

Stock Code: 688007

Stock Short Name: Appotronics



Appotronics Corporation Limited Annual Report 2021

本报告为深圳光峰科技股份有限公司自愿披露的《2021年年度报告（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。

Annual Report 2021 is voluntarily disclosed by Appotronics Corporation Limited, and if the meaning of the translated version is different than the Chinese version, the Chinese version will control.



Appotronics: Embarking on a New Journey

Dear Shareholders,

Appotronics, like many other companies, experienced an extremely challenging year in 2021. We achieved positive growth in operating incomes in this year, but at a slower growth rate.

Despite the astonishing performance growth of Appotronics between 2016 and 2018, especially in 2018 when our operating incomes increased by up to 72% year on year, the growth rate of our performance slowed down after the Company get listed in 2019. After the last three years of growing at a slow pace, we have moved to the 16th year from the establishment of Appotronics, encountering another crossroad - it's time for us to start a new journey.

Personally, the year 2022 is a new starting point for me. Coming back to the forefront as the CEO of the Company, I have more responsibilities on my shoulders and more courage for fighting in my heart, as if I were in 2016. Looking back to 2016, Appotronics decided to enter a strange field - cinema projection, and created the unique cinema SAAS mode relying on our enthusiasm. Thanks to our strong technology advantages and the unique business model, Appotronics moved forward with an overwhelming momentum on the cinema market and achieved “explosive” growth with installations of our cinema projections solutions increasing year by year.

The year 2022 is also a new start for Appotronics. To achieve another “explosive” growth of Appotronics, we have established four major measures: 1. To enhance our product capability by keeping sufficiently sensitive to market demands while striving for extreme

cost reduction, hence creating more hot-selling products; 2. To continuously promote the building of a hierarchical team with more young talents and transform the incentive mechanism to help young outstanding management and professional staff distinguish themselves, hence improving the competitiveness of the team; 3. To innovate the cooperation mode for cooperating with leading customers in various fields for rapidly acquiring market; and 4. To keep our keenness as a pioneer by sufficiently staying alerted to emerging market opportunities in pursuit of rapid breakthrough.

Thanks to the great efforts made by the Company on the consumer market, we achieved the growth by nearly 50% in 2021 year on year for our Formovie own-brand business, accompanied with obvious increase in the gross margin. According to a report from IDC, Formovie ranked third in 2021 in terms of shipments on the overall household market. In addition, we are accelerating the pace of business layout in the field of vehicle-mounted displays, and have entered into cooperation with several vehicle manufacturers and tier-1 suppliers. The IATF 16949 certification achieved by the Company recently indicates that we have acquired the admission permit for entering the supply chain of global vehicle manufacturers.

Standing in a world experiencing drastic changes, we encounter the fourth technological revolution consisting of “new display technologies, artificial intelligence, 5G, etc.”, in which laser display is one of the major “racetracks” in the fourth technological revolution. Appotronics is at the front line of this investment hot spot, and therefore should act immediately to seize the opportunities.

Naturally, we should also keep a clear vision of the current conditions. The year 2022 is extremely extraordinary - “black swan” events occurring one after the other, repeated outbreak of the COVID-19 epidemic both in China and overseas, and the combat against the epidemic turning into a “protracted war” - the rising uncertainties lead to in-depth changes in the external environment. The hard external environment requires us to work more diligently and constantly enhance our resilience to move forward. Luckily, being dedicated

to original innovation since its establishment, Appotronics is always making its way into the “unpopulated area” of technologies, and is never lack of the determination and confidence in solve tough problems. The evolution of technologies is leading to more and more new application scenarios, such as vehicle-mounted displays, aerospace projection display, and augmented reality (AR), which will create a trillion-level market. We have taken the lead in making layout for these fields.

In this year, we upgraded the regular CSR report to the ESG report for the first time, which reflected our active efforts in fulfilling social responsibilities under the continuous mission of being an accountable and responsible listed company. Lastly, I’d like to present some of my personal opinions. The changes on the market have drawn much attention recently; however, despite the many factors that may lead to the fluctuation in stock prices within a short period of time, the true value of an enterprise eventually relies on the fundamental aspect of the company in the long run. We may pay back to investors in a better manner only by continuously focusing on the development of the Company, making every effort to improve the operation of the Company, and enhancing the intrinsic value of the Company.

Last but not least, I would like to thank all shareholders and friends who have been caring for Appotronics!

Time tells everything!

LI Yi

April 2022

Important Note

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

II. The Company did not make profits at the time of getting listed, and has not made profits by now

Yes No

III. Alert of significant risks

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

IV. All directors of the Company attended the meeting of the Board of Directors.

V. Pan-China Certified Public Accountants (Special General Partnership) issued a standard unqualified auditor’s report to the Company.

VI. LI Yi, Principal of the Company, WANG Yingxia, Person in Charge of the Accounting Body, and WANG Yingxia, Chief Accountant, hereby represent that the financial statements contained in this Annual Report are true, accurate and complete.

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

Upon consideration at the 11th meeting of the second Board of Directors of the Company, it is approved to make profit distribution on the basis of the total shares on the record date of interest distribution, deducted by shares in the special securities account for repurchase by the Company - the Company proposed to distribute to all shareholders a cash dividend of RMB 1.05 (tax inclusive) for every 10 shares. As of April 25, 2022, the Company has a total of 452,756,901 shares and 0 shares in the special securities account for repurchase, leading to the total cash dividend of RMB 47,539,474.61 (tax inclusive). The cash dividends proposed by the Company for this year account for 20.37% of the net profits attributable to the shareholders of the listed company in the current consolidated financial statements of the Company.

In the event of any change in the total shares of the Company after deducting the shares in the special securities account for repurchase by the Company due to relevant events prior to the record date of interest distribution, the Company intends to keep the total amount of distribution unchanged while correspondingly change the distribution proportion for each share.

No capitalization of the capital reserve or bonus shares will be made or distributed in the profit distribution. The preliminary plan for profit distribution is still subject to approval at the general meeting of shareholders of the Company.

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

Applicable N/A

IX. 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 have sufficient 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.

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

No

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

No

XII. Are the majority of the directors unable to guarantee the truthfulness, accuracy and completeness of the Annual Report disclosed by the Company?

No

XIII. 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, the Person in Charge of the Accounting Body, and Chief Accountant
	Original Auditor's Report with seals of the accounting firm and seals and signatures of the certified public accountants
	All original documents and announcements of the Company publicly disclosed in the websites designated by the Company as of the reporting period

Section I Definitions

I. Definitions

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

Terms		
Company or Appotronics	means	Appotronics Corporation Limited
Appotronics Ltd.	means	Appotronics Corporation Ltd., the former name of the Company
CINEAPPO	means	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.
Formovie	means	Formovie (Chongqing) 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 Investment Partnership (LP)
Blackpine	means	Blackpine Investment Corp. Ltd.
Jinleijing	means	Shenzhen Jinleijing Investment Limited Partnership (LP)
Appotronics Chengye	means	Shenzhen Appotronics Chengye Consulting Partnership (LP)
XGIMI	means	Chengdu XGIMI Technology Co., Ltd.
Anker	means	Anker Innovations Technology Co., Ltd.
Zebao	means	Shenzhen Sunvalley Innovation Technology Company Limited
Dangbei	means	Hangzhou Dangbei Network Technology Co., Ltd.
Delta Electronics, Delta	means	Delta Electronics, Inc.
CINIONIC	means	Cinionic Limited (previously known as Barco Cineappo Limited)
WeCast	means	WeCast Technology Corp.
GDC BVI	means	GDC Technology Limited (British Virgin Islands)
GDC Cayman	means	GDC Technology Limited (Cayman Islands)
DCI	means	Digital Cinema Initiatives of the United States
DLP	means	Digital Light Processing
PCT	means	Patent Cooperation Treaty
AR	means	Augmented Reality
IDC	means	International Data Corporation
AVC	means	All View Cloud

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 12th 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	http://www.appotronics.com
Email	ir@appotronics.cn

II. Contact person and contact information

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

III. Media for information disclosure and place for keeping the annual reports

Name and website of the media on which the Company discloses its annual report	China Securities Journal (https://www.cs.com.cn) Shanghai Securities News (https://www.cnstock.com) Securities Times (http://www.stcn.com) Securities Daily (http://www.zqrb.cn)
Website of the securities exchange on which the Company discloses its annual report	Shanghai Stock Exchange website (http://www.sse.com.cn)
Place for keeping the annual reports	Office of the Board of Directors

IV. Stock and depository receipts of the Company**(I) Stock of the Company**

√ Applicable □ N/A

Stock of the Company				
Type of stock	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

Domestic accounting firm appointed by the Company	Name	Pan-China Certified Public Accountants (Special General Partnership)
	Office address	6/F, No. 128 Xixi Road, Xihu District, Hangzhou, Zhejiang
	Accountants signing the report	WEI Biaowen, NIU Chunjun
Sponsor performing the duty of continuous supervision within the reporting period	Name	Huatai United Securities Co., Ltd.
	Office address	5/F (01A, 02, 03 and 04), 17A, 18A, 24A, 25A and 26A, Hong Kong China Travel Service Building, Central Plaza, Futian District, Shenzhen
	Sponsor representatives signing the report	ZHANG Guanfeng, QIN Lin
	Period of continuous supervision	From July 22, 2019 to December 31, 2022

VI. Main accounting data and financial highlights in the past three years**(I) Main accounting data**

In RMB

Main accounting data	2021	2020	% Change (2021 v 2020)	2019
Operating income	2,498,228,401.78	1,948,884,176.83	28.19	1,979,148,918.89
Net profit attributable to shareholders of the listed company	233,364,344.09	113,847,873.06	104.98	186,457,276.71
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	124,279,830.79	40,289,988.80	208.46	134,218,640.96
Net cash flow from operating activities	58,337,226.84	52,390,430.42	11.35	243,000,903.71
	December 31, 2021	December 31, 2020	% Change (2021 v 2020)	December 31, 2019
Net assets attributable	2,438,064,581.44	2,091,599,671.75	16.56	1,974,559,837.64

to shareholders of the listed company				
Total assets	4,097,230,955.90	3,226,204,326.69	27.00	3,099,508,090.85

(II) Financial highlights

Financial highlights	2021	2020	% Change (2021 v 2020)	2019
Basic earnings per share (RMB/share)	0.52	0.25	108.00	0.45
Diluted earnings per share (RMB/share)	0.51	0.25	104.00	0.45
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.27	0.09	200.00	0.33
Weighted average return on net assets (%)	10.26	5.62	+4.64 percentage points	14.84
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.46	1.99	+3.47 percentage points	10.68
Proportion of R&D investments to operating income (%)	9.47	10.49	-1.02 percentage points	10.19

Explanation about the main accounting data and financial highlights in the past three years

Applicable N/A

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 104.98% and 208.46%, respectively; the basic earnings per share, diluted earnings per share, and basic earnings per share after deduction of non-recurring profit or loss decreased by 108.00%, 104.00%, and 200.00%, primarily due to the following:

1. During the reporting period, the consolidated gross margin was improved due to the gradual resumption of incomes from the cinema business with a higher gross margin, and the growth in incomes from the core device business, household business, and large venue business.

2. During the reporting period, the non-recurring profit or loss increased year on year, primarily due to the performance compensation recognized in the profit or loss for the current period in the amount of RMB 37.9278 million, the government grants of RMB 87.7165 million recognized in the profit or loss for the current period.

VII. Differences in accounting data under Chinese accounting standards and overseas accounting standards**(I) Differences in net profit and net assets attributable to shareholders of the listed company disclosed on the financial statements according to the international accounting standards and the Chinese accounting standards**

Applicable N/A

(II) Differences in net profit and net assets attributable to shareholders of the listed company disclosed on the financial statements according to the overseas accounting standards and the Chinese accounting standards

Applicable N/A

(III) Explanation about the difference between overseas and Chinese accounting standards

□ Applicable √ N/A

VIII. Financial highlights in 2021 by quarter

	In RMB			
	1 st quarter (Jan. - Mar.)	2 nd quarter (Apr. - Jun.)	3 rd quarter (Jul. - Sep.)	4 th quarter (Oct. - Dec.)
Operating income	524,967,989.26	579,721,254.33	555,932,526.47	837,606,631.72
Net profit attributable to shareholders of the listed company	54,409,294.00	97,004,626.79	59,936,820.19	22,013,603.11
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	36,659,661.66	30,302,274.42	41,093,330.65	16,224,564.06
Net cash flow from operating activities	106,223,261.88	64,436,052.02	-191,576,197.71	79,254,110.65

The high net profit attributable to shareholders of the listed company in the 2nd quarter are caused by the performance compensation from GDC; the less net cash flow from operating activities in the 3rd quarter was primarily due to stock building for preparation of peak sales period and payment for due notes; the less net profit attributable to shareholders of the listed company in the 4th quarter was primarily due to the change in the product portfolio, decrease in the gross margin, and the increase in marketing expenses and personnel expenses.

Explanation about the difference between quarterly data and the data disclosed on regular reports

□ Applicable √ N/A

IX. Items and amounts of non-recurring profit or loss

√ Applicable □ N/A

	In RMB			
Item of non-recurring profit or loss	2021	Note (if applicable)	2020	2019
Gain or loss on disposal of non-current assets	1,437,535.03		-1,112,121.13	-3,214,488.06
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable polices and standards of the country)	87,716,471.20		40,750,823.51	25,782,112.48
Profit or loss on entrusted investments or assets management	9,776,977.44		18,624,853.96	
Net profit or loss of subsidiaries from the beginning of the period up to the business combination	14,561,407.47		23,593,500.83	23,321,528.06

date recognized as a result of business combination of enterprises involving enterprises under common control				
Profit or loss on changes in the fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, other than those used in the effective hedging activities relating to normal operating business	40,127,764.00			9,552,990.98
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually				238,836.00
Other non-operating income and expenses	865,330.69		2,429,083.25	2,981,778.07
Other gains or losses meeting the definition of non-recurring profit or loss	-9,823,212.01		323,003.17	
Less: Effect of income taxes	7,304,758.42		9,068,330.19	4,532,639.92
Effects attributable to minority interests (after tax)	28,273,002.10		1,982,929.14	1,891,481.86
Total	109,084,513.30		73,557,884.26	52,238,635.75

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

Applicable N/A

X. Items at fair value

Applicable N/A

Item	Opening balance	Closing balance	Change	In RMB
				Effect on profit for the current period
Held-for-trading financial assets	114,000,000.00	417,200,000.00	303,200,000.00	49,904,741.44
Receivables financing	11,959,000.00	244,860.00	-11,714,140.00	
Investment in other equity instruments	11,975,419.38	7,075,419.38	-4,900,000.00	
Total	137,934,419.38	424,520,279.38	286,585,860.00	49,904,741.44

XI. Explanation about performance indicators not under the Accounting Standards for Business Enterprises

Applicable N/A

The table below lists relevant indicators about the net profit excluding the effect of share-based payment expenses:

Item	In RMB		
	2021	2020	Change (%)
Net profit excluding the effect of share-based payment expenses	276,503,475.36	107,381,419.72	157.50
Net profit attributable to shareholders of the listed company excluding the effect of share-based payment expenses	277,641,613.32	132,777,391.31	109.10
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss excluding the effect of share-based payment expenses	164,481,340.03	59,219,507.05	177.75

Section III Discussion and Analysis of the Management

I. Discussion and Analysis of Business Situations

Given the transformation of the Chinese economy from the stage of high growth to the stage of high-quality development, promoting the development of high-technology industries have been improved to the level of the national strategy, in which laser display is one of the national strategic emerging industries. During the reporting period, closely following the guidelines of the national strategy and under the strategic layout focusing on the main line of “core technologies + core devices + application scenarios”, the Company actively cultivates new growth curves while optimizing the business structure, and achieved stable growth in the operating performance to provide a strong momentum for the development of the Company in the next 3 to 5 years.

1. Rapid growth of the own-brand household business to start a new era of laser smart projection

During the reporting period, the Company made great efforts for the To C business. The subsidiary achieved the growth of 50% year on year for its own-brand business, which accounted for nearly 50% of the total operating income of for the first time with obvious increase the in gross margin. Moreover, enhanced market investment to actively expand offline channels. The first offline experience store was opened in Chongqing in May 2021; and more experience stores opened in the year shortened the distance between consumers and our products.

In terms of market shares, the Company is improving rapidly in the ranking for the household smart projection market. According to the IDC report, the brand ranked third in terms of sales volume on the overall household projection market of 2021.

The subsidiary achieved significant breakthrough in product R&D and brand marketing. During the reporting period, launched R1 Nano, X1, and several other new household laser mini projector products, and cooperated with a globally renowned audio brand Bowers & Wilkins to release T1, the first panchromatic laser TV, which started a new era for laser projection. During the period of November 11, achieved the gross merchandise value (GMV) of over RMB 200 million throughout China as the champion for four consecutive years in both the online sales value and the sales volume of laser TVs.

2. Diversified innovative core device businesses to inject new power for continuous growth

2.1 Business of household core devices

During the reporting period, the Company achieved growth for the business of household core devices, covering all leading domestic projector brands.

With respect to laser mini projectors, the Company cooperated with partners such as Dangbei and Anker to integrated the upstream and downstream for jointly expanding the racetrack of laser mini projectors. During the reporting period, the Company provided laser mini projectors to Dangbei; the long-throw laser projection product X3 launched by Dangbei, positioned as a high-end flagship model, continuously ranked the first among hot products sold in JD.com, hence becoming one of the hot-selling projector products of the year in the industry with warm response from consumers.

