily refers to a certain percentage of increase in the probability of default over the remaining life of the financial instruments as of the balance sheet date when comparing with that at initial recognition of the financial instruments;

2) The qualitative 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 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 monetary funds and receivables. In order to control the risks associated with aforementioned items, the Company has taken the following measures.

(1) Monetary funds

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 collateral is required since the Company only deals with third parties that are approved and creditworthy. The concentrated credit risks are managed by customers. As of June 30, 2023, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 61.06% of the total balance of accounts receivable (December 31, 2022: 56.87%). The Company held no collateral or other credit ranking measures for the balance of accounts receivable.

The maximum exposure to the Company is the book value 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				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	808,021,579.61	876,783,006.60	318,094,678.07	452,061,512.96	106,626,815.57
Notes payable	80,254,013.57	80,254,013.57	80,254,013.57		
Accounts payable	275,507,953.57	275,507,953.57	275,507,953.57		
Other payables	119,907,648.52	119,907,648.52	119,907,648.52		
Lease liabilities	58,691,221.37	61,690,587.34	33,365,802.29	25,515,052.58	2,809,732.47
Sub-total	1,342,382,416.64	1,414,143,209.60	827,130,096.02	477,576,565.54	109,436,548.04

(Continued to above table)

Item	Closing balance of the prior year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	680,999,644.99	741,583,550.58	294,187,405.68	302,318,773.93	145,077,370.97
Notes payable	201,299,388.57	201,299,388.57	201,299,388.57		
Accounts payable	276,845,321.28	276,845,321.28	276,845,321.28		
Other payables	56,662,357.08	56,662,357.08	56,662,357.08		

Item	Closing balance of the prior year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Lease liabilities	64,661,633.09	68,598,988.87	30,342,348.86	38,256,640.01	
Sub-total	1,280,468,345.01	1,344,989,606.38	859,336,821.47	340,575,413.94	145,077,370.97

### (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 at June 30, 2023, the principal of the Company's floating-rate interest-bearing bank borrowings amounted to RMB 507,495,776.70 (December 31, 2022: RMB 650,205,770.70). On the basis of the assumption that the interest rate has changed 10 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		534,877,200.00	30,000,000.00	564,877,200.00
1. Financial assets at fair value through profit or loss		534,877,200.00	30,000,000.00	564,877,200.00
(1) Investment in debt instrument				
(2) Investment in equity instrument		12,880,000.00	30,000,000.00	42,880,000.00
(3) Structural deposits		521,997,200.00		521,997,200.00
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			15,223,418.33	15,223,418.33
<b>Total assets continuously measured at fair value</b>		<b>534,877,200.00</b>	<b>52,298,837.71</b>	<b>587,176,037.71</b>
(VI) Held-for-trading financial liabilities				
1. Financial liabilities at fair value through profit or loss				
Including: Held-for-trading bonds issued				
Derivative financial liabilities				
Others				
2. Designated as financial liabilities at fair value through profit or loss				
<b>Total liabilities continuously measured at fair value</b>				
<b>II. Non-continuous fair value measurement</b>				
(I) Held-for-sale assets				
<b>Total assets that are not continuously measured at fair value</b>				
<b>Total liabilities that are not continuously measured at fair</b>				

value				
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**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.

Structured deposits are valued using observable returns, with the sum of expected returns and principal determined as fair value when the expected yield is observable, and the principal amount as fair value in other cases.

**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

The Company uses specific valuation techniques to determine fair value, and important parameters used include the net assets of the investee unit at the end of the period.

**5. Reconciliation between opening and closing book values 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 Yuan 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	1,000.00	17.45	17.45

Description of the parent company of the Company

None

The ultimate controlling party of the Company is LI Yi.

Other information:

None

**2. Subsidiaries of the Company**

Refer to the Note for details about the subsidiaries of the Company

 Applicable  N/A

Subsidiaries of the Company are disclosed in descriptions in IX.1 of Section XI in details.

**3. Associates and joint ventures of the Company**

Refer to the note for details about the significant joint ventures or associates of the Company.

 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

**4. Other related parties of the Company**
 Applicable  N/A

Name of 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 de facto controller
Xiaomi Communications Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
China Film Equipment Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
WeCast and its affiliates	The <i>de facto</i> controller resigned as a director of WeCast for less than one year
CINIONIC and its affiliates	As of April 30 in the current period, the <i>de facto</i> controller resigned as a director of



Cinionic for less than one year
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**Other information**

From May 1 in the current period, Cinionic and its affiliates are no longer related parties because it has been one year after the *de facto* controller resigned as a director of Cinionic.