With respect to laser TV light generators and complete equipment, the Company provides laser TVs for partners such as XGIMI and Hewlett-Packard, provides laser TV complete equipment for Zebao,

ViewSonic, Haier, and other partners, to assist partners in expanding the market space while accelerating the rapid popularization of our core technologies in the household field. For the overseas market, the Company has projects established for 4 targeted laser TV products with reference to customer demands, so as to show our strength on the overseas market focusing on high-quality projects.

Meanwhile, the Company continuously expands the scope of partners along the ecology chain, hence promoting the overall development of the entire ecology and the positive development of the industry by making use of our core devices and technology advantages.

2.2 Business of innovative core devices

Relying on our technology advantages in the laser display field, the Company has been actively exploring new application scenarios to create new performance growth points for the Company. During the reporting period, the Company took the lead in making layout for vehicle-mounted display, aviation display, cloud display, AR, and other innovative businesses.

(1) For vehicle display, the Company has taken intelligent cockpit as the main coverage scenario to apply laser display in HUD, vehicle window projection, vehicle canopy by virtue of features such as small size, high brightness, low energy consumption and low heat dissipation. During the reporting period, the Company was included in the list of outstanding partners for Huawei Intelligent Automotive Solution, and provided the vehicle-mounted canopy for the demo vehicle with the latest cockpit of Huawei, namely the immersive projection on the vehicle roof. Moreover, the Company has entered into cooperation with several domestic and foreign vehicle manufacturers and tier-1 suppliers to continuously expand the customer base of vehicle-mounted display.

(2) For aviation display, the Company has signed a strategic cooperation agreement with Airbus to explore various possibilities in aviation applications based on the laser light source technology and laser display solutions. In Zhuhai Airshow held in September 2021, the Company exhibited the laser display product prototype intended for civil aviation display applications, which is the first one launched on the world and first one exhibited in China.

(3) In “book in the sky”, one of the innovative application projects of the Company, individual laser devices may reach the ultra high brightness of 100,000 lumens; relying on the extra-long projection technology, they can exceed the distance limit of 500 meters of conventional projection technologies, and can achieve far-distance imaging in the air at the distance of up to 3,000 meters. In the future, this solution may be used in dissemination projects of major events or government activities; we will continue to explore diversified scenarios of laser lighting.

(4) AR display is one of the emerging display fields under active exploration by the Company. The Company makes uses of its advantages in original core technologies and devote human and material resources in the exploration for the AR display field, which have achieved stage-specific results. During the reporting period, the Company completed the demonstration of ultra-light, high-efficiency, high-definition AR modules. It's expected to release the progress in the display effects and technology routs for various AR modules step by step in 2022. Given the constant optimization of AR modules, it's expected that the DEMO modes and products of some AR modules may be launched by the end of 2022.

3. Sound development of the fundamental business of the Company to make stable contributions for performance

During the reporting period, the Company kept the overall sound development of its fundamental businesses, i.e. the cinema projector business, the laser large venue business, and business education business.

With respect to cinema projection, given the recovery of China from the COVID-19 epidemic in 2021, we built high-brightness theaters to facilitate differentiated operation by cinemas, and provided content video and audio ecological and other solutions. As a result, this business division achieved the operating income of RMB 360 million, up by about 110% year on year. Relying on the nearly 5,000 new installations of laser cinema light sources throughout China, we maintained the absolute leading position on the market.

With respect to laser large venue projectors, we released the T series products in 2021, the 33,000-lumen laser large venue projector with the smallest size, lightest weight, best color, and lowest noise on the market for domestic independently developed 3DLP solutions. The Company doubled the incomes from the large venue projector business. According to the *Market Survey Report on the Laser Project Market of Chinese Mainland in 2021* of All View Cloud, Appotronics ranked second in terms of sales value and third in terms of product shipment on the Chinese Mainland large venue laser projection market in 2021.

With respect to business education, the continuous achievements of our own brands lead to effective increase in both the market shares and gross margin of this business. According to the *Market Survey Report on the Laser Project Market of Chinese Mainland in 2021* of All View Cloud, Appotronics ranked first in terms of shipment and held leading market shares on the education projector market in 2021.

II. Main business, business model, status of industry and R&D activities during the reporting period

(I) Main business and main products or services

1. Main business

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

2. Main products

Our products may be 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 mini projector, vehicle-mounted laser display devices and systems, laser TV light generator and laser projection screen. Complete equipment can be further classified into laser mini projector, laser TV, laser cinema projector, large venue laser projector, laser education projector, etc.

2.1 Products of core devices

Our core devices, including the laser light source and light generator, reflect various advantages and

characteristics of ALPD® technology, such as high brightness, wide color gamut, high contrast and relatively low cost. The quality and performance of such products have received recognition of downstream customers, which helps us establish our position as a core supplier on the industry chain of laser display.

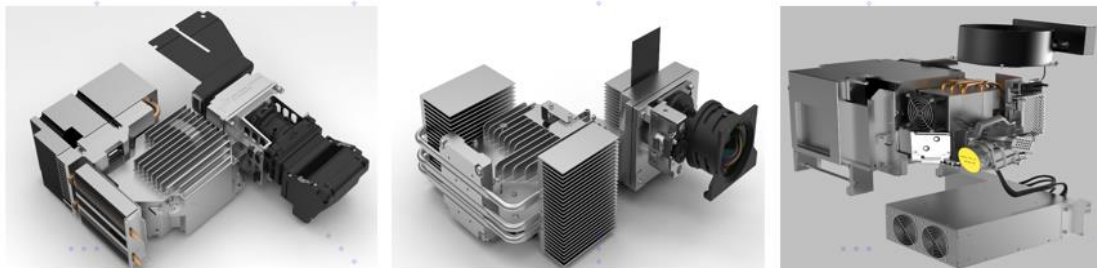


Figure 1: Laser light source and laser light generator

With respect to household mini projector, ALPD® laser light sources, as the mainstream light source for projection and display products, have the advantages of high energy efficiency, health, and environment friendliness; they are better than mini projector products with conventional light sources in terms of brightness, contrast ratio, product shape, etc., and have the comprehensive advantages of being the brightest with the same size, and having the smallest size at the same brightness.

With respect to vehicle-mounted display, the vehicle-mounted laser display device we designed and manufactured have the advantages of high brightness, small size, high stability, and compatibility with long-throw and ultra short throw display. They can project display images on any surface without affecting the permeability, hence creating mobile, large-screen, and immersive interactive experience in a vehicle.

2.2 Products of complete equipment

On the basis of laser light sources and light generator, we further developed complete equipment, which has been successfully used in both the household and commercial fields.

2.2.1 Household field

In recent years, laser TV, smart mini projector and other household projector products have been developing rapidly, due to the ever increasing acceptance of the new mode of movie watching by the consumers, and rapid decrease of the costs and prices and better performance of products. With leading market shares for household products and rapid growth of our own-brand household business, we will create a new laser mini projector racetrack.



Figure 2: New products of : laser projector R1 Nano and X1



Figure 3: New product of : Panchromatic Laser TV T1

2.2.2 Commercial market

In the field of cinema projection, we have created a product portfolio of laser cinema light sources covering multiple ranges of lumens from 5,000 lumens to 55,000 lumens, which are compatible with all projection equipment brands on the market for wide application in large-, medium- and small-sized cinemas. Thanks to the low operating power, the laser cinema light source reduces electricity consumption by 50% compared with the xenon lamp; moreover, since no bulb replacement is required, it helps cinemas to minimize their operating costs. As of the disclosure date of this Report, the installations of our laser cinema light sources have exceeded 26,000 sets in China.

In the large venue display field, Appotronics' large venue projector series covers the range of 5,000-60,000 lumens, hence suitable for outdoor lighting, cultural and tourism lighting, theme exhibition halls, corporate exhibition rooms, theater performance, 4D dining hall, conference control, rail transit, and other scenarios, which have the advantages of no damage to landscape, convenient installation and dismantling, repeated use in multiple places, etc.

In the business education field, our serial products of laser business education projectors have multiple projection throw segments including ultra short throw, short throw, and long throw, and the brightness of 3,300-6,000 lumens; they may be used in multiple scenarios, such as education, commercial exhibition, etc. The Company has developed a series of solutions for smart classrooms and commercial presentation, including laser smart all-in-one teaching device, laser synchronous classroom solution, laser interconnected dual-board solution, high-definition high-brightness conference system, etc.

3. Main services

3.1 Laser cinema projection services

CINEAPPO, a controlled subsidiary of the Company, provides laser cinema projection services to downstream cinema customers (“laser as a service”), and charges service fees according to the length of use of light source by the cinemas (the fees are charged by the hour or a certain period of time), while the cinemas do not need to purchase light source equipment, thereby effectively easing their capital pressure and reducing their labor and maintenance costs.

3.2 Smart large-screen ecology system Feng OS

, a controlled subsidiary of the Company, independently developed Feng OS - a smart large-screen

ecology system, which is compatible with various household display products. The Feng OS system may be used for broadcasting of large-scale events. It has completed a total of 25,000+ film and TV works and 25,000+ in-depth process of film characteristics, hence effectively supporting the effects of large-screen presentation. At present, we are leading in the industry in terms of paid members.

(II) Main business model

The Company builds its core competitiveness closely around technology R&D and patent layout. We have an independent and complete system of R&D, procurement, production, sales, and services to provide customers with products or services of laser display core devices and complete equipment products.

1. R&D mode

We mainly adopt the independent R&D mode, and separate technology development from product development in organization structure and development process.

- Our technology development focuses on creating and mastering core technologies and key technologies. When a kind of technology becomes relatively mature, it will be applied in product development. We value user demands to assist product designing, and develop technologies required for products in the next 1 to 5 years, so as to keep our core competitiveness in technology and leading position in the industry.
- Our product development is driven by product planning, and mainly divided into stages of feasibility, EVT, DVT, PVT and MP. We set up product lines and product development teams by market segment, and develop series products based on product platform, to rapidly respond to market demands.

2. Procurement mode

Our Procurement Management Department is responsible for procurement, of which, the Material Sourcing Branch is responsible for the selection of suppliers, determination of purchasing prices, building of business system and supplier platform and other front-end procurement affairs, while the Procurement Implementation Branch is responsible for preparing and placing purchase orders, delivery, payment, and other back-end affairs.

3. Production mode

We mainly rely on own production, supplemented by OEM, mainly because of the different production capacity required by different manufacturing processes and different products and consideration of cost-effectiveness. Our core devices for light sources and light generators sold or used to provide projection services are manufactured by us. Mini projectors, laser mini projectors, and laser TVs in the To-C business are mainly produced in the OEM mode, while other complete equipment products are produced by the Company.

4. Sales mode

The Company has established a multi-level sales system integrating direct sales, distribution, and commissioned sales for both online and offline sales.

(III) Industry in which the Company operates

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 the stage of rapid development. The growth drivers mainly come from four aspects: Firstly, the demand end, especially the household market and the innovative application field. Secondly, new large-scale application scenarios generated on the basis of technology advancement. At present, the laser display technology has been applied to vehicle-mounted display, aviation display, and other fields, creating the new large-scale application scenarios. This is purely new creation from zero with huge potential for market explosion. Thirdly, driver of innovation at the supply end. Manufacturers in the industry constantly upgrade their technologies and products to accelerate the penetration of laser display products. Fourthly, policy support. In 2021, being listed in priorities for the 14th Five-year Plan, such as the “New Display and Strategic Electronic Materials” of the Ministry of Science and Technology, laser display has strong support from the state.

(2) Basic characteristics of the industry

In terms of technology, the ALPD® technology created by Appotronics has become the mainstream technology route. In principle, the ALPD® laser display technology is compatible with various chip and technology routes, and is suitable for the DLP, LCOS, and LCD technologies. In 2007, the ALPD® technology created by Appotronics’ R&D team made a breakthrough in the application of core devices and imaging solutions of laser display, hence becoming the mainstream technical route for the laser projector industry and widely used in household, cinema, large venue, commercial, and education fields.

In terms of market, the overall size of the laser display industry has been expanding continuously. During the reporting period, laser display has been increasing in both shipment and market shares on the household, large venue, business, and cinema markets.

(3) Main technical barriers

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

In addition, in terms of specific applications, the technical barriers for To C market and innovative application market are high efficiency, small size and high cost effectiveness, while the technical barriers for To B market are continuous upgrading of performance in brightness, color, dynamic range, etc.

2. Analysis of the position of the Company in the industry and changes therein

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

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

Appotronics is a pioneer of laser smart mini projectors. In 2021, the Company released the high-lumen laser mini projector light generator and multiple laser smart mini projector products to start a new era of laser projection in all aspects. Therefore, the year 2021 is referred to as the “first year of laser mini projector” in the industry.

According to the *Market Tracking Report of the Chinese Projector Market in 2021 Q4*, a controlled subsidiary of the Company, ranked third in the industry in terms of shipment of household projectors in China.

According to the *Market Survey Report on the Laser Project Market of Chinese Mainland in 2021* of All View Cloud, Appotronics ranked second in terms of sales value and third in terms of product shipment on the Chinese mainland large venue laser projection market in 2021.

According to the *Market Survey Report on the Laser Project Market of Chinese Mainland in 2021* of All View Cloud, Appotronics ranked first in terms of shipment and second in terms of sales value on the education projector market in 2021.

3. Development of new technologies, new industries, new types of operation and new modes during the reporting period and future trend

(1) Accelerated technology upgrade of smart projection leads to new products

Given the technology advancement and diversified demands of various applications for diversified displays, smart projection is in the trend of rapid development for more applications and more modes. Smart projector devices have become the largest market segment for projector devices in China on the basis of the rapid increase in sales thanks to their cost effectiveness and portability compared with large-screen TVs, and are increasing in terms of market shares in the projector device field. While keeping the rapid growth of laser TVs and smart mini projectors, we released the first portable laser smart mini projector in 2021, which created a new mode of smart projection.

In the *Guidelines for Myopia Prevention in Children and Adolescents during COVID-19 Epidemic (Updated Version)* released by the National Health Commission, projectors are recommended as the first choice of devices for use during the teaching sessions. Compared with conventional liquid crystal screens, some projectors equipped with advanced laser technologies can protect consumers during long-time online work and study and reduce the harm due to eye fatigue. It's possible that such products may replace tablet

computers, and become a new terminal device for remote classroom, remote companion, and smart tutoring. According to IDC, it is expected that the projector device market of China will grow at the compound growth rate of 14% between 2020 and 2024.

Given the rapid development of new energy vehicles in the past years, there is a trend of vehicle intellectualization for the future vehicle field, creating various display demands. Thanks to the advantages of small size, high efficiency, and capability of transforming any surface into projected images, laser display drew the attention of the vehicle industry after entering the vehicle-mounted display field. By creating various intelligent and diversified innovative applications, projector devices will create a new market.

In the future, on the basis of the development in fundamental hardware technologies such as light sources, lighting technologies, and lens technologies, the optimization of overall device design, and the development of software technologies such as smart sensing capabilities and image quality optimization technologies, the smart projector market and vehicle-mounted display will further expand thanks to the greatly improved display performance and use experience of projector devices, technical upgrade, and reduced costs.

(2) Laser display is integrated with new technologies for expansion into new display fields

Given the compatibility between the laser display technology and cutting-edge technologies, including human-machine interaction, smart recognition, Internet of Things, cloud platform, and big data, the wide application of 5G mobile phones will create potential demands for supporting laser display products. Therefore, it's expected there will be huge market demands for supporting mobile products featuring high efficiency, small size and low cost in the future. The development of intelligent vehicles and smart cockpits lead to more demands for vehicle-mounted display. It's expected that there will objective market demands for laser display products meeting vehicle standard with features of high brightness, small size, and high energy efficiency ratio, which can be installed in small spaces in a vehicle. In the short term, the trend remains unchanged in the development priority of the current display market will witness the development of laser display technology towards advantages in cost-performance ratio, high portability, high dynamic range, wide color gamut, and high brightness for integration with ultra short throw and anti-ambient light screen technologies.

(IV) Core technologies and progress in R&D of technologies

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

We have been committed in the breakthroughs, innovations, expansion of application scenarios, and industrialization of laser display technology, and created technology reserves and patent portfolios covering the whole technology chain of laser display from key system architecture, core devices to key algorithm. With the ALPD®4.0 technology matured and the ALPD® 5.0 and 6.0 technology under development at the same time, we constantly maintain our leading advantages compared with followers and competitors 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.

The Company has devoted many R&D resources in the preparation and processing for the

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

With respect to cutting-edge technology, ALPD® 5.0 makes use of the characteristics of laser, and is combined with content preparation to achieve display within a high dynamic range, so as to improve visual experience. The prototype has been successfully developed. At present, we are performing more in-depth optimization to bring this technology to the stage of product development. The ALPD® 6.0 is planned to make breakthrough in the existing display architecture to further reduce the cost of laser display systems, hence laying the ground for industrialization. In the field of smart vehicle-mounted applications, we have completed the assessment of the prototype in various application scenarios in a vehicle, and have started the R&D efforts for mass production of vehicle-specification light generators. With respect to AR, we have completed the reasoning of ultra-thin high-efficiency AR modules, and achieved preliminary results in the prototype. It's expected that the prototype may be released in 2022.

National scientific and technology awards

Applicable N/A

Qualification of national “little giant” enterprises in specialized, refinement, differential, and innovation, and “leading enterprise” in the manufacturing industry

Applicable N/A

2. R&D achievements during the reporting period

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

1. Core devices

During the reporting period, we completed the product development and released for mass production for the full series of products based on the ALPD® 4.0 technology, including the laser cinema light source platform covering 10,000-50,000 lumen, and the laser TV light generator platform compatible with trichromatic, dual colors, and single color, hence providing more abundant and more competitive solutions of core devices for the cinema industry and the laser TV industry. Meanwhile, in the racetrack of smart mini projectors, the Company developed laser mini projectors compatible with various product modes and different performance parameters, which can greatly improve the brightness and energy efficiency while improving color presentation. During the reporting period, the Company provided laser mini projector core devices for several new customers, including Dangbei.

The Company achieved further innovative breakthrough in flexible laser display screens and successfully developed multiple products: (1) ultra short throw diaphragms for speckle reduction used in three-color laser projectors, achieving speckle reduction contrast below 10%, taking the lead in the industry; (2) ultra short throw diaphragms with high contrast, with an opacity of more than 95%, superior to 85% of competitive products in the industry, which can greatly reduce the effect of ambient light; (3)

high-gain direct projection anti-light screens with the smart mini projector, achieving the 2.5x high-gain factor and the ambient light obscuring rate of 80%, which supports the projection effect of the projection device to increase the brightness by 2.5 times, and achieves a viewing angle close to 180 degrees as compared to projecting on a white wall; and (4) flexible foldable ultra short throw anti-ambient light screen, and rising flexible ultra short throw anti-ambient light screen, which are more convenient for transportation and installation.

In terms of innovative applications, the Company engaged in strategic cooperation with Airbus, and jointly released the prototype for aviation laser display applications. In the future, the parties will engage in cooperation in aviation laser display modules. In terms of smart vehicle-mounted devices, during the reporting period, the Company start efforts for the vehicle-specification laser display modules required for the development of smart cockpits, so as to develop vehicle-mounted laser display applications.

2. Complete equipment

We developed high-, medium-, and low-end laser TV products to cater for different user demands on the household market. Having the highest brightness of 4,000 lumens, covering the REC.709, DCI, and REC.2020 color gamuts, and with the maximum color gamut area of 158% NTSC, our products are at the highest level in the industry. During the reporting period, as the subsidiary launched a new laser TV product, Cinema 2, which has a 10% increase in screen brightness compared to the previous generation, has a 4K resolution and can project 80-150 inches of super-large screens. also released the first panchromatic Laser TV - T1, which adopted the ALPD® RGB+ panchromatic laser display technology to achieve Bt.2020 ultra-wide color gamut, 4K resolution; it is equipped with the Bowers & Wilkins customized audio to greatly improve the sound and color effects.

During the reporting period, the Company developed multiple laser smart mini projector products. (1) Series of portable ultra short throw smart mini projectors: R1 and R1 nano, which reduced the size of ultra short throw smart mini projectors to the size of a mini projector product. While maintaining high-brightness output, it has the size much smaller than a laser TV. This is a new mode of household smart mini projector, which will create new application scenarios. (2) Series of ultra-portable laser smart mini projectors: X1 and P1, which maintain the same brightness as a common LED mini projector product; it has the size of a mobile phone, and is driven by a battery.

In the business field, the Company newly developed S4 product with less than 10cm of a slim body and a light weight of less than 9.2kg, can produce 5,000-6,000 lumens of brightness and 4K resolution, and also present high-quality projection images in bright environment and project 300 inches of super-large screen at largest. This product is cost-effective. Based on the compact modular body of S4 platform and in conjunction with the one-button automatic stacking system, this product can achieve more brightness, larger screen and more free application.

During the reporting period, as the first Chinese enterprise independently researching and developing 3DLP high-lumen large venue projectors, during the reporting period, the Company launched the T series of high-brightness large venue projectors adopting a high-efficiency liquid cooling system and 3DLP imaging technology to achieve 33,000 lumens of high brightness. At present, this is the world's smallest

and lightest large venue projector with the same brightness range. The multi-picture splicing and fusion system is embedded in it. In addition, it has 120Hz refresh rate to support constant brightness mode, can be configured with more than 6 motorized lenses and support 360-degree installation, easy to use.

During the reporting period, the Company release the 100,000-lumen projector light, which adopted the ALPD4.0 ultra high-brightness compact light source to achieve the lighting distance of over 3km. It is used for the opening ceremony of the Winter Olympics and Lantern Festival activities, hence achieving mass production and market-based application of high-brightness projector lights.

3. Software

We have completed 13 version iterations for the Feng OS system. At present, over 20 mass produced household products are equipped with this system. We are leading in terms of paid members in the industry, with the penetration rate up to 26%, which is greater than Xiaomi TV, iQiyi, etc. We have completed a total of 25,000+ film and TV works and 25,000+ in-depth process of film characteristics, hence effectively supporting the effects of large-screen presentation.

During the reporting period, the Company implemented an omnidirectional automatic correction algorithm to provide customers with the intelligent auxiliary functions such as automatic obstacle avoidance and screen alignment. The Feng OS system adds machine recommendation algorithms to more pages, making it easier for users to discover their personalized preferences faster and more accurately. In March 2022, the Feng OS system took the lead in releasing the function of screen matching for taking pictures by a mobile phone, so that keystone correction may be performed by the camera in the mobile phone instead of human eyes, hence providing more intelligent and more convenient functions for uses.

List of intellectual property rights acquired during the reporting period

	Newly added in the current year		Total	
	Applications (pcs)	Granted (pcs)	Applications (pcs)	Granted (pcs)
Patent for invention	183	217	1,459	818
Patent for utility model	148	68	565	451
Patent for design	32	28	184	165
Software copyright	25	30	113	111
Others	212	171	1047	825
Total	600	514	3,368	2,370

Note: 1. "Others" in the table above refer to trademarks of the Company; 2. during the reporting period, the Company filed 211 PCT international patent applications.

3. R&D investments

	In RMB		
	Current year	Last year	Change (%)
R&D investments expensed	236,702,224.29	204,443,369.10	15.78
R&D investments capitalized			
Total R&D investments	236,702,224.29	204,443,369.10	15.78
Proportion of R&D investments to operating income (%)	9.47	10.49	-1.02 percentage points
Proportion of R&D investments			

capitalized (%)			
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Reason for the material change in the total R&D investments compared with last year

Applicable N/A

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

Applicable N/A

4. R&D staff

In RMB 0'000

Basic information		
	Amount of the current period	Previous period
Number of R&D staff (persons)	456	369
Proportion of R&D staff to total employees of the Company (%)	29.14	31.54
Total compensation of R&D staff	14,761.07	12,090.48
Average compensation of R&D staff	32.37	32.77

Academic structure of the R&D staff	
Academic category	Person in the academic category
Master and above	131
Bachelor and below	325
Age structure of the R&D staff	
Age category	Person in the age category
Below 30 (exclusive)	175
30-40 (including 30, excluding 40)	210
40 and above	71

Reason for material changes in the composition of the R&D staff, and impact on the future development of the Company

Applicable N/A

5. Other information

Applicable N/A

6. R&D projects

Applicable N/A

								In RMB
No.	Item	Estimated total investment	Investment in the current period	Aggregate investment	Progress or interim results	Goals	Technological level	Application scenario
1	Trichromatic Laser Display Complete Equipment Production Demonstration Line	102,840,000.00	45,085,590.93	69,620,698.27	Pilot test	This project will research the industrialization of the technology of RGB trichromatic laser with phosphor to satisfy the market demands for RGB trichromatic laser display, build a mass production line for trichromatic laser display complete equipment, acquire proprietary IP, and realize large-scale application of trichromatic laser display products.	This project will greatly promote the industrial upgrading of trichromatic laser display technology, and gain international competitive edge for proprietary trichromatic laser display technology.	This project will establish a trichromatic laser display complete equipment production demonstration line.
2	Laser TV	74,200,000.00	54,472,476.45	54,472,476.45	Mass production	Combined with the new-generation light generator technology, equipped with the independently developed FengOS system and screen, with obvious improvement in cost effectiveness, color gamut, and ease of use.	Take the lead in the industry.	4K household laser TVs.
3	Core device light source and light generator project	57,680,000.00	28,050,016.32	28,050,016.32	Mass production	The iterated light generator technology is adopted to create a light source light generator with lower costs, higher color gamut, and higher brightness; reduced costs and improved performance on the basis of the first Fresnel flexible screen; developed products for innovative applications by taking advantage of the ALPD technology.	Take the lead in the industry; the cost effectiveness, color gamut, light effect, and other performance are greatly improved, to better satisfy the demands of customers.	Upgrading of light source for small-sized cinema projectors, trichromatic laser TV, flexible screen, vehicle-mounted display,

								AR, and other fields.
4	High-performance mini projector	50,910,000.00	19,115,838.56	19,115,838.56	Mass production	Provide laser mini projector products of high performance and high cost effectiveness.	Take the lead in the industry.	House mini projector market.
5	Laser cinema projector	48,140,000.00	42,462,156.47	42,462,156.47	Mass production	Develop a laser cinema projector featuring low cost, being DCI-compliant, and meeting the requirements for use by high-end families.	The proprietary DCI compliant projector in China to meet high-end family demands.	DCI compliant small cinema projectors intended for the high-end household market.
6	Other complete equipment (large venue + business education)	48,250,000.00	15,574,702.96	15,574,702.96	Mass production	The automatic stacking scheme renders the linear superposition of brightness and cost to achieve a leading technical advantage and cost-effective advantage on the market when the product is applied to high-lumen use scenes.	Take the lead in the industry.	High-end large venue projector, business education projector and other fields.
7	Key Enterprise Laboratory for Laser Display in Guangdong Province	34,000,000.00	31,941,442.59	47,982,340.40	Mass production	Development of laser phosphor display optical engine, high-performance fluorescent materials and fluorescent components, portable laser display technology, and laser display technology with high contrast and high color reproduction.	The development of key laser display technology and devices based on laser phosphor technology takes the lead in the industry.	Through transformation of lab R&D results, develop multiple laser display terminal products, and promote the development of the entire display industry chain.
Total	/	416,020,000.00	236,702,224.28	277,278,229.43	/	/	/	/

Remark

The Trichromatic Laser Display Complete Equipment Production Demonstration Line is under the “Strategic Advanced Electronic Materials” in the National Key Research and Development Programs, for which Appotronics is the undertaking unit, while and CINEAPPO are the cooperating units. The expenditure budgets planned by the three companies are RMB 95.18 million, RMB 4.22 million, and RMB 3.44 million, respectively.

III. Analysis of core competitiveness during the reporting period

(I) Analysis of core competitiveness

√ Applicable □ N/A

1. Strong patent moat

Appotronics has created a strong patent moat around the underlying technical architecture of laser display technologies, which is hard to be bypassed by companies in the industry entering the route of laser phosphor technologies. By the end of 2021, Appotronics had a total of 2,419 patent applications and 1,434 granted patents worldwide. As the underlying key architecture technology, the ALPD® technology invented by the Company has been cited more than 600 times by industry giants such as Philips of the Netherlands, Osram of Germany, Epson of Japan, and NEC etc.

2. Voice in the industry supported by core devices

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

3. Forward-looking strategic layout and head start advantages

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

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

Applicable N/A

IV. Risk factors

(I) Risk of not making a profit

Applicable N/A

(II) Risk of significant decrease in operating performance or loss

Applicable N/A

(III) Risk related to core competitiveness

Applicable N/A

Risk of the technology R&D and innovation falling short of expectations

The core of our development is technical innovation. If we fail to effectively judge the direction of technical innovations, or to make continuous technical innovations, or to make effective R&D investments due to limited funds, or to successfully commercialize the technologies developed by us, our core competitiveness in technical innovation may be impaired, and we may encounter technological risks in future development.

(IV) Operating risk

Applicable N/A

1. Risks of the COVID-19 epidemic

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

2. Risk related to the supply of important raw materials

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

(V) Financial risk

√ **Applicable** □ N/A

1. Risk of impairment of accounts receivable

As of the end of the reporting period, the carrying amount of our accounts receivable was RMB 403.1345 million, accounting for 9.84% of our total assets. Our products are generally delivered after receiving the payment therefor. We give certain credit period to some major customers. In case of any material adverse change in the business condition of our customers, we may be unable to recover certain accounts receivable, which may have an adverse effect on our operating performance in the future.

2. Risk of impairment of inventories

As of the end of the reporting period, the carrying amount of our inventories was RMB 769.6211 million, accounting for 18.78% of our assets. Our inventories mainly comprise raw materials and goods in stock. If any significant change in the competition pattern of the industry, material innovation in laser display technology and products or the impact of COVID-19 results in a large quantity of unsalable products, the recoverable amount of the inventories will be lower than their carrying amount. The impairment of inventories will have a negative effect on our earnings.

3. Risks of impairment of fixed assets

As of the end of the reporting period, the carrying amount of our fixed asset was RMB 470.4105 million, accounting for 11.48% of our assets. Our fixed assets mainly consist of production equipment and cinema projector light sources for lease, where the cinema projector light sources account for 78.17%. If the COVID-19 epidemic results in prolonged closedown of cinemas, the cinema projector light sources may be idle, causing risks of impairment of fixed assets and adverse effects to the operation of the Company.

4. Risks related to government grants

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

(VI) Industrial risk

Applicable N/A

Risk of increasingly fierce market competition

Laser display is a new and thriving field in the display device industry. A lot of international and domestic companies have entered the field, further heating up the market competition. If we cannot maintain our competitive advantages in technology, product, cost, service and other areas, or the competitors combine their advantages and resources through acquisition and merger, or the top technology companies in the world increase their investment in the field of laser display, we may face the risks of decrease in the profitability and market share.

(VII) Risk of macro-environment

Applicable N/A

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

(VIII) Risk related to depository receipts

Applicable N/A

(IX) Other significant risks

Applicable N/A

1. Risks in intellectual property rights

In consideration of the strategy of long-lasting development, the Company always emphasizes the independent research and development of intellectual property rights, and has established a scientific R&D system and an intellectual property protection system. However, this still cannot protect the Company from malicious litigation initiated by competitors or third parties, which may hinder market expansion of the Company; and cannot avoid the possibility of other intellectual property disputes between the Company and competitors or third parties. Such disputes over intellectual property rights may cause adverse effects to the normal operating activities of the Company.

2. Risks in implementing investment projects

Under the impact of force majeure, such as the COVID-19 epidemic, during the process of implementing investment projects, the Company faces risks of slowing speed for production capacity expansion, delayed construction of the head office building, etc. In March 2022, the Company made postpone adjustment to investment projects according to the actual implementation conditions of investment projects. Despite the efforts of the Company in implementing the 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 fulfil its obligations for information disclosure.

3. Risk related to the management of cinema light source

In the business of laser cinema projection services, we enter into an agreement with a customer, pursuant to which, we charge a service fee on the customer based on the duration of use of the light source, while the customer uses the light source and pays fees therefor, and is responsible for the day-to-day safekeeping and maintenance of the light source and damages thereto, but we do not collect any deposit or other similar fees for the light source. The cinemas will use their best endeavors to maintain the light source in good condition in order to ensure normal projection of films and continuity of their business operation. However, we still face the risk of impairment of assets due to damage or loss of light source caused by improper safekeeping on the part of the cinemas.

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. As a result, the cooperation on the purchase business for cinema hardware products between the Company and GDC BVI is subject to uncertainty. The trial of this case has not been started, the impact of such case on the profit or loss of the Company cannot be determined at present; the eventual actual impact depends on the award of the arbitration tribunal or the negotiation between the parties.

V. Main business activities during the reporting period

During the reporting period, our operating income was RMB 2.498 billion, increased by 28.19% year on year; the net profits attributable to the shareholders of the listed company was RMB 233 million, up 104.98% year on year; The net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss was RMB 124 million, up by 208.46% year on year. The total assets of the Company as of the end of the reporting period was RMB 4.097 billion, up by 27.00% from the beginning of the reporting period; and the net assets attributable to shareholders of the listed company was RMB 2.438 billion, up by 16.56% from the beginning of the reporting period.

(I) Analysis of main business

1. Analysis of changes in statement of income and statement of cash flows lines

Item	In RMB		
	Amount of the current	Amount of the prior	% Change

	period	period	
Operating income	2,498,228,401.78	1,948,884,176.83	28.19
Operating costs	1,651,089,557.25	1,393,075,043.93	18.52
Selling expenses	252,854,103.31	133,588,234.60	89.28
Administrative expenses	187,933,417.27	135,757,276.26	38.43
R&D expenses	236,702,224.29	204,443,369.10	15.78
Financial expenses	1,300,380.36	9,224,974.20	-85.90
Net cash flow from operating activities	58,337,226.84	52,390,430.42	11.35
Net cash flows from investment activities	-444,906,406.98	205,906,256.46	-316.07
Net cash flows from financing activities	295,570,009.05	-99,126,552.86	N/A

Description of reasons for changes in the operating income: primarily due to the increase in incomes from the cinema service business, core devices, and sales of household and large venue products;

Description of reasons for changes in the operating costs: primarily due to the increase of operating costs corresponding to the increase in operating incomes;

Description of reasons for changes in the selling expenses: primarily due to increased investments in own brands of the Company, which resulted in the increase in selling expenses year on year; meanwhile, the remunerations for the sales staff also increased;

Description of reasons for changes in the administrative expenses: primarily due to the equity incentive plans launched by the Company, which resulted in great increase in the share-based payment expenses; the management team expands along with the business growth of the Company, hence leading to increasing employee benefits year on year;

Description of reasons for changes in the financial expenses: primarily due to the increase in incomes of interests on the Company's deposits, and the decrease in loan costs, which lead to the decrease in interest expenses;

Description of reasons for changes in the R&D expenses: primarily due to increase in the investment of R&D personnel;

Description of reasons for changes in the net cash flows from operating activities: primarily due to collection of sales value and receipt of government grants;

Description of reasons for changes in the net cash flows from investment activities: primarily due to the purchase of structural deposits in the reporting period and expenditures for the construction of the head office building of the Company;

Description of reasons for changes in the net cash flow from financing activities: primarily due to additional bank loans in the current period and receipt of strategic investment by subsidiaries.