**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	During the reporting period	Transaction amounts approved (if applicable)	Whether the transaction amounts are exceeded (if applicable)	Prior period
Xiaomi Communications Co., Ltd. and its affiliates	Electronic components and Service	38,793,268.73	101,000,000.00	No	102,666,791.40
China Film Equipment Co., Ltd. and its affiliates	Power, water and cooling and services	11,255,989.49	35,000,000.00	No	10,702,327.46
GDC and its affiliates	Electronic components	336,283.18	5,000,000.00	No	0.00
Beijing Donview Education Technology Co., Ltd. and its affiliates	Maintenance services	4,198.11	0.00	Yes	8,962.26
Shenzhen YLX Technology Development Co., Ltd.	Electronic components	908,182.19	3,000,000.00	No	533,349.16

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 Co., Ltd. and its affiliates	Laser TV, smart mini projector	80,163,085.66	302,360,399.65
China Film Equipment Co., Ltd. and its affiliates	Laser light source and cinema projection services	11,606,671.69	16,119,369.88
CINIONIC and its affiliates	Cinema light source	30,228,389.84	50,666,582.80

Beijing Donview Education Technology Co., Ltd. and its affiliates	Education projector	2,573.26	1,533,749.83
GDC and its affiliates	Cinema projectors	294,140.46	7,493,997.70
WeCast and its affiliates	Laser TV, smart mini projector	0.00	-7,681,578.96
Shenzhen YLX Technology Development Co., Ltd.	Electronic components	3,685,678.75	950,681.50

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	Simplified handling of rental costs for short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rent		Assumed interest expenses of lease liabilities		Added right-of-use 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	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
China Film Equipment Co., Ltd. and its affiliates	Property lease	14,231.64	63,083.33			1,540,920.50	379,304.00	58,659.73	27,641.32	3,223,361.75	1,086,329.01

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: 0'000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	368.84	469.87

**(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	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable	CINIONIC and its affiliates			29,768,395.79	1,488,419.79
	GDC Technology Limited (BVI) and its affiliates	796,680.58	39,834.03	1,739,949.64	86,997.48
	WeCast and its affiliates	16,875,766.52	16,875,766.52	16,265,737.14	16,265,737.14
	Xiaomi Communications Co., Ltd. and its affiliates	12,880,063.84	644,003.19	22,671,178.87	1,133,558.94
	Shenzhen YLX Technology Development Co., Ltd.	2,313,052.34	115,652.62		
	China Film Equipment Co., Ltd. and its affiliates	4,802,595.90	310,925.87	2,098,625.51	110,758.50
	Sub-total	37,668,159.18	17,986,182.23	72,543,886.95	19,085,471.85
Prepayments	China Film Equipment Co., Ltd. and its affiliates	3,048,575.71		5,451,984.90	
	Xiaomi Communications Co., Ltd. and its affiliates	293,901.36			
	Sub-total	3,342,477.07		5,451,984.90	
Other receivables	China Film Equipment Co., Ltd. and its affiliates	189,244.20	9,462.21	273,354.20	13,667.71
	GDC Technology Limited (BVI) and its affiliates	14,307,084.00		13,789,908.00	

	Xiaomi Communications Co., Ltd. and its affiliates	200,000.00	10,000.00	200,000.00	10,000.00
	Sub-total	14,696,328.20	19,462.21	14,263,262.20	23,667.71