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

Applicable N/A

2. Analysis of revenue and costs

Applicable N/A

During the reporting period, our operating income was RMB 2.498 billion, increased by 28.19% year on year.

(1). Main business by industry, product, region, and sales mode

In RMB 0'000

Main business by industry						
Industry	Operating income	Operating costs	Gross margin (%)	% Change in operating	% Change in operating cost	% Change in gross margin

				income		
Laser display	249,822.84	165,108.96	33.91	28.19	18.52	+5.39 percentage points
Main business by product						
Product	Operating income	Operating costs	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
1. Sales	211,933.18	149,589.02	29.42	21.51	16.74	+2.89 percentage points
(1) Laser optical engine	28,881.33	14,420.24	50.07	42.48	76.87	-9.71 percentage points
(2) Complete laser projector	170,804.20	125,709.18	26.40	16.57	9.14	+5.01 percentage points
Laser cinema projector	6,252.91	3,426.83	45.20	110.57	123.03	-3.06 percentage points
Laser TV	56,184.98	39,524.07	29.65	2.64	-0.84	+2.47 percentage points
Laser business education projector	29,435.19	19,985.49	32.10	9.56	3.71	+3.83 percentage points
Laser large venue projector	21,722.94	9,714.34	55.28	113.55	99.27	+3.21 percentage points
Smart mini projector	57,208.18	53,058.45	7.25	10.51	6.90	+3.13 percentage points
(3) Other products	12,247.65	9,459.60	22.76	60.69	96.59	-14.11 percentage points
2. Cinema projection service	36,062.20	14,312.88	60.31	109.99	32.83	+23.06 percentage points
3. Other business	1,827.46	1,207.06	33.95	-44.67	210.49	-54.28 percentage points
Total	249,822.84	165,108.96	33.91	28.19	18.52	+5.39 percentage points
Main business by region						
Region	Operating income	Operating costs	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
Domestic	231,854.75	155,390.51	32.98	24.95	14.59	+6.06 percentage points
Overseas	17,968.09	9,718.45	45.91	92.66	162.53	-14.40 percentage points
Total	249,822.84	165,108.96	33.91	28.19	18.52	+5.39 percentage points

Main business by sales mode						points
Sales mode	Operating income	Operating costs	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
Direct sales	154,237.61	112,202.50	27.25	7.70	5.54	+1.48 percentage points
Distribution	58,085.08	37,324.45	35.74	71.60	72.46	-0.32 percentage points
Commissioned sales	1,437.95	1,269.13	11.74	120.72	118.25	-1.00 percentage points
Projection services	36,062.20	14,312.88	60.31	109.99	32.83	+23.06 percentage points
Total	249,822.84	165,108.96	33.91	28.19	18.52	+5.39 percentage points

Description of main business by sector, product, region, and sales mode:

1. Our laser display products have been used in cinema projection, household display, education interaction, commercial application, cultural and tourism, security and surveillance, and other fields. Thanks to the high consumption demands on the domestic and overseas market and the temporary relieve of the COVID-19 epidemic, the Company achieved the year-on-year growth of 28.19% in total operating income in 2021.

2. The overall gross margin is 33.91% in 2021, up by 5.39 percentage points compared with 2020, primarily due to the adjustment made by the Company in the product portfolio. Other business mainly covers the patent license fees, development service fees, etc. received in this year.

3. With the business of the Company mainly deployed in the Chinese mainland, incomes from domestic and overseas businesses account for 92.81% and 7.19%, respectively.

4. The Company classifies the business into product sales and projection services, where the product sales are classified into direct sales, distribution, and commissioned sales.

(2). Analysis of output and sales volume

Applicable N/A

Main products	Unit	Output	Sales volume	Stock	% Change in output	% Change in sales volume	% Change in stock
Optical engine and complete equipment	Set	524,110.00	456,848.00	94,123.00	47.68	26.85	250.41
Total		524,110.00	456,848.00	94,123.00	47.68	26.85	250.41

Explanation about output and sales volume

We supplied part of laser light source produced under operating leases, used part of laser TV light generators produced to manufacture laser TV products, and used part of laser mini projector light generators for production laser mini projectors, which were not included in the production and sales volume.

(3). Performance of significant procurement contracts and significant sales contracts

Applicable N/A

Performance by the end of the reporting period of significant sales contracts entered into by the Company

Applicable N/A

Performance by the end of the reporting period of significant procurement contracts entered into by the Company

Applicable N/A

(4). Analysis of costs

In RMB 0'000

Costs by industry							
Industry	Components of cost	Amount for the current period	Ratio in total costs for the current period (%)	Amount of the prior period	Ratio in total costs for the prior period (%)	% Change in amount	Situation Description
Laser display		165,108.96	100.00	139,307.50	100.00	18.52	
Costs by product							
Product	Components of cost	Amount for the current period	Ratio in total costs for the current period (%)	Amount of the prior period	Ratio in total costs for the prior period (%)	% Change in amount	Situation Description
1. Sales	Direct materials	134,461.73	89.89	114,782.91	89.57	17.14	
	Direct labor	4,054.86	2.71	3,144.71	2.45	28.94	
	Indirect expenses	11,072.43	7.40	10,215.82	7.98	8.39	
	Subtotal	149,589.02	100	128,143.44	100	16.74	
2. Cinema projection business	Depreciation of light source	7,665.61	53.56	7,484.65	69.46	2.42	
	Software license fee	1,439.08	10.05	844.05	7.83	70.50	
	Technical service fee	4,434.46	30.98	2,070.54	19.22	114.17	
	Labor cost	773.73	5.41	376.07	3.49	105.74	
	Subtotal	14,312.88	100.00	10,775.31	100.00	32.83	
3. Other business		1,207.06	100.00	388.75	100.00	210.50	
Total		165,108.96	100.00	139,307.50	100.00	18.52	

Explanation about cost analysis

1. Sales costs mainly comprise direct materials, direct labor and indirect expenses, of which, the costs of direct materials account for 89.89%.

2. In the business of lease services, the increase in variable costs, such as technology service fees, software use fees, and human costs, are primarily due to the increase in the duration of cinema projection; depreciation of light sources is made by using the straight line method, which is irrelevant to whether they are in use, hence experienced no material change year on year.

3. Costs of other businesses increased by 210.5% year on year, primarily due to the increase in installation and transformation costs.

(5). Change in the scope of consolidation due to changes in equity interests held in major subsidiaries during the reporting period

Applicable N/A

(Chongqing) Innovative Technology Co., Ltd. is a wholly-owned subsidiary established by the Company on December 29, 2020; it was not included in the scope of consolidation in 2020 since it had no substantial operating business. In this year, by equity transfer and receiving strategic investment, (Chongqing) Innovative Technology Co., Ltd. is transferred into a subsidiary of the Company, in which the Company holds 39.19% equity interests. 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 (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 (Chongqing) Innovative Technology Co., Ltd., the Company becomes the controlling shareholder of (Chongqing) Innovative Technology Co., Ltd. (Chongqing) Innovative Technology Co., Ltd. was included in the scope of consolidation from 2021.

Limited was established on November 10, 2020 by Fengmi (Beijing) Technology Co., Ltd., a controlled subsidiary of the Company; it was not included in the scope of consolidation in 2020 since it had no substantial operating business. After the equity transfer in this year, it became a wholly-owned subsidiary of (Chongqing) Innovative Technology Co., Ltd., and was included in the scope of consolidation from 2021.

Chongqing Ewei Ecommerce Co., Ltd. is established on August 20, 2021 by (Chongqing) Innovative Technology Co., Ltd., a controlled subsidiary of the Company, with the registered capital of RMB 10,000; it is a wholly-owned subsidiary of (Chongqing) Innovative Technology Co., Ltd., and was included in the scope of consolidation since its establishment.

Chongqing Guangbo Ecommerce Co., Ltd. is established on August 20, 2021 by (Chongqing) Innovative Technology Co., Ltd., a controlled subsidiary of the Company, with the registered capital of RMB 10,000; it is a wholly-owned subsidiary of (Chongqing) Innovative Technology Co., Ltd., and was included in the scope of consolidation since its establishment.

Shenzhen Orange Juice Energy Technology Co., Ltd. is established on December 29, 2021 jointly by (Chongqing) Innovative Technology Co., Ltd., a controlled subsidiary of the Company, and Shenzhen Orange Juice Enterprise Management Co., Ltd. (Limited Partnership), with the registered capital of RMB 5.0000 million; with 85% equity interests held by (Chongqing) Innovative Technology Co., Ltd., it was included in the scope of consolidation since its establishment.

Fabulus Technology Hong Kong Limited is a wholly-owned subsidiary established by Appotronics Hong Kong Limited, a subsidiary of the Company; it was deregistered on July 30, 2021.

Fabulus Display (Beijing) Co., Ltd. is a controlled subsidiary jointly established by the Company and Beijing SiShield Security Co., Ltd. with the registered capital of RMB 30.0000 million, and 90% equity interests held by the Company. It was deregistered on November 25, 2021.

(6). Significant changes in or adjustments to the businesses, products, or services of the Company during the reporting period

Applicable N/A

(7). Main customers and main suppliers**A. The Company's major customers of the sales**

The sales to top 5 customers were RMB 1,014.5155 million, representing 40.61% of the total annual sales, of which the sales to related parties were RMB 625.1358 million, representing 25.02% of the total annual sales.

Top 5 customers

Applicable N/A

In RMB 0'000

No.	Customer	Sales	% of total annual sales	Related to the listed company or not
1	Customer 1	59,277.41	23.73	Yes
2	Customer 2	13,048.28	5.22	No
3	Customer 3	10,764.07	4.31	No
4	Customer 4	9,551.75	3.82	No
5	Customer 5	8,810.04	3.53	No
Total	/	101,451.55	40.61	/

Description of sales to a single customer accounting for over 50% of the total sales value, new customer in the top 5 customers, or serious dependance on a small number of customers during the reporting period

Applicable N/A

Customer 3 and customer 4 were newly counted in the top 5 customers.

B. Information on major suppliers of the Company

The purchases from top 5 suppliers were RMB 848.4775 million, representing 35.88% of the total annual purchase cost, of which the purchases from related parties were RMB 244.8159 million, representing 10.35% of the total annual purchase cost.

Top 5 suppliers

Applicable N/A

In RMB 0'000

No.	Supplier	Procurement cost	% of total annual purchase cost	Related to the listed company or not
1	Supplier 1	24,481.59	10.35	Yes
2	Supplier 2	18,365.59	7.77	No
3	Supplier 3	16,143.54	6.83	No
4	Supplier 4	16,133.96	6.82	No
5	Supplier 5	9,723.07	4.11	No
Total	/	84,847.75	35.88	/

Description of purchase from a single supplier accounting for over 50% of the total sales value, new supplier in the top 5 suppliers, or serious dependance on a small number of suppliers during the reporting period

Applicable N/A

Supplier 3 was newly counted in the top 5 suppliers.

3. Expenses

Applicable N/A

Unit: In RMB

Item	Amount of the current period	Amount of the prior period	% Change
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Selling expenses	252,854,103.31	133,588,234.60	89.28
Administrative expenses	187,933,417.27	135,757,276.26	38.43
R&D expenses	236,702,224.29	204,443,369.10	15.78
Financial expenses	1,300,380.36	9,224,974.20	-85.90

(1) The total selling expenses in 2021 were RMB 252.8541 million, up by 89.28% year on year, primarily due to increased investments in own brands of the Company, which resulted in the increase in selling expenses year on year; meanwhile, the remunerations for the sales staff also increased;

(2) The total administrative expenses in 2021 were RMB 187.9334 million, up by 38.43% year on year, primarily due to the equity incentive plans launched by the Company, which resulted in great increase in the share-based payment expenses; the management team expands along with the business growth of the Company, hence leading to increasing employee benefits year on year;

(3) The total R&D expenses in 2021 were RMB 236.7022 million, up by 15.78% year on year, primarily due to increase in the investment of R&D personnel;

(4) The total financial expenses in 2021 were RMB 1.3004 million, decreased by 85.90% year on year, primarily due to the increase in incomes of interests on the Company's deposits, and the decrease in loan costs, which lead to the decrease in interest expenses.

4. Cash flow

Applicable N/A

Unit: In RMB

Item	Amount of the current period	Amount of the prior period	% Change
Net cash flow from operating activities	58,337,226.84	52,390,430.42	11.35
Net cash flows from investment activities	-444,906,406.98	205,906,256.46	-316.07
Net cash flows from financing activities	295,570,009.05	-99,126,552.86	N/A

Description of reasons for changes in the net cash flows from operating activities: The net cash flows from operating activities were RMB 58.3372 million, increased by RMB 5.9468 million year on year, primarily due to the increase in the sales revenue and government grants received.

Description of reasons for changes in the net cash flows from investment activities: The net cash flows from investment activities were RMB -444.9064 million, decreased by RMB 650.8127 million year on year, primarily due to the purchase of structural deposits in the reporting period and expenditures for the construction of the head office building of the Company;

Description of reasons for changes in the net cash flow from financing activities: The net cash flows from financing activities were RMB 295.5700 million, up by RMB 394.6966 million over the previous year, primarily due to additional bank loans in the current period and receipt of strategic investment by subsidiaries.

(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

In RMB

Item	Balance at the end of the period	% of total assets at	Balance as at December 31, 2020	% of total assets as at	% Change in amount	Explanation
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		the end of the period		December 31, 2020		
Held-for-trading financial assets	417,200,000.00	10.18	114,000,000.00	3.53	265.96	Primarily due to the increase in financial products and equity instrument investments
Notes receivable	5,256,603.03	0.13	3,726,328.91	0.12	41.07	Primarily due to the increase in bank's acceptance bills and commercial acceptance bills received during this period
Receivables financing	244,860.00	0.01	11,959,000.00	0.37	-97.95	Primarily due to the collection of matured bank acceptance bills
Prepayments	98,116,970.83	2.39	47,447,601.43	1.47	106.79	Primarily due to the increase in advance payments for goods during the reporting period
Other receivables	30,875,345.66	0.75	12,534,062.15	0.39	146.33	Primarily due to dividends receivable from participating companies and performance compensation
Inventories	769,621,133.00	18.78	418,812,140.80	12.98	83.76	Primarily due to the increase in risk-based stock, raw materials, and goods on hand
Non-current assets due within one year	3,473,049.18	0.08			N/A	Primarily due to the reclassification of long-term receivables due within one year
Other current assets	52,761,820.83	1.29	13,002,195.46	0.40	305.79	Primarily due to the increase in the input VAT to be deducted
Long-term accounts receivable	5,793,552.74	0.14	13,196,087.78	0.41	-56.10	Primarily due to the collection in the current period and the reclassification of long-term

						receivables due within one year
Construction in progress	148,620,511.35	3.63	51,576,850.72	1.60	188.15	Primarily due to the increase in the investment for the construction in progress of the headquarters building during the reporting period
Right-of-use assets	26,803,910.76	0.65			N/A	Primarily due to the impact of implementing the New Lease Standard
Other non-current assets	10,998,641.77	0.27	6,299,781.06	0.20	74.59	Primarily due to the increase in advance payments for fixed assets
Short-term borrowings	5,570,878.11	0.14	88,778,852.86	2.75	-93.72	Primarily due to the repayment of due short-term borrowings
Accounts payable	419,966,567.27	10.25	226,494,815.90	7.02	85.42	Primarily due to the increase in amounts of goods payable corresponding to increase in purchase
Advance from customers	130,288,312.62	3.18	153,258,189.88	4.75	-14.99	Primarily due to the decrease in advance payments of recharge fees for the business of cinema projection services
Contract liabilities	45,541,629.55	1.11	31,518,312.59	0.98	44.49	Primarily due to the increase in receipts in advance under contracts
Employee benefits payable	64,119,087.51	1.56	46,105,566.15	1.43	39.07	Primarily due to the increase in employee benefits
Other current liabilities	19,561,104.12	0.48	3,045,831.07	0.09	542.23	Primarily due to the increase in amounts payable for goods returned
Long-term borrowings	368,635,614.64	9.00	64,845,281.53	2.01	468.48	Primarily due to the increase in

						long-term loans due to the adjustment of the loan structure, and the increase in the special loans for the head office building
Leasing liabilities	10,789,352.69	0.26			N/A	Primarily due to the impact of implementing the New Lease Standard
Deferred income	10,266,982.08	0.25	16,723,257.15	0.52	-38.61	Primarily due to the transfer of government grants received in previous periods into the profit or loss for the current period

Other information

None

2. Overseas assets

Applicable N/A

(1) Size of assets

Where: The overseas assets were RMB 458.8494 million, representing 11.20% of the total assets.

(2) Explanation about the high proportion of overseas assets

Applicable N/A

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

Applicable N/A

Unit: In RMB

Item	Amount	Reason
Other monetary funds	26,131,913.19	Margins
Bank deposits	40,000,000.00	Term deposits
Bank deposits	402,750.00	Interests provided
Land use rights	292,056,499.86	Loan mortgage

4. Other information

Applicable N/A

(IV) Analysis of operation information of the industry

Applicable N/A

Please refer to the relevant content in “Section III Discussion and Analysis of the Management - II. Main business, business model, status of industry and R&D activities during the reporting period”.

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

√ Applicable □ N/A

As of the end of the reporting period, the balance of long-term equity investments was RMB 293,601,085.27, increased by 11.74% year on year.

1. Material equity investments

√ Applicable □ N/A

Name of investee	Opening book value (RMB)	Closing book value (RMB)	Shareholding ratio in the investee (%)	Accounting account
Cinionic Limited	131,406,424.64	126,924,427.39	20.00	Long-term equity investment
GDC Technology Limited (British Virgin Islands)	131,338,347.84	166,676,657.88	44.00	Long-term equity investment

2. Material non-equity investments

□ Applicable √ N/A

3. Financial assets at fair value

√ Applicable □ N/A

For details, please refer to “Section II Company Profile and Financial Highlights - X. Items at fair value”.

4. Specific progress of material assets restructuring and integration during the reporting period

□ Applicable √ N/A

(VI) Sale of material assets and equities

□ Applicable √ N/A

(VII) Analysis of major investees

√ Applicable □ N/A

In RMB 0'000

Company	Main business	Registered capital	Shareholding percentage	Total assets	Net assets	Operating income	Net profit
CINEAPPO	Provision of cinema laser light source lease service and sales of projectors	10,000.00	63.20%	96,972.25	43,094.08	47,700.20	9,383.34
Foremovie	R&D and sale of household display products	7,017.54	39.19%	96,559.36	5,704.05	113,844.20	-8,138.38
Appotronics HK	R&D and sale of laser light source	30,116.15	100.00%	45,067.75	36,098.19	10,004.44	4,399.21

(VIII) Structured entities controlled by the Company

□ Applicable √ N/A

VI. Discussion and analysis of future development of the Company

(I) Structure and trend of the industry

√ **Applicable** □ N/A

1. Main racetrack: high demands in the household racetrack

Given the obvious trend of large screens on the household display market, smart projection is on the rise for rapid growth. The IDC report shows that the shipment of household projectors in 2021 reached 3.48 million sets, up by 16%, leading to the sales value of over RMB 12.4 billion, up by 18.3%.

As one of the development priorities of China, and one of the mainstream display technologies for the future, laser display is one of the fields with support from the state. In 2021, the Ministry of Industry and Information Technology stated to enhance support for the laser display industry in accordance with the 14th Five-year Plan. In addition, there are continuous policies favorable to the smart projection market - the state encourages the “Intelligence+” consumption ecology, and encourages content supply, which will promote the release of consumer’s demands.

In the short term, the year 2022 is a major year of sports - from the Beijing Winter Olympics to the World Cup in Qatar, to the Asian Games in Hangzhou - abundant sports events will lead to high demands of consumers for large-size screens. In the medium term, in the post-economic era featuring repeated outbreaks, projectors are included as one of the products of online classes for study at home recommended by Shenzhen Health Commission; moreover, the “home economy” is also drives the sales of household film and entertainment devices, such as projectors. In the long term, young consumers, including, among others, the Generation Z pursue personalization and immersive experience, and are willing to replace TVs with projectors, or take projectors as one of the alternative options.

In addition, laser mini projectors, as a new product developed by the Company in 2021, has the advantages in brightness and color. Given the continuous expansion of the racetrack, the continuous improvement of the industrial chain, and rapid reduction in product costs, it’s expected to receive explosive growth with a huge market space.

2. Racetrack for future growth:

(1) Promising future in the vehicle-mounted display racetrack

The extremely huge vehicle industry contains many trillion-level enterprises. According to the data of China Association of Automobile Manufacturers, China has been ranking the first in the sales volume of vehicles on the world for 13 consecutive years, and has made great progress in the transformation to electric vehicles, Internet-connected vehicles, and intelligent vehicles.

Vehicle-mounted display is one of the core fields for smart cockpits. According to the survey data of Huachuang Securities, it’s predicted that the size of the global vehicle-mounted display market will reach USD 17.7 billion in 2022. Vehicle-mounted display includes vehicle widow projection, HUD, console, and many other display application scenarios in vehicles. In vehicle-mounted applications, laser light sources can output greater brightness at higher efficiency, low heat radiation, and low consumption with a smaller size, hence it is more likely to develop into the mainstream technologies for vehicle-mounted display. The application of laser projection display in vehicles is an emerging blue-sea market; the Company has implemented cooperation for pre-shipment installations.

(2) Emerging large-sale innovative application scenarios

Given the compatibility between the laser display technology and cutting-edge technologies, including human-machine interaction, smart recognition, Internet of Things, cloud platform, and big data, the wide application of 5G mobile phones will create potential demands for supporting laser display products. Therefore, it's expected there will be huge market demands for supporting mobile products featuring high efficiency, small size and low cost in the future. In the short term, the trend remains unchanged in the development priority of the current display market will witness the development of laser display technology towards advantages in cost-performance ratio, high portability, high dynamic range, wide color gamut, and high brightness for integration with ultra short throw and anti-ambient light screen technologies.

(II) Development strategy of the Company

Applicable **N/A**

Facing the future, Appotronics is dedicated to becoming a pioneer in the display industry; under the mission of “New light, New Life”, the Company insists on the strategic direction of “core technologies + core devices + application scenario” to continuously promote breakthrough innovation of laser display technologies, accelerate the expansion of application scenarios, and enhance the in-depth industrialization of laser display technologies. Focusing on the business of core devices, the Company will work with major customers to expand and strengthen the ecology of the laser display industry.

(III) Business plan

Applicable **N/A**

In 2022, under the impact and challenge of repeated local outbreak of the epidemic, global inflation, geopolitical tension, and shortage of chips in the industry, Mr. LI Yi, founder and Chairman of the Company, returned to the first time to take the position of CEO. The Company will start the plan of dual-engine growth - with the mini projector business and core device business as the core direction for breakthrough in 2022, we can take opportunities of the industry and stimulate more growth energy for the Company.

1. Expanding the new racetrack of laser mini projectors

Firstly, we will minimize costs to promote popularization of such products. Laser mini projectors have the inherent advantages of “high brightness, wide color gamut, and large screen”; in the future, the Company will reduce costs through technology iteration, through optimization of the supply chain, and through scale effects, so as to reduce the retail prices of terminals, hence promoting the rapid expansion in shipment and population of laser mini projector products.

Secondly, we will implement two strategies to improve the competitive of our own-brand products. On one hand, we will implement the strategy of product matrix to release differentiated products intended for various user demands, so as to explore the smart mini projector market. On the other hand, we will implement the strategy of flagship products to actively build flagship products, take comprehensive measures in product experience, staffing, brand marketing, and channel expansion, so as to achieve

substantial breakthrough in both the brand and sales volume.

2. Continuous expansion of the core device business

The Company has made obvious achievements in the field of household core devices. We have established projects for several new products, have the reservation for high-quality projects intended for overseas markets, and continuously expand the scope of partners along the ecology chain, so as to jointly expand and strengthen the ecology of the laser display industry.

We insist on the route of working with leading customers to promote the early large-scale implementation of the vehicle-mounted display business. In the future, we will work with leading customers on the pre-shipment market and post-shipment market for our vehicle-mounted products, which will be released stage by stage. Meanwhile, we will work for breakthrough in technology route to reduce costs, hence promoting the popularization of vehicle-mounted display products.

We will constantly explore new application scenarios. Besides aviation projection and AR, we will continue to explore new application scenarios to expand our core technologies and core device products to more application fields, such as smart household, 3D industry, and other fields.

(IV) Others

Applicable N/A

VII. Information not disclosed according to the standard due to inapplicability of the standard, involving State secrets or trade secrets or other reasons, and explanation about the relevant reasons

Applicable N/A

Section IV Corporate Governance

I. Corporate governance

√ Applicable □ N/A

We have continuously improved our corporate governance structure and operated in accordance with the requirement of the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange*, the Articles of Association (“AOA”), and relevant rules and regulations, taking into account our actual business situations, and established a corporate governance structure comprising the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the management, and a mechanism in which the highest authority, the decision-making body, the supervisory body and the management coordinate with and hold up each other. We have established a sound corporate governance system, to effectively protect the interests of investors.

(I) Shareholders and the general meeting of shareholders

The general meeting of shareholders is the highest authority of the Company. During the reporting period, we have convened and held general meetings of shareholders in strict accordance with our AOA, the Rules of Procedure of the General Meeting of Shareholders and other applicable laws and regulations. The notices, convening, resolutions, voting, signing and information disclosures in respect of the general meeting of shareholders comply with the relevant provisions of the *Company Law*, the *Securities Law*, the CSRC and the SSE, and the resolutions of the general meeting of shareholders are legal and valid. We have fully protected the rights of all shareholders, especially the minority shareholders, and ensured that each shareholder can enjoy the right to know and participate in the affairs of the Company and exercise his voting rights according to law.

(II) Directors and the Board of Directors

The Board of Directors is the standing decision-making and management body of the Company, and has set up four committees, namely the Strategy Committee, the Compensation and Performance Assessment Committee, the Nomination Committee and the Audit Committee. During the reporting period, the Board of Directors has exercised its functions and powers in strict accordance with the requirements of the applicable laws and regulations, the AOA, the Rules of Procedure of the Board of Directors, and the Work Regulations for Independent Directors, and each director has been assiduous in his duties and actively received the relevant training. In order to improve the objectivity and scientificity of the decisions made by the Board of Directors, we have appointed the independent directors to participate in and supervise the decision-making process of the Board of Directors. The independent directors have performed their duties independently, actively safeguarded the interests of the Company and the shareholders, and expressed their opinions on important and material matters of the Company. The committees of the Board of Directors have fully exercised their relevant functions, to ensure that the Board of Directors makes scientific and reasonable decisions for the Company.

(III) Supervisors and the Board of Supervisors

The Board of Supervisors is the supervisory body of the Company and comprises three supervisors. The Board of Supervisors has exercised its functions and powers according to the procedures set forth in the AOA and the Rules of Procedure of the Board of Supervisors, effectively supervised the legal and regulatory compliance of the performance of duties by the financial staff, directors and senior officers of the Company, and actively safeguarded the interests of the Company and the shareholders.

(IV) Management of information disclosures

During the reporting period, we have disclosed the relevant information truthfully, accurately, promptly, fairly and completely, and duly performed our obligation of information disclosure in accordance with the Rules Governing the Listing of Stocks on the Sci-tech Innovation Board of the Shanghai Stock Exchange, the Administrative Measures for Information Disclosure by the Listed Companies and other applicable laws and regulations, and our Information Disclosure Policy, to ensure that all shareholders and other stakeholders have equal access to the information of the Company.

(V) Registration of insiders

During the reporting period, we have registered and filed the insiders in connection with the matters disclosed in our regular reports in strict accordance with the applicable laws and regulations and our Insider Management Policy.

During the reporting period, we have defined the respective responsibilities of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the management. According to the requirements of the Board of Directors, the management has continuously improved the management cycle “led by mechanism, guaranteed by system, guided by culture and supported by capacity”. Our management level and governance capability have been improved remarkably, providing further assurance for our healthy and sustainable development. The directors, supervisors and senior officers have been assiduous in their duties, and seriously exercised the rights and performed the obligations under the Company Law and the AOA, to ensure the safe, steady and sustainable development of the Company and safeguard the interests of the shareholders to the maximum extent practicable.

Is there major deviation in the corporate governance from laws, administrative regulations, and the regulations of CSRC on the governance of listed companies; if yes, specify the reasons.

Applicable N/A

II. Give an explanation if the Company cannot guarantee its independence and ability to operate independently due to its relationship with the controlling shareholder in business, personnel, assets, organization, financial and other affairs.

Applicable N/A

Information about the business identical or similar to that of the Company operated by the controlling shareholder, actual controller, and other units under their control, impact of horizontal competition or major changes in horizontal competition on the Company, measures that have been taken, solution progress, and subsequent solution plans.

Applicable N/A

Information about horizontal competition operated by the controlling shareholder, actual controller, and other units under their control causing material adverse effects to the Company.

Applicable N/A

III. General meetings of shareholders held

Session	Date of meeting	Reference to resolutions published on the designated website	Date of disclosure of resolutions	Resolution
1 st extraordinary general meeting of shareholders in 2021	February 25, 2021	www.sse.com.cn	February 26, 2021	All proposals have been reviewed and passed.
2 nd extraordinary general meeting of shareholders in 2021	April 12, 2021	www.sse.com.cn	April 13, 2021	All proposals have been reviewed and passed.
Annual general meeting of shareholders in 2020	May 14, 2021	www.sse.com.cn	May 15, 2021	All proposals have been reviewed and passed.
3 rd extraordinary general meeting of shareholders in 2021	August 3, 2021	www.sse.com.cn	August 4, 2021	All proposals have been reviewed and passed.
4 th extraordinary general meeting of shareholders in 2021	October 25, 2021	www.sse.com.cn	October 26, 2021	All proposals have been reviewed and passed.
5 th extraordinary general meeting of shareholders in 2021	November 22, 2021	www.sse.com.cn	November 23, 2021	All proposals have been reviewed and passed.

Extraordinary general meetings convened at the request of preferred shareholders with resumed voting rights

Applicable N/A

Explanation about the general meetings of shareholders

Applicable N/A

IV. Implementation of and changes in arrangements of differentiated voting rights during the reporting period

□ Applicable ✓ N/A

V. Governance of red-chip structure companies

□ Applicable ✓ N/A

VI. Directors, supervisors, and senior officers**(I) Changes in shareholding and remunerations 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

Unit: Share

Name	Title (Note)	Gender	Age	Beginning date of term of office	Expiry date of term of office	Number of shares held as at January 1, 2020	Number of shares held as at December 31, 2020	Change in shareholding	Cause of change	Total remuneration (inclusive of tax) received from the Company during the reporting period (in RMB 0'000)	Whether or not receive any remuneration from any affiliate of the Company
LI Yi	Chairman, General Manager, key technical staff	Male	51	Acting as the Chairman from July 18, 2018; as the General Manager from December 31, 2021	August 2, 2024	/	/	/	/	306.84	No
YU Zhuoping	Director	Male	62	March 29, 2022	August 2, 2024	/	/	/	/	/	No
ZHANG Wei	Director, Deputy General	Male	46	Acting as the director from August 3,	August 2, 2024	/	/	/	/	23.14	No

	Manager			2021; as the Deputy General Manager from December 31, 2021								
NING Xiangdong	Independent director	Male	56	July 18, 2018	August 2, 2024	/	/	/	/	18.00	No	
TANG Guliang	Independent director	Male	59	July 18, 2018	August 2, 2024	/	/	/	/	18.00	No	
CHEN Youchun	Independent director	Male	46	August 2021	3, August 2, 2024	/	/	/	/	7.43	No	
WANG Yingxia	Director, Financial Director	Female	40	August 2021	3, August 2, 2024	15,420	6,000	-9,420	Personal reason (Note 3)	34.66	No	
GAO Lijing	Chairperson of the Board of Supervisors	Female	42	July 18, 2018	August 2, 2024	/	/	/	/	83.10	No	
SUN Hongdeng	Supervisor	Male	41	August 2021	3, August 2, 2024	8,000	3,000	-5,000	Personal reason (Note 3)	32.62	No	
WANG Yanyun	Supervisor	Female	45	July 18, 2018	August 2, 2024	/	/	/	/	35.47	No	
LIANG Guanning	Deputy General Manager	Male	42	December 31, 2021	August 2, 2024	/	/	/	/	0.8	No	
YAN Li	Board Secretary	Female	38	May 19, 2020	August 2, 2024	15,000	15,000	/	/	69.20	No	
HU Fei	Key technical staff, Deputy General Manager (left)	Male	41	Acting as the Deputy General Manager from July 18, 2018	Left the post of Deputy General Manager on August 3, 2021	30,000	30,000	/	/	135.01	No	
YU Xin	Key technical	Male	42	/	/	15,000	15,000	/	/	103.96	No	

	staff										
WANG Lin	Key technical staff	Male	41	/	/	15,000	15,000	/	/	90.99	No
WANG Zeqin	Key technical staff	Male	45	August 23, 2021	/	16,500	0	-16,500	Personal reason (Note 4)	48.27	No
GUO Zuqiang	Key technical staff	Male	32	/	/	0	/	/	/	75.37	No
BO Lianming	Director (retired), General Manager (retired)	Male	59	July 18, 2018	Retired from General Manager on December 31, 2021; retired from director on March 11, 2022	30,000	30,000	/	/	332.40	No
YAN Yan	Director (retired)	Male	65	July 18, 2018	August 3, 2021	/	/	/	/	8.86	No
WU Bin	Director (retired)	Male	51	July 18, 2018	August 3, 2021	/	/	/	/	/	No
LIANG Rong	Supervisor (retired)	Male	51	July 18, 2018	August 3, 2021	/	/	/	/	26.21	No
WU Bin	Deputy General Manager (retired)	Male	57	July 18, 2018	August 3, 2021	30,000	30,000	/	/	58.33	No
LI Lu	Deputy General Manager (retired)	Male	51	July 18, 2018	August 3, 2021	30,000	30,000	/	/	60.68	No
ZHAO Ruijin	Financial Director (retired)	Male	44	July 18, 2018	August 3, 2021	15,000	30,050	+15,050	Personal reason	50.96	No
WU Xiliang	Key technical staff (retired)	Male	47	/	August 23, 2021	9,000	0	-9,000	Personal reason	39.75	No

Total	/	/	/	/	/	228,920	204,050	-24,870	/	1,660.05	/
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Note: (1) The table above shows shares directly held by the directors, supervisors, senior officers, and key technical staff personally in the Company.