**(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	Shenzhen YLX Technology Development Co., Ltd.	493,211.51	110,054.78
	Xiaomi Communications Co., Ltd. and its affiliates		12,521,840.23
	China Film Equipment Co., Ltd. and its affiliates	13,055,929.51	4,356,968.33
	Sub-total	13,549,141.02	16,988,863.34
Notes payable	China Film Equipment Co., Ltd. and its affiliates	18,842,525.54	22,554,693.11
	Sub-total	18,842,525.54	22,554,693.11
Advance from customers	China Film Equipment Co., Ltd. and its affiliates	7,708,452.85	9,342,716.60
	GDC Technology Limited (BVI) and its affiliates	35,359.83	4,800.00
	Sub-total	7,743,812.68	9,347,516.60
Contract liabilities	GDC Technology Limited (BVI) and its affiliates		23,677.17
	China Film Equipment Co., Ltd. and its affiliates	1,535,329.22	2,738,876.11
	Sub-total	1,535,329.22	2,762,553.28
Other payables	Beijing Donview Education Technology Co., Ltd. and its affiliates	50,000.00	50,000.00
	CINIONIC and its affiliates		507,874.72
	GDC Technology Limited (BVI) and its affiliates	67,020.00	20,620.00
	China Film Equipment Co., Ltd. and its affiliates		18,025.76
	Sub-total	117,020.00	596,520.48
Other current liabilities	Xiaomi Communications Co., Ltd. and its affiliates	163,562.41	201,468.53
	China Film Equipment Co., Ltd. and its affiliates	198,514.18	3,179,145.48
	Sub-total	362,076.59	3,380,614.01

**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	Chongqing
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		Formovie
Total number of the Company's equity instruments granted during the period	0	0
Total number of the Company's equity instruments executed during the period	0	0
Total number of the Company's equity instruments lapsed during the period	998,500	102,800
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	Grant date: April 22, 2021; grant price: RMB 20.786/share; 9 months Grant date: April 22, 2021; grant price: RMB 18.286/share; 9 months Grant date: April 22, 2021; grant price: RMB 17.286/share; 9 months Grant date: December 7, 2021; grant price: RMB 19.841/share; 17 months Grant date: December 7, 2021; grant price: RMB 22.841/share; 17 months Grant date: March 11, 2022; grant price: RMB 19.841/share; 17 months Grant date: March 11, 2022; grant price: RMB 22.841/share; 17 months Grant date: March 11, 2022; grant price: RMB 18.286/share; 9 months Grant date: May 25, 2022; grant price: RMB 15.341/share; 11 months Grant date: July 22, 2022; grant price: RMB 4.30/share; 25 months Grant date: December 27, 2022; grant price: RMB 15.341/share; 18 months	Grant date: December 31, 2021; grant price: RMB 1/share; 36 months Grant date: July 6, 2022; grant price: RMB 1/share; 36 months Grant date: July 7, 2022; grant price: RMB 3.42/share; 36 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 information

None

## 2. Equity-settled share-based payments

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Company	Chongqing 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	157,384,979.42	20,371,250.13
Total expenses recognized arising from equity-settled share-based payments	20,403,175.81	4,605,410.45

Other information

All restricted shares granted by the Company are Type II restricted shares, while the registered capital granted by Formovie was treated with reference to Type I restricted shares.

**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

## 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/claimant

As of June 30, 2023, there are 10 major civil litigation and arbitration cases where the Company acted as a plaintiff, specifically including:

Case No.	Cause of action	Plaintiff/Claimant	Defendant/Respondent	Patents involved	Amount involved	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.	20081006 5225.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.	20081006 5225.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.	20081006 5225.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.	200810065225.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.	200810065225.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
(2021) Yue 73 Min Chu No. 1860	Dispute over damages caused by maliciously initiating an intellectual property litigation	Appotronics Corporation Limited	Defendant: Delta Electronics, Inc.	-	RMB 10.00 million	Under trial of the first instance
(2023) Yue 0305 Zhi No. 4099	Dispute over the sales contract	Appotronics Corporation Limited	Huaxia Jingrui Lighting Technology (Beijing) Co., Ltd.	-	RMB 0.7867 million	Although an application for execution had been submitted to the court, the execution was suspended at present because the court found no property for execution.

01-22-0001-2735	Arbitration counterclaim of dispute over the implementation of the settlement agreement	Appotronics Hong Kong Limited Appotronics Corporation Limited	GDC Technology Limited (Cayman Islands) GDC Technology Limited (British Virgin Islands) <i>De facto</i> controller ZHANG Wanneng and his management team	-	USD 40.00 million	Accepted
DSC20212921	Dispute over a commercial contract	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Foshan Jiafu Cinema Management Co., Ltd.	-	Return 7 laser light source devices	The award has been made and is pending
(2022) Jing Zhong An No. 7825	Dispute over a commercial contract	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Hubei Mango Qin Han Cultural Tourism Industry Development Co., Ltd.	-	Return 10 sets of laser digital cinema projection equipment and compensate RMB 15,312.5 for liquidated damages	Open trial completed; pending decision by the arbitration tribunal