(2) As of the end of the reporting period, indirect shareholding is as follows: LI Yi holds shares as described in “Section VII - IV(II) Actual controller”; YAN Yan holds 1,771,894 shares in the Company indirectly through Light Zone, decreased by 590,606 shares compared the opening quantity; BO Lianming holds shares in the Company by directly and indirectly holding shares in Appotronics Daye; WU Bin holds shares in the Company indirectly through Appotronics Hongye, Liansong Capital, and Jinleijing; HU Fei, GAO Lijing, LIANG Rong, WANG Yanyun, WU Xiliang, and WANG Yingxia hold shares in the Company through Appotronics Hongye and by indirectly holding shares in Appotronics Daye; ZHAO Ruijin holds shares in the Company by indirectly holding shares in Appotronics Daye; YU Xin and GUO Zuqiang hold shares in the Company indirectly through Appotronics Daye; WANG Lin holds shares in the Company indirectly through Appotronics Hongye. except for Light Zone, which experienced changes in its shareholding during the reporting period, no change occurred to the indirect shareholding above during the reporting period.

(3) The Company held the 3rd extraordinary general meeting of 2021 on August 3, 2021, at which Mr. SUN Hongdeng was elected as a supervisor of the Company; the Company held an employee representative meeting on July 15, 2021, at which Ms. WANG Yingxia was elected as the employee director; moreover, at the 1st meeting of the second Board of Directors held on August 3, 2021, Ms. WANG Yingxia was engaged as the Financial Director. According to the self inspection, Mr. SUN Hongdeng and Ms. WANG Yingxia traded shares of the Company prior to their appointment; therefore, their acts are in compliance with laws without trading by making use of insider information.

(4) On August 23, 2021, in consideration of the leadership, participation, past posts held, acquisition of patents for invention, and other factors, under the approval of the Chairman, the Company identified Mr. WANG Zeqin as a key technical personnel of the Company. According to the self inspection, Mr. WANG Zeqqin traded shares of the Company prior to his appointment; therefore, his acts are in compliance with laws without trading by making use of insider information.

(5) Newly engaged and retired directors, supervisors, senior officers, and key technical staff during the reporting period, disclosure of the remunerations acquired during their term of office.

Name	Main work experience
LI Yi	Mr. LI Yi holds a bachelor’s degree from Tsinghua University, and a master’s degree and a doctor’s degree from the University of Rochester. He founded the Company in October 2006 and has served as Chairman of the Company since December 2010. From 2020 to 2021, Mr. LI Yi was granted the “2020 Shenzhen Mayor Award of Science and Technology”, “2021 Leader in Quality Development”, and other honors.
YU Zhuoping	Mr. YU Zhuoping holds a bachelor’s degree and a master’s degree in Mechanical Engineering from Tongji University, and a doctor’s degree in

	Vehicle Engineering from Tsinghua University. He is currently holding various positions, including Director of the Collaborative Innovation Center of Intelligent New Energy Vehicle at Tongji University; Vice President of China Society of Automotive Engineers; Deputy President and Director of the expert commission of China Hydrogen Alliance; Chairman of Tongji Automotive Design and Research Institute Co., Ltd.; Chairman of Nanchang Jiling New Energy Technology Co., Ltd.; Chairman of Shanghai Motor Vehicle Inspection Certification & Tech Innovation Center Co., Ltd.; director of Beijing Guoqing Zhonglian Hydrogen Energy Technology Research Institute Co., Ltd.; Chairman and General manager of Shanghai AI NEV Innovative Platform Co., Ltd.; non-executive director of Huazhong In-Vehicle Holdings Co., Ltd.; independent director of Shanghai Highly (Group) Co., Ltd., Weichai Power Co., Ltd., Ningbo Shenglong Automotive Powertrain System Co., Ltd., and Huayu Automotive Systems Co., Ltd. He has been a Director of the Company since March 2022.
ZHANG Wei	Mr. ZHANG Wei holds a doctor's degree from Indiana University and a lawyer certificate in New York, the USA. He was previously Legal Director of Legend Holdings Corporation, General Manager of the Legal Affairs Department of China Vanke Co., Ltd., and Vice President of Qifei International Development Co., Ltd. Before joining the Company, Mr. ZHANG Wei was the Vice President of 360 Group. He was an independent director from July 2018 to August 2021; and has been a non-independent director of the Company since August 2021. Based on his confidence in the future development of the Company, he joined the management of the Company in December 2021, acting as the Deputy General Manager of the Company.
WANG Yingxia	Ms. WANG Yingxia holds a bachelor's degree. She was the financial head and financial manager at Shenzhen YLX Technology Development Co., Ltd. from January 2007 to April 2017, and acted as the Vice Financial Director of the Company from April 2017 to August 2021. She has been a director and Financial Director of the Company since August 2021.
NING Xiangdong	Mr. NING Xiangdong holds a doctor's degree from Tsinghua University. He previously served as teaching assistant, lecturer and associate professor at Tsinghua University and Executive Deputy Director of National Center for Economic Research, Tsinghua University, and currently is a professor and doctoral tutor of Tsinghua University, School of Economic and Management. He has been an independent director of the Company since July 2018.
TANG Guliang	Mr. TANG Guliang holds a doctor's degree from Chinese Academy of Fiscal Sciences. He previously served as Dean and professor of Beijing Technology and Business University, School of Accounting (formerly known as Beijing College of Commerce), and currently is a professor and doctoral tutor of the Business School, University of International Business and Economics. He has been an independent director of the Company since July 2018.
CHEN Youchun	Mr. CHEN Youchun holds a bachelor's degree from Southwest University of Political Science and Law and University of Northumbria in the UK, a master's degree from Wuhan University, and a doctor's degree from Southwest University of Political Science and Law. He is currently holding various positions, including Partner of Beijing Junzejun (Shenzhen) Law Firm, and independent director of Nuode Investment Co., Ltd., Xinrongmao Group Co., Ltd., and Shenzhen ValueHD Technology Co., Ltd. He has been an independent director of the Company since August 2021.
GAO Lijing	Ms. GAO Lijing is a master candidate at the Chinese University of Hong Kong, and has acquired the Legal Professional Qualification Certificate after passing the National Judicial Examination. She previously worked at Southern China IP Office of Foxconn Technology Group, and Center for IP and Legal Affairs of Netac Technology Co., Ltd. She has served as a supervisor of Netac Technology Co., Ltd. from 2008 to 2020, and joined the Company in 2013. She is current the Deputy General Manager at the Legal Affairs Center of the Company, and has been the chairperson of the Board of Supervisors since July 2018.
SUN Hongdeng	Mr. SUN Hongdeng is a master candidate at the Open University of Hong Kong. He worked at Huawei Technologies Co., Ltd. from January 2006 to

	June 2018, and joined the Company in November 2018. He is the Director of the Audit Department at present, and has been a supervisor of the Company since August 2021.
WANG Yanyun	Ms. WANG Yanyun holds a bachelor's degree. She has been a senior manager of the Company since July 2013, and a Supervisor of the Company since July 2018.
LIANG Guanning	Mr. LIANG Guanning holds a bachelor's degree in the Science of Management from Sun Yat-sen University; he is also a senior member of the Association of Chartered Certified Accountants. He worked at KPMG Accounting Firm in China and Singapore as the audit manager from 2002 to 2008, and hold senior management posts at GCL-Poly Energy Holdings and Weibo. He was the Financial Director and Board Secretary of Yangtze Optical Fibre and Cable Co., Ltd. from February 2017 to October 2021. Mr. LIANG joined the Company in October 2021, and has been acting as the Deputy General Manager of the Company since December 2021.
YAN Li	Ms. YAN Li holds a master's degree. She previously worked as the securities affairs representative at Midea Appliances (000527) and Midea Group (000333), and board secretary at Yinghe Technology (300457). She joined Appotronics in May 2017, and has been working as the Board Secretary since May 2020.
HU Fei	Mr. HU Fei holds a bachelor's degree and a master's degree from Tsinghua University and a master's degree from Rensselaer Polytechnic Institute. He was previously a software engineer at Optical Research Associates, and Deputy President, R&D of Shenzhen YLX Technology Development Co., Ltd. and Appotronics Ltd. He has served as CTO of the Company since February 2018, and Deputy General Manager of the Company since July 2018.
YU Xin	Mr. YU Xin holds a doctor's degree from Tsinghua University. He was previously a senior software engineer at Schlumberger Ltd. and senior researcher at Shenzhen Lighting Institute. He joined the Company in February 2018, and used to hold posts as the Senior Researcher, General Manager of the Cinema Solution Business Division, General Manager of the Innovation Center and Cinema Business Division; he is currently a Vice President of the Company.
WANG Lin	Mr. WANG Lin holds a bachelor's degree from University of Science and Technology of China, a master's degree from Tsinghua University, and a doctor's degree from Universidad Politécnica de Madrid. He was previously a senior optical engineer at Shanghai Phillips Lighting (China) Investment Co., Ltd. He has been a senior optical research of the Company since February 2017.
WANG Zeqin	Mr. WANG Zeqin holds a bachelor's degree in Optoelectronics Technology from Jilin University. From November 2002 to August 2013, he worked at O-net Communications (Shenzhen) Co., Ltd. as the research and development engineer, research and development export, etc. He worked at Shenzhen YLX Technology Development Co., Ltd. from September 2013 to April 2017, and used to be a research at the Company's research and development center from May 2017. At present, he is the R&D Director of the Company, responsible for the core device R&D center and complete equipment development center of the Company.
GUO Zuqiang	Mr. GUO Zuqiang holds a master's degree from Tsinghua University. He was previously an optical engineer at Shenzhen YLX Technology Development Co., Ltd. He used to be the R&D manager from March 2017; currently he is the responsible person of the core device R&D center.
BO Lianming	Mr. BO Lianming holds a doctor's degree from Xi'an Jiaotong University. He was previously Chief Accountant of Shenzhen Airlines Co., Ltd., President and CEO of Shenzhen Chinastar Optoelectronic Co., Limited, Director and President of TCL Technology Group Corporation and Chairman and CEO of TCL Multimedia Technology Holdings Limited. He joined the Company in March 2018, responsible for the management and operation of the Company. He has been the General Manager of the Company since July 2018, and a director of the Company from July 2018 to March 2022.
YAN Yan	Mr. YAN Yan holds a master's degree from Princeton University. He was previously Economist of Washington Headquarter of the World Bank.

	researcher of American Thinker Hudson Institute, Director of Strategic Planning and Business Development of Sprint International Corporation in Asia Pacific, Managing Director of Emerging Markets Partnership in the Management Company of AIG Asian Infrastructure Investment Fund and Director of Hong Kong Office. He has served as Founding Managing Partner of SAIF Partners since October 2001. He was a director of the Company from December 2016 to August 2021.
WUBIN	Mr. WUBIN holds a master's degree from Stanford University. He was previously Global Associate Director of McKinsey & Company and Chief Inspector of Legend Holdings Corporation. He has served as Managing Director of CITIC Private Equity Funds since 2010. He was a director of the Company from December 2016 to August 2021.
LIANG Rong	Mr. LIANG Rong holds a master's degree from Shanghai University of Finance and Economics. He joined the Company in 2013, and served as Assistant to Chairman of Appotronics Ltd. He has been Director of Public Affairs of the Company since March 2018, He was a Supervisor of the Company from November 2017 to August 2021.
WU Bin	Mr. WU Bin holds a master's degree from Party School of the CPC. He was previously a non-executive director of Shenzhen Gotonly Investment Ltd. and Vice President of Shenzhen Lighting Institute. He was a Deputy General Manager of the Company from October 2018 to August 2021.
LI Lu	Mr. LI Lu holds a master's degree from Cheung Kong Graduate School of Business. He was previously Deputy President of TCL Multimedia Technology Holdings Limited., General Manager of TCL (China) Sales Company, and General Manager of White Goods Business Division of TCL Technology Group Corporation. He was a Deputy General Manager of the Company from October 2018 to August 2021.
ZHAO Ruijin	Mr. ZHAO Ruijin holds a master's degree from Peking University. He was previously Financial Manager of ZTE Corporation, Financial Director and Assistant to General Manager of Shenzhen ZNV Technology Co., Ltd. He joined the Company in February 2018 as Director of the Department of Financial Management, He was the Financial Director of the Company from July 2018 to August 2021.
WU Xiliang	Mr. WU Xiliang holds a bachelor's degree from Huazhong University of Science and Technology. He served as R&D Manager and Technology Director of the Company between 2007 and 2016, and has been Deputy General Manager of Fengmi since 2016.

Other information

Applicable N/A

(II) Posts held by current directors, supervisors and senior officers and the former directors, supervisors and senior officers who left the Company during the reporting period

1. Posts held at corporate shareholders of the Company

Applicable N/A

Name	Corporate shareholder	Posts held at corporate shareholder	Beginning date of term of office	Expiry date of term of office
LI Yi	Shenzhen Appotronics Holdings Limited	Executive Director & General Manager	January 2014	/
LI Yi	Shenzhen Appotronics Daye Investment Partnership (LP)	Representative of Managing Partner	October 2016	/
LI Yi	Shenzhen Appotronics Hongye Investment Partnership (LP)	Representative of Managing	December 2015	/

		Partner		
LI Yi	Shenzhen Jinleijing Investment Limited Partnership (LP)	Representative of Managing Partner	October 2016	/
LI Yi	Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	Representative of Managing Partner	June 2016	/
LI Yi	Shenzhen Appotronics Chengye Consulting Partnership (LP)	Representative of Managing Partner	July 2017	/
LI Yi	Blackpine Investment Corp. Limited	Director	September 2018	/
YAN Yan (Former director)	SAIF IV Hong Kong (China Investments) Limited	Director	August 2013	/
YAN Yan (Former director)	Light Zone Limited	Director	March 2017	/
WUBIN (Former director)	Beijing Panmao Consulting Co., Ltd.	Managing Director	January 2010	/
Explanation about the posts held at corporate shareholders of the Company	None			

2. Posts held at other entities

√ Applicable □ N/A

Name	Other entity	Posts held at other entity	Beginning date of term of office	Expiry date of term of office
LI Yi	Shenzhen Appotronics Deye Consulting Partnership (LP)	Representative of Managing Partner	May 2018	
LI Yi	CINIONIC	Director	November 2018	
LI Yi	Shenzhen Appotronics Technical Consulting Co., Ltd.	Executive Director & General Manager	October 2017	
LI Yi	Jiangsu Yisheng Technology Co., Ltd.	Chairman	September 2017	January 2021
LI Yi	Shenzhen YLX Technology Development Co., Ltd.	Chairman	January 2007	
LI Yi	Shenzhen Qingda Yifeng Equity Investment Fund Management Enterprise (LP)	General Manager & Executive Director	January 2017	
LI Yi	Shenzhen Qingda Yifeng Investment Consulting Partnership (LP)	Managing Partner	October 2016	

LI Yi	APEX Fund Managed Limited	Director	November 2013	
LI Yi	Atria Light Ltd.	Director	April 2018	
LI Yi	Atria Light Hong Kong Limited	Director	April 2018	
LI Yi	Long Pine Investment Ltd.	Director	September 2016	
LI Yi	Longpines Financial Investment Ltd.	Director	May 2018	
LI Yi	YLX (Hong Kong) Limited	Director	June 2008	
LI Yi	WeCast Technology Corp.	Executive Director	August 2020	
YU Zhuoping	Tongji Automotive Design and Research Institute Co., Ltd.	Legal representative, General Manager	December 2017	
YU Zhuoping	Shanghai AI NEV Innovative Platform Co., Ltd.	Legal Representative & Chairman	March 2018	
YU Zhuoping	Weichai Power Co., Ltd.	Independent director	July 2020	
YU Zhuoping	Nanchang Jiling New Energy Technology Co., Ltd.	Legal Representative & Chairman	August 2020	
YU Zhuoping	Shanghai Highly (Group) Co., Ltd.	Independent director	September 2020	
YU Zhuoping	Ningbo Shenglong Automotive Powertrain System Co., Ltd.	Independent director	October 2020	
YU Zhuoping	Beijing Guoqing Zhonglian Hydrogen Energy Technology Research Institute Co., Ltd.	Director	October 2020	
YU Zhuoping	Shanghai Motor Vehicle Inspection Certification & Tech Innovation Center Co., Ltd.	Director	April 2021	
YU Zhuoping	Huayu Automotive Systems Co., Ltd.	Independent director	July 2021	
YU Zhuoping	Jiangling Motors Corporation Limited	Independent director	October 2021	
YU Zhuoping	Huazhong In-Vehicle Holdings Co., Ltd.	Non-executive Director	August 2019	
ZHANG Wei	Qifei International Development Co. Limited	Vice President	February 2019	September 2021
ZHANG Wei	360 Group	Vice President	February 2019	September 2021
ZHANG Wei	AVIC Vanke Co., Ltd.	Director	January 2018	
ZHANG Wei	Hengqin Vanke Cloudland Commercial Services Co., Ltd.	Director & General Manager	May 2017	
ZHANG Wei	Shenzhen Wanhu Management Consulting Co., Ltd.	Supervisor	November 2017	
ZHANG Wei	Shenzhen Wanhu Quanyuan Management Consulting Co., Ltd.	Supervisor	November 2017	
ZHANG Wei	Shenzhen Wanshuzhimiao Management Consulting Co., Ltd.	Supervisor	November 2017	

ZHANG Wei	Shenzhen Wanqing Management Consulting Co., Ltd.	Supervisor	November 2017	
ZHANG Wei	Shenzhen Wanmazhengxian Management Consulting Co., Ltd.	Supervisor	November 2017	
ZHANG Wei	Dongguan Vanke City Development Co., Ltd.	Supervisor	May 2018	
ZHANG Wei	Dongguan Vanke Real Estate Co., Ltd.	Supervisor	October 2015	
ZHANG Wei	Yangshuo Banyan Tree Hotel Co., Ltd.	Director	September 2018	
ZHANG Wei	Lijiang Banyan Tree Property Services Co., Ltd.	Director	May 2018	
ZHANG Wei	Lijiang Banyan Tree Hotel Co., Ltd.	Director	March 2018	
ZHANG Wei	Lijiang Banyan Tree International Travel Agency Co., Ltd.	Director	March 2018	
ZHANG Wei	Lijiang Angsana Real Estate Development Co., Ltd.	Director	July 2018	
ZHANG Wei	Huangshan Banyan Tree Property Management Co., Ltd.	Director	September 2018	
ZHANG Wei	Huangshan Banyan Tree Tourism Development Co., Ltd.	Director	September 2018	
ZHANG Wei	Chengdu Banyan Tree No. 1 Real Estate Co., Ltd.	Director	June 2018	
ZHANG Wei	Chengdu Banyan Tree No. 3 Real Estate Co., Ltd.	Director	June 2018	
ZHANG Wei	Chengdu Banyan Tree No. 4 Real Estate Co., Ltd.	Director	June 2018	
ZHANG Wei	360 Security Technology Inc.	Vice President	February 2019	September 2021
ZHANG Wei	360 Technology Group Co., Ltd.	Director	January 2021	
ZHANG Wei	Tianjin 360 Technology Development Co., Ltd.	Director	February 2021	
ZHANG Wei	Hangzhou Qifei Huachuang Technology Co., Ltd.	Director	January 2021	
ZHANG Wei	Shanghai Jiehu Network Technology Co., Ltd.	Executive Director & Manager & Legal Representative	January 2021	
ZHANG Wei	Shenzhen Zhuoying Technology Co., Ltd.	Director	June 2020	
ZHANG Wei	Zhenro Services Group Co., Ltd.	Director	June 2020	
ZHANG Wei	Lida Lianma (Zhuhai) Equity Investment Management Co., Ltd.	Director	July 2020	August 2021
ZHANG Wei	Tian'an Xincheng Development (Hengqin) Co., Ltd.	Director	July 2017	September 2021
ZHANG Wei	Shanghai 360 Changfeng Technology Co., Ltd.	Director & Legal Representative	November 2020	December 2021
NING Xiangdong	Tsinghua University	Professor & Doctoral Tutor	1990	
NING Xiangdong	Sinopec Sales Co., Ltd.	Independent director	December 2018	
NING Xiangdong	China Life Asset Management Co., Ltd.	Independent director	March 2018	

NING Xiangdong	Sinochem Energy Co., Ltd.	Independent director	August 2018	
NING Xiangdong	MH Robot & Automation Co., Ltd.	Independent director	December 2021	
NING Xiangdong	Xiamen Bank Co., Ltd.	Director	July 2017	
NING Xiangdong	Shandong Heavy Industry Group Co., Ltd.	Director	January 2018	
TANG Guliang	University of International Business and Economics	Professor	March 2006	
TANG Guliang	China JIC Leasing Co., Ltd.	Independent director	April 2017	
TANG Guliang	Three Gorges Capital Holdings Co., Ltd.	Independent director	February 2018	
TANG Guliang	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Independent director	March 2019	
TANG Guliang	Jointown Pharmaceutical Group Co., Ltd.	Independent director	November 2020	
CHEN Youchun	Beijing Junzejun (Shenzhen) Law Firm	Partner	July 2004	
CHEN Youchun	Nuode Investment Co., Ltd.	Independent director	February 2018	
CHEN Youchun	Xinrongmao Group Co., Ltd.	Independent director	February 2018	
CHEN Youchun	Shenzhen ValueHD Technology Co., Ltd.	Independent director	July 2020	
WANG Yingxia	Shenzhen Yixingzhijia Trade Co., Ltd.	Supervisor	January 2018	
LIANG Guanning	Sichuan Lefei Optoelectric Technology Co., Ltd.	Director	June 2017	
LIANG Guanning	Zhejiang Lianfei Optical Fiber & Optical Cable Co., Ltd.	Director	May 2019	April 2022
LIANG Guanning	Changfei (Wuhan) Optical System Co., Ltd.	Director	March 2021	
LIANG Guanning	AVIC Baosheng Ocean Engineering Cable Co., Ltd.	Director	December 2018	
LIANG Guanning	Baosheng YOFC Marine Engineering Co., Ltd.	Director	December 2018	
LIANG Guanning	Wuhan Fenjin Smart Machine Co., Ltd.	Vice Chairman	September 2019	
LIANG Guanning	Wuhan Changfei Capital Management Co., Ltd.	Manager	October 2018	April 2022
LIANG Guanning	Yangtze Optical Fiber and Cable (Shanghai) Co., Ltd.	Supervisor	May 2019	
LIANG Guanning	EverPro (Wuhan) Technology Co., Ltd.	Supervisor	November 2020	February 2022
BO Lianming (Former director, and former General Manager)	GDC Technology Limited (British Virgin Islands)	Director	March 2021	
YAN Yan (Former director)	SAIF Investment Management Consulting (Shanghai) Co., Ltd.	General Manager	June 2002	
YAN Yan (Former director)	SAIF Partners	Founding Managing Partner	October 2001	

YAN Yan (Former director)	Atria Light Ltd.	Director	May 2018	
YAN Yan (Former director)	Beijing Daotong Changjing Investment Management Center (LP)	Representative of Managing Partner	July 2011	
YAN Yan (Former director)	Beijing SAIF Chuangyuan Investment Center (LP)	Representative of Managing Partner	August 2010	
YAN Yan (Former director)	Beijing SAIF Hongyuan Investment Center (LP)	Representative of Managing Partner	October 2010	
YAN Yan (Former director)	Beijing SAIF Xiangrui Investment Center (LP)	Representative of Managing Partner	April 2010	
YAN Yan (Former director)	Changzhou SAIF High-Tech Venture Capital Center (LP)	Representative of Managing Partner	December 2009	
YAN Yan (Former director)	Guangzhou SAIF Guangdong Fortune Radio and Television Network Investment Limited Partnership (LP)	Representative of Managing Partner	December 2011	
YAN Yan (Former director)	Hefei SAIF Heyuan Venture Capital Center (LP)	Representative of Managing Partner	January 2011	
YAN Yan (Former director)	Qingdao Haier-Saifu Intelligent Family Venture Capital Center (LP)	Representative of Managing Partner	October 2014	
YAN Yan (Former director)	SAIF Songyuan (Shanghai) Equity Investment Fund Partnership (LP)	Representative of Managing Partner	September 2012	
YAN Yan (Former director)	Xiamen SAIF Equity Investment Partnership (LP)	Representative of Managing Partner	August 2012	
YAN Yan (Former director)	Xiamen SAIF Keyuan Equity Investment Partnership (LP)	Representative of Managing Partner	August 2012	
YAN Yan (Former director)	Tianjin SAIF Venture Capital Fund (LP)	Representative of Managing Partner	July 2008	
YAN Yan (Former director)	Tianjin SAIF Composite Equity Investment Center (LP)	Representative of Managing Partner	May 2010	
YAN Yan (Former director)	Tianjin SAIF Hanyuan Equity Investment Partnership (LP)	Representative of Managing Partner	June 2010	
YAN Yan (Former director)	Tianjin SAIF Shengyuan Investment Management Center (LP)	Representative of Managing Partner	July 2008	

YAN Yan (Former director)	Hefei SAIF Venture Capital Management Co., Ltd.	Legal Representative & Executive Director & General Manager	November 2010	
YAN Yan (Former director)	Nanjing SAIF Hengzhun Venture Capital Fund (LP)	Representative of Managing Partner	July 2017	
YAN Yan (Former director)	China Resources Land Limited	Independent Non-executive Director	July 2006	
YAN Yan (Former director)	Shanghai SAIF Yanyuan Equity Fund Management Co. Ltd.	Legal Representative & Executive Director & General Manager	January 2013	
YAN Yan (Former director)	Tianjin Himalaya Investment Consulting Co. Ltd.	Legal Representative & Executive Director & Manager	June 2008	
YAN Yan (Former director)	Qingdao SAIF Investment Management Co. Ltd.	Legal Representative & Chairman & General Manager	September 2014	
YAN Yan (Former director)	Changzhou SAIF High-Tech Venture Capital Management Co. Ltd.	Legal Representative & Chairman	October 2009	
YAN Yan (Former director)	Tianjin SAIF Zhongyuan Investment Advisory Co. Ltd.	Legal Representative & Chairman	July 2008	
YAN Yan (Former director)	Shenzhen SAIF Qianyuan Equity Investment Fund Management Co. Ltd.	Legal Representative & Chairman	August 2013	
YAN Yan (Former director)	Beijing Softbank SAIF Investment Advisory Co., Ltd.	Chairman	February 2001	
YAN Yan (Former director)	Huangshan SAIF Fund Management Co., Ltd.	Chairman	November 2016	
YAN Yan (Former director)	Youth Happy (Beijing) Business Management Co., Ltd.	Chairman	July 2012	
YAN Yan (Former director)	Shanghai TopxGun Robotics Co., Ltd.	Chairman	September 2015	
YAN Yan (Former director)	CYPA (Beijing) Investment Management Co., Ltd.	Chairman	June 2012	
YAN Yan (Former director)	Xi'an Maike Metal International Group Co., Ltd.	Vice Chairman	April 2014	
YAN Yan (Former director)	SAIF IV Mauritius (China Investment) Ltd.	Director	July 2010	

YAN Yan (Former director)	Anqing SAIF Huanxin Enterprise Management Consultant Co., Ltd.	Director	November 2014	
YAN Yan (Former director)	Beijing Hanyuan Capital Management Co., Ltd.	Director	December 2015	
YAN Yan (Former director)	Beijing Xiaodu Entertainment Technology Co., Ltd.	Director	January 2018	
YAN Yan (Former director)	Guangdong Cable Co., Ltd.	Director	February 2017	
YAN Yan (Former director)	Guangzhou SAIF Heyin Asset Management Co., Ltd.	Director	August 2013	
YAN Yan (Former director)	Heilongjiang Dazheng Derun Investment Management Co., Ltd.	Director	February 2017	
YAN Yan (Former director)	Heilongjiang Dazheng SAIF Investment Management Co., Ltd.	Director	November 2009	
YAN Yan (Former director)	Pacoo (Beijing) Technology Co., Ltd.	Director	September 2016	
YAN Yan (Former director)	Xiamen SAIF Venture Capital Management Co., Ltd.	Director	February 2012	
YAN Yan (Former director)	Shanghai Wenxi Enterprise Management Co., Ltd.	Director	June 2017	
YAN Yan (Former director)	Xinyong Computing Information Technology (Shanghai) Co., Ltd.	Director	September 2017	
YAN Yan (Former director)	Shenzhen Shuwei Big Data Technology Co., Ltd.	Director	October 2018	
YAN Yan (Former director)	ATA Creativity Global	Director	March 2005	
YAN Yan (Former director)	Yinda International Holding Company Limited	Director	August 2014	
YAN Yan (Former director)	Wisers Information Holdings Company Limited	Director	May 2016	
YAN Yan (Former director)	360 Finance Inc.	Independent director	July 2019	
YAN Yan (Former director)	Jiaxing Tengyuan Investment Partnership (Limited Partnership)	Entrusted representative	January 2021	

YAN Yan (Former director)	Xi'an Zhigui Internet Technology Co., Ltd.	Director	August 2020	
YAN Yan (Former director)	China Southern Airlines Company Limited	Independent Non-executive Director	April 2021	
YAN Yan (Former director)	Shanghai Jinhui Information Technology Co., Ltd.	Chairman	December 2021	
WUBIN (Former director)	Shaanxi Xifeng 15-Year and 6-Year Liquor Marketing Co., Ltd.	Director	2013	April 2021
WUBIN (Former director)	Yunnan Green A Biological Project Co., Ltd.	Director	July 2018	
WUBIN (Former director)	Hangzhou BroadLink Electronic Technology Co., Ltd.	Director	December 2020	
WUBIN (Former director)	Pine Medical Limited	Director	2019	
WUBIN (Former director)	Hong Kong Excellence Limited	Director	2019	
WU Bin (Former senior officer)	Shenzhen Shangzuo Charity Foundation	Deputy Director	November 2015	
WU Bin (Former senior officer)	Shenzhen Lighting Institute	Director	November 2016	
Explanation about the posts held at other entities	None			

(III) Remunerations of directors, supervisors, senior officers and key technical staff

√ Applicable □ N/A

In RMB 0'000

Decision-making procedure regarding the remunerations of directors, supervisors and senior officers	Pursuant to the Company's Articles of Association, the Compensation and Performance Assessment Committee consider and review the compensation policy and proposal for directors and senior officers; the compensation proposal for senior officers is implemented after being approved by the Board of Directors; the compensation proposal for directors is implemented after being adopted by the Board of Directors and then approved by the general meeting of shareholders; and the compensation proposal for supervisors is implemented after being adopted by the Board of Supervisors and then approved by the general meeting of shareholders.
Basis for determining the remunerations of	The Company's directors and supervisors who hold posts in the Company shall receive remunerations for such

directors, supervisors and senior officers	posts pursuant to the relevant provisions of the Company, but will not receive remunerations in their capacity as director or supervisor. Each independent director will receive a fixed amount of director's emoluments. Non-independent directors not holding posts in the Company will receive director's emoluments pursuant to the compensation proposal approved by the general meeting of shareholders. Remunerations paid to senior officers comprise salaries and bonuses, where the salaries are paid on a monthly basis according to the ranks and duties of the senior officers, and the bonuses are paid according to the operating results of the Company and their performance in the given year.
Remunerations actually paid to directors, supervisors and senior officers	During the reporting period, the remunerations actually paid to directors, supervisors and senior officers are consistent with the relevant information disclosed by the Company.
Total remunerations paid to directors, supervisors and senior officers as of the end of the reporting period	1,234.62
Total remunerations paid to key technical staff as of the end of the reporting period	800.19

Note: Dr. LI Yi, Chairman of the Company, and Dr. HU Fei, former Deputy General Manager of the Company, are key technical staff of the Company, and the remunerations actually paid to key technical staff as of the end of the reporting period contain their remunerations.

(IV) Changes in directors, supervisors, senior officers and key technical staff

√ Applicable □ N/A

Name	Position	Change	Cause of change
ZHANG Wei	Director	Elected	Elected at the general meeting
CHEN Youchun	Independent director	Elected	Elected at the general meeting
WANG Yingxia	Employee representative director	Elected	Elected at the employee representative meeting
SUN Hongdeng	Supervisor	Elected	Elected at the general meeting
LI Yi	General Manager	Recruited	Engaged by the Board of Directors
ZHANG Wei	Deputy General Manager	Recruited	Engaged by the Board of Directors
LIANG Guanning	Deputy General Manager	Recruited	Engaged by the Board of Directors
WANG Yingxia	Financial Director	Recruited	Engaged by the Board of Directors
WANG Zeqin	Key technical staff	Recruited	Adjusted according to the specific standards for key technical personnel
YAN Yan	Former director	Left the Company	Expiry of the term of office
WUBIN	Former director	Left the Company	Expiry of the term of office
LIANG Rong	Former supervisor	Left the Company	Expiry of the term of office

BO Lianming	Former General Manager	Left the Company	Personal reason
WU Bin	Former Deputy General Manager	Left the Company	Expiry of the term of office
LI Lu	Former Deputy General Manager	Left the Company	Expiry of the term of office
HU Fei	Former Deputy General Manager	Left the Company	Expiry of the term of office
ZHAO Ruijin	Former Financial Director	Left the Company	Expiry of the term of office
WU Xiliang	Former key technical staff	Left the Company	Adjusted according to the specific standards for key technical personnel

(V) Penalties imposed by the securities regulatory authorities in the past three years

Applicable N/A

(VI) Others

Applicable N/A

VII. Board meetings held during the reporting period

Session	Date of meeting	Resolution
29 th meeting of the first Board of Directors	February 9, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on Adjusting the Plan of Increasing the Capital of a Controlled Subsidiary by Issuing Additional Shares & Related-party Transaction</i> , the <i>Proposal on Expected Daily Related-party Transactions in 2021</i> , and the <i>Proposal on Requesting Comprehensive Facility and Providing Guarantee by the Company and Subsidiaries in 2021</i> .
30 th meeting of the first Board of Directors	March 26, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on the "2021 Restricted Share Incentive Plan (Draft)" and Summary Thereof</i> and the <i>Proposal on the Management Measures for the Appraisal of the "2021 Restrict Share Incentive Plan"</i> .
31 st meeting of the first Board of Directors	April 22, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on the "2020 Work Report of the Board of Directors"</i> , the <i>Proposal on the "2020 Annual Financial Final Report"</i> , and the <i>Proposal on the "2020 Annual Report" and the Summary thereof</i> .
32 nd meeting of the first Board of Directors	July 15, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on the Election of Non-independent Director Candidates of the Second Board of Directors of the Company</i> , the <i>Proposal on the Election of Independent Director Candidates of the Second Board of Directors of the Company</i> , and the <i>Proposal on Director Remunerations of the Second Board of Directors of the Company</i> .
1 st meeting of the second Board of Directors	August 3, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on Electing the Chairperson for the Second Board of Directors of the Company</i> , the <i>Proposal on Electing Members for Specific-purpose Committees under the Board of Directors of the Company</i> , and the <i>Proposal on Engaging Senior Officers and Securities Representatives of the Company</i> .