## 2、 Civil litigation and arbitration where the Company acted as the defendant/respondent

As of June 30, 2023, there were 2 major civil litigation and arbitration cases where the Company was a defendant, specifically including:

Case No.	Cause of action	Plaintiff/Claimant	Defendant/Respondent	Patents involved	Amount involved	Progress
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Case No.	Cause of action	Plaintiff/Claimant	Defendant/Respondent	Patents involved	Amount involved	Progress
(2019) Jing 73 Min Chu No.1275 (2022) Zui Gao Fa Zhi Min Zhong No. 1587	Infringement on patent for invention	Delta Electronics, Inc.	Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201610387831.8	Loss compensation of RMB 15.00 million and litigation costs of RMB 1.01 million	The judgment of the first instance in January 2022 held that no infringement is constituted; pending second trial
01-22-0001-2735	Arbitration of dispute over the implementation of the Settlement Agreement	GDC Technology Limited (Cayman Islands) GDC Technology Limited (British Virgin Islands)	Appotronics Hong Kong Limited Appotronics Corporation Limited	-	USD 38.00 million	Accepted

**(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	The Company registered the vesting of a total of 3,299,000 qualified shares for the first vesting period in the initial grant of the restricted share incentive plan 2022. These shares became available for trading on July 7, 2023, increasing the Company's total shares from 457,107,538 shares to 460,406,538 shares.	From the end of the reporting period to the disclosure date of this semiannual report, changes in the Company's shares increased the diluted earnings per shares and net assets per share attributable to ordinary shareholders of the Company.	

**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

The Company as the creditor:

Unit: Yuan Currency: RMB

Method of debt restructuring	Book value of creditor's right	Profit or loss related to debt restructuring
Asset for debt payment	791,852.00	0.00

**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

**(4). Other information**
 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	
Within 1 year	353,665,610.93
Sub-total of items within 1 year	353,665,610.93
1 to 2 years	274,822,661.34
2 to 3 years	14,129,828.38
Over 3 years	6,985,373.06
Total	649,603,473.71

**(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		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually	786,700.00	0.12	786,700.00	100.00	0.00					
Including:										
Provision for bad debts made individually	786,700.00	0.12	786,700.00	100.00	0.00					
Provision for bad debts made by group	648,816,773.71	99.88	8,628,554.06	1.33	640,188,219.65	694,612,393.91	100.00	6,607,565.62	0.95	688,004,828.29
Including:										
Group of aging	85,068,080.08	13.10	8,628,554.06	10.14	76,439,526.02	91,536,981.15	13.18	6,607,565.62	7.22	84,929,415.53
Group of receivables from related parties in the scope of consolidation	563,748,693.63	86.78	0.00	0.00	563,748,693.63	603,075,412.76	86.82	0.00	0.00	603,075,412.76
Total	649,603,473.71	100.00	9,415,254.06	1.45	640,188,219.65	694,612,393.91	100.00	6,607,565.62	0.95	688,004,828.29

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
Company B	786,700.00	786,700.00	100.00	Expected to be unrecoverable because the customer is in hardship
Total	786,700.00	786,700.00	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: Group of aging

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Group of aging	85,068,080.08	8,628,554.06	10.14
Group of receivables from related parties in the scope of consolidation	563,748,693.63		
Total	648,816,773.71	8,628,554.06	1.33

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

 Applicable  N/A

If the bad debt provision is made according to the general model of ECL, please refer to the disclosure of 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	6,607,565.62	2,809,738.44		2,050.00		9,415,254.06
Total	6,607,565.62	2,809,738.44		2,050.00		9,415,254.06

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	2,050.00

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

Entity	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Top 1	273,620,354.09	42.12	
Top 2	154,115,537.28	23.72	
Top 3	70,566,103.74	10.86	
Top 4	31,356,518.89	4.83	
Top 5	28,954,019.94	4.46	
Total	558,612,533.94	85.99	

**(6). Accounts receivable derecognized due to transfer of financial assets**
 Applicable  N/A

Unit: Yuan Currency:

RMB

Item	Amount derecognized	Gains or losses associated with derecognition	Method of transferring financial assets
CCB E Infocomm	3,000,000.00		Discount
<b>Sub-total</b>	<b>3,000,000.00</b>		

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

Other information:

 Applicable  N/A

**2. Other receivables**
**Presented by item**
 Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	14,803,374.55	7,556,623.71
Total	14,803,374.55	7,556,623.71

Other information:

 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 information:

 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 information:

 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	
Within 1 year	9,312,740.42
Sub-total of items within 1 year	9,312,740.42
1 to 2 years	324,556.66
2 to 3 years	569,056.66
Over 3 years	4,954,293.20
Total	15,160,646.94

**(8). Categories by the nature**
 Applicable  N/A

Unit: Yuan Currency: RMB

Nature of receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	6,628,870.41	6,539,089.13
Receivables from related parties in the scope of consolidation	8,015,199.08	1,153,906.23
Temporary receivables	516,577.45	134,793.84
Compensation receivable		65,819.64
Total	15,160,646.94	7,893,608.84

**(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, 2023	336,985.13			336,985.13
Balance as at January 1, 2023 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				

--reversed to Stage I				
Provision	20,287.26			20,287.26
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at June 30, 2023	357,272.39			357,272.39

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 made by group	336,985.13	20,287.26				357,272.39
Total	336,985.13	20,287.26				357,272.39

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	4,191,508.17	Within 1 year	27.65	
Top 2	Receivables from related parties in the scope of consolidation	3,627,144.88	Within 1 year	23.92	
Top 3	Deposits/margins/petty cash	3,574,618.00	Over 3 years	23.58	178,730.90
Top 4	Deposits/margins/petty cash	1,257,075.20	Over 3 years	8.29	62,853.76
Top 5	Deposits/margins/petty cash	500,000.00	Within 1 year	3.30	25,000.00
Total	-	13,150,346.25	-	86.74	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 information:

Applicable ✓ N/A

### 3. Long-term equity investments

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investments in subsidiaries	478,862,913.65	12,827,792.79	466,035,120.86	463,067,140.24	12,827,792.79	450,239,347.45
Investments in associates and joint ventures						
Total	478,862,913.65	12,827,792.79	466,035,120.86	463,067,140.24	12,827,792.79	450,239,347.45

#### (1) Investments in subsidiaries

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of provision for impairment
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	46,661,211.65	1,221,081.38		47,882,293.03		
Shenzhen Appotronics Software Technology Co., Ltd.	1,457,799.42	20,979.32		1,478,778.74		
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.	3,469,000.91	798.47		3,469,799.38		
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 Hong Kong Limited	305,476,042.87	571,280.54		306,047,323.41		
JoveAI Innovation, Inc.	800,010.03			800,010.03		
Appotronics Technology (Changzhou) Co.,	2,000,000.00			2,000,000.00		

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of provision for impairment
Ltd.						
Shenzhen Appotronics Display Device Co., Ltd.	3,000,000.00			3,000,000.00		
Tianjin Bonian Film Partnership (LP)	26,954,120.20			26,954,120.20		
Formovie (Chongqing) Innovative Technology Co., Ltd.	31,277,785.13	168,361.38		31,446,146.51		
Shenzhen Orange Juice Energy Technology Co., Ltd.	4,312.77	-527.68		3,785.09		
Shenzhen Qianhai Taishi Investment Partnership (LP)		13,813,800.00		13,813,800.00		
Total	463,067,140.24	15,795,773.41		478,862,913.65		12,827,792.79

**(2) Investments in associates and joint ventures**

Applicable√ N/A

Other information:

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	542,956,800.34	368,571,473.83	649,645,354.34	432,684,792.22
Other business				
Total	542,956,800.34	368,571,473.83	649,645,354.34	432,684,792.22

##### (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 information:

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	
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	5,265,708.55	5,684,922.38
Total	12,717,708.55	5,884,922.38

Other information:

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	-216,132.87	
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 policies and standards of the country)	33,198,815.57	
Profit or loss on entrusted investments or assets management	5,198,708.55	
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	14,923,989.20	
Profit or loss on changes in the fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and	67,000.00	

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		
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	69,851.05	
Other non-operating income and expenses	14,480.93	
Other gains or losses meeting the definition of non-recurring profit or loss	442,061.07	
Less: Effect of income taxes	3,469,096.89	
Effects attributable to minority interests (net of tax)	9,543,875.27	
Total	40,685,801.33	

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	2.78	0.16	0.16
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	1.27	0.07	0.07

## 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 16, 2023

## Revision information

Applicable  N/A