2 nd meeting of the second Board of Directors	August 24, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on the “2021 Semi-annual Report” and the Summary Thereof</i> , and the <i>Proposal on the “2021 Semi-annual Special Report on the Deposit and Use of Offering Proceeds”</i> .
3 rd meeting of the second Board of Directors	September 30, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on the “2021 Second Restricted Share Incentive Plan (Draft)” and Summary Thereof</i> and the <i>Proposal on the Management Measures for the Appraisal of the “2021 Second Restrict Share Incentive Plan”</i> , and the <i>Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the 2021 Second Restricted Share Incentive Plan</i> .
4 th meeting of the second Board of Directors	October 22, 2021	The meeting reviewed and passed the <i>Proposal on the “2021 Third Quarter Report”</i> , and the <i>Proposal on Discarding Certain Restricted Shares Granted but Not Vested</i> .
5 th meeting of the second Board of Directors	November 5, 2021	The meeting reviewed and passed the <i>Proposal on Increasing the Expected Amount of Day-to-day Related-party Translations for 2021</i> and the <i>Proposal on Holding the 5th Extraordinary General Meeting of 2021</i> .
6 th meeting of the second Board of Directors	December 7, 2021	The meeting reviewed and passed the <i>Proposal on Initially Granting Restricted Shares to Grantees</i> .
7 th meeting of the second Board of Directors	December 31, 2021	The meeting reviewed and passed several proposals, including the <i>Proposal on Engaging Mr. LI Yi as the General Manager of the Company</i> , the <i>Proposal on Engaging Mr. ZHANG Wei as the Deputy General Manager of the Company</i> , and the <i>Proposal on Engaging Mr. LIANG Guanning as the Deputy General Manager of the Company</i> .

VIII. Performance of duties by the directors

(I) Attendance by the directors of the meetings of the Board of Directors and shareholders

Name of the Director	Whether or not an independent director	Attendance of the meetings of the Board of Directors						Attendance of the general meetings of shareholders
		Meetings the director should have attended in 2021	Meetings attended in person	Meetings attended through communication equipment	Meetings attended by proxy	Absence times	Whether the director has been absent from two consecutive meetings	General meetings of shareholders attended
LI Yi	No	11	11	9	0	0	No	6
ZHANG Wei	No	11	11	9	0	0	No	6
NING Xiangdong	Yes	11	11	11	0	0	No	6
TANG Guliang	Yes	11	11	9	0	0	No	6

CHEN Youchun	Yes	7	7	7	0	0	No	2
WANG Yingxia	No	7	7	7	0	0	No	2
BO Lianming (former director)	No	11	11	9	0	0	No	6
YAN Yan (Former director)	No	4	4	4	0	0	No	4
WUBIN (Former director)	No	4	4	3	0	0	No	4

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

Applicable N/A

Meetings of the Board of Directors held in 2019	11
Where: Face-to-face meetings	0
Meeting held through communication equipment	9
Meetings held both in the form of face-to-face meeting and through communication equipment	2

(II) Objections raised by directors to matters of the Company

Applicable N/A

(III) Others

Applicable N/A

IX. Specific-purpose committees under the Board of Directors

Applicable N/A

(1).Members of specific-purpose committees under the Board of Directors

Category of specific-purpose committee	Members
Audit Committee	TANG Guliang (chairperson), CHEN Youchun, LI Yi
Nomination Committee	CHEN Youchun (chairperson), NING Xiangdong, LI Yi
Compensation and Performance Assessment Committee	NING Xiangdong (chairperson), TANG Guliang, ZHANG Wei

Strategy Committee	LI Yi (chairperson), BO Lianming, NING Xiangdong
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(2).The Audit Committee held 6 meetings during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
February 6, 2021	Reviewed the proposal on issuing additional shares by subsidiaries, etc.	All proposals are reviewed and passed	None
March 23, 2021	Reviewed the proposal on external investment by subsidiaries, etc.	All proposals are reviewed and passed	None
April 12, 2021	Reviewed the proposal on the 2020 Annual Report, etc.	All proposals are reviewed and passed	None
August 20, 2021	Reviewed the proposal on the 2021 Semi-annual Report, etc.	All proposals are reviewed and passed	None
October 19, 2021	Reviewed the proposal on the 2021 Third Quarter Report, etc.	All proposals are reviewed and passed	None
November 2, 2021	Reviewed the proposal on increasing the expected amount of day-to-day related-party transactions for 2021, etc.	All proposals are reviewed and passed	None

(3).The Nomination Committee held 3 meetings during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
July 11, 2021	Reviewed the proposal on the nomination of directors for the second Board of Directors, etc.	All proposals are reviewed and passed	None
August 3, 2021	Reviewed the proposal on engaging senior officers, etc.	All proposals are reviewed and passed	None
December 29, 2021	Reviewed the proposal on engaging senior officers, etc.	All proposals are reviewed and passed	None

(4).The Remuneration and Appraisal Committee held 7 meetings during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
March 23, 2021	Reviewed the proposal on the 2021 Restricted Share Incentive Plan, etc.	All proposals are reviewed and passed	None
April 12, 2021	Reviewed the proposal on the remunerations of directors and senior officers, etc.	All proposals are reviewed and passed	None
July 11, 2021	Reviewed the proposal on the remunerations of directors, etc.	All proposals are reviewed and passed	None
August 3, 2021	Reviewed the proposal on the remunerations of senior officers, etc.	All proposals are reviewed and passed	None
September 27, 2021	Reviewed the proposal on the 2021 Second Restricted Share Incentive Plan, etc.	All proposals are reviewed and passed	None

October 19, 2021	Reviewed the proposal on discarding equity incentives, etc.	All proposals are reviewed and passed	None
December 31, 2021	Reviewed the proposal on the remunerations of senior officers, etc.	All proposals are reviewed and passed	None

(5).The Strategy Committee held 2 meetings during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
February 6, 2021	Reviewed the proposal on issuing additional shares by subsidiaries, etc.	All proposals are reviewed and passed	None
March 23, 2021	Reviewed the proposal on external investment by subsidiaries, etc.	All proposals are reviewed and passed	None

(6).Specific description of objections

Applicable N/A

X. Risks of the Company identified by the Board of Supervisors

Applicable N/A

The Board of Supervisors raised no objections with respect to matters under supervision during the reporting period.

XI. Employees of the parent company and major subsidiaries as of the end of the reporting period**(I) Employees**

Number of active employees of the parent company	1,143
Number of active employees of major subsidiaries	422
Total number of active employees	1,565
Number of retired employees for whom the parent company and major subsidiaries need to pay certain expenses	0
Profession	
Category	Number of employees
Production staff	712
Sales staff	204
Technology staff	456
Financial staff	41
Management staff and administrative staff	152
Total	1,565
Education	
Level of education	Number
Master and above	184
Undergraduate	628
College or below	753
Total	1,565

(II) Compensation policy

Applicable N/A

The Company has designed a comprehensive remuneration system based on posts, competence, and performance according to internationally universal remuneration system designing ideas and approaches with reference to the strategic objectives, talent strategy, market competition, and other factors, of the Company.

The Company has always advocated joint innovation, sharing, and result-orientation, and continuously optimizes its incentive policies to gradually implement differentiated incentives for different businesses and groups, hence motivating employees to make sustainable efforts focusing on the business and customer needs to create value for customers; meanwhile, the Company enhances the management over qualifications to improve employees' professional competence and contributions for performance to enhance the sense of gain by employees along with the development of the Company; the Company cares about employees by providing comprehensive benefits, hence building a better working and living environment for employees.

(III) Training programs

Applicable N/A

The Company achieved outstanding achievements in the development of training and learning products in recent years. The Appotronics "R&D Management Training Camp" in 2021, which

participated for the first time in the 6th Learning Design Competition conducted by China Society for Talent Development (CSTD) won the silver award and the most popularity award, continuously assists in the talent building of the Company by providing high-quality “resources” to effectively support the sound development of the Company.

In 2021, Appotronics’ learning system operated smoothly by integrating a series of company-level training programs, center-level general capability training, and department-level professional capability training, hence effectively support both the organizations and individuals to make improvement and achieve performance objectives. We achieved the score of 9 out of 10 in the overall employee satisfaction for training. We organized 574 training sessions lasting for a total of nearly 12,000 hours involving nearly 5,500 participants this year. 90% trainees responded that the learning courses they participated are very helpful for improving their personal performance; the trainees stated that 70-80% knowledge and content are effectively transferred and put into practice, which meet their needs both for personal competence of employees and the competence improvement of the organizations.

In 2021, the Company continued the efforts for building the lecturer system. Nearly 300 internal lecturers went to the stage, including 29 persons participating in the procedure of internal training lecturer review and got promoted to intermediate lecturers. Every one worked actively to share the courses within their departments or crossing teams. The system of internal lecturers provides a stage for backbone employees to share their knowledge and experience, and helps to cultivate the team atmosphere of sharing with and learning from each other.

2022 will be a new stage for us to improve our training system - with the core objective of improving the organization performance and product development intended for solving problems, we will empower key personnel with capabilities to solve actual problems and develop various professional knowledge/skill courses for backbone elites in various fields. By the wide use of a digital platform, we may effectively operate the knowledge assets of Appotronics by explicitly revealing implicit knowledge in a centralized manner, so as to achieve technology sharing and exchange more effectively, promote technological innovation and transformation, build a learning organization, and assist in talent training and development, hence assisting the leap-forward development of the Company by talent reservation.

(IV) Outsourced workers

Applicable N/A

Total man-hours of outsourced workers	312,944.50 hours
Total remunerations paid to outsourced workers	RMB 7,321,162.63

XII. Proposals for profit distribution and capitalization of the capital reserve

(I) Establishment, implementation or adjustment of the cash dividend policy

Applicable N/A

1. Cash dividend policy

Pursuant to our Articles of Association and the Statement of Appotronics Corporation Limited Regarding the Initial Public Offering of RMB-denominated Ordinary Shares (A-shares) and the Plan for Distribution of Dividends to Shareholders within Three Years Following the Listing on the STAR Market,

we will focus on long-term and sustainable development, and establish a clear profit distribution policy taking into consideration our strategic development plan, actual business situation, development objectives, future profitability, status of cash flows, shareholder return, cost of social capital, external financing environment and other relevant factors, and the balance between the reasonable returns on investment for shareholders and our sustainable development, to ensure the consistency and stability of the profit distribution policy and ensure that we are able to operate continuously and healthily in the long run.

Subject to the satisfaction of the conditions for distributing cash dividends, we will distribute not less than 10% of the distributable profit made in each year in cash.

The Board of Directors will adopt the following differential cash dividend policy according to the procedures set forth in our Articles of Association, giving comprehensive consideration to the characteristics of the industry in which we operate, our development stage, business model and earnings, material capital expenditure arrangements and other relevant factors:

(1) If the Company is at the mature stage and does not have any material capital expenditure arrangement, at least 80% of the distributable profit will be distributed in cash;

(2) If the Company is at the mature stage and has certain material capital expenditure arrangements, at least 40% of the distributable profit will be distributed in cash; or

(3) If the Company is at the growth stage and has certain material capital expenditure arrangements, at least 20% of the distributable profit will be distributed in cash.

If it is hard to determine the development stage but there are certain material capital expenditure arrangements, the policy set forth above may apply.

We will formulate or adjust the shareholder returns plan subject to the profit distribution policy set forth above, according to our actual situations and the opinions of the shareholders (in particular, the minority shareholders) and the independent directors.

2. Preliminary plan on profit distribution for 2021

According to our 2021 consolidated financial statements as audited by Pan-China Certified Public Accountants (Special General Partnership), Apptronics Corporation Limited (hereinafter referred to as the Company) realized the net profit of RMB 221,534,817.14 in the consolidated financial statements for 2021, of which the net profit attributable to owners of the parent company is RMB 233,364,344.09, and the distributable profit of the parent company is RMB 453,996,135.72.

In accordance with the provision of the *Notice of China Securities Regulatory Commission on Further Implementing Cash Dividend Distribution by Listed Companies*, the *Guidelines of Shanghai Stock Exchange on Cash Dividend Distribution by Listed Companies*, *Regulatory Guidelines for Listed Companies No. 3 - Cash Dividend Distribution by Listed Companies*, and the *Articles of Association*, in consideration of the current overall operation and development stage, the Company proposes to distribute the cash dividend of RMB 1.05 (tax-inclusive) per 10 shares to all shareholders on the basis of the total shares on the record date of interest distribution for 2021, deducted by shares in the special securities account for repurchase by the Company. As of April 25, 2022, the Company has a total of 452,756,901 shares and 0 shares in the special securities account for repurchase, leading to the total cash dividend of

RMB 47,539,474.61 (tax-inclusive). The cash dividends proposed by the Company for this year account for 20.37% of the net profits attributable to the shareholders of the listed company in the current consolidated financial statements of the Company. No capitalization of the capital reserve or bonus shares will be made or distributed in the profit distribution.

In the event of any change in the total shares of the Company after deducting the shares in the special securities account for repurchase by the Company due to relevant events prior to the record date of interest distribution, the Company intends to keep the total amount of distribution unchanged while correspondingly change the distribution proportion for each share. In the event of changes in the total shares, an announcement will be separately released to disclose the specific adjustment.

Reasons for distribution of cash dividends lower than 30% of the distributable profit: Being in the growth stage, the Company needs a large amount of funds. We plan to use the undistributed profit to satisfy the working capital requirements in our R&D and marketing activities and day-to-day management, and support the implementation of our medium-to-long term development strategy and continuous and healthy development.

The profit distribution proposal for the year of 2021 has been approved at the 11th meeting of the second Board of Directors and the 10th meeting of the second Board of Supervisors of the Company. The independent directors of the Company have reviewed the preliminary plan on profit distribution, expressed their independent opinions on and given explicit consent to the proposal. The preliminary plan for profit distribution is still subject to approval at the general meeting of shareholders of the Company.

3. Implementation of the policy on cash dividend distribution

During the reporting period, the Company has strictly complied with the dividend principles and policies. Our dividend distribution criteria and ratio are clear, and the relevant decision-making procedures and mechanism comply with the applicable regulations. Our independent directors have duly performed their duties in the review of the preliminary plan on profit distribution by the Board of Directors, to ensure that the legitimate rights and interests of the minority shareholders are fully protected.

(II) Special explanation about the cash dividend policy

Applicable N/A

Whether the policy is in compliance with the provisions of the Articles of Association or the requirements of resolutions passed at the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the distribution standards and ratios specific and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the relevant decision-making procedure and mechanism complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors perform their duties and roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether small- and medium-sized shareholders have sufficient opportunities to express their opinions and requests, and are their legitimate rights and interests under sufficient protection	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If the Company made a profit in the reporting period and there's profit distributable by the parent company to the shareholders, but the Company does not propose to distribute profits in cash, the Company shall explain the reason in detail and use of the undistributed profit.

Applicable N/A

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

(I) Overview of share incentives

√ Applicable □ N/A

1.Share incentive plan during the reporting period

In RMB

Name of plan	Type of incentive	Number of target shares	Proportion of target shares (%)	Number of grantees	Proportion of grantees (%)	Price of target shares granted
2019 Restricted Share Incentive Plan	Type II restricted shares	5,500,000	1.21	206	17.61	17.37
2021 Restricted Share Incentive Plan	Type II restricted shares	18,500,000	4.09	224	19.15	17.445; 18.445; 20.945
2021 Second Restricted Share Incentive Plan	Type II restricted shares	10,500,000	2.32	55	4.70	20.00; 23.00

Note: (1) The proportion of grantees is calculated with the total number of employees of the Company as of December 31, 2020 described in the 2020 Annual Report as the denominator;

(2) The price at which the target shares are granted under the equity incentive plan above has been adjusted according to the implementation of past profit distributions.

2.Implementation progress of the share incentive during the reporting period

√ Applicable □ N/A

1. On March 26, 2021, the Company held the 30th meeting of the first Board of Directors and the 17th meeting of the first Board of Supervisors, which reviewed and passed the *Proposal on the “2021 Restricted Share Incentive Plan (Draft)” and Summary Thereof* and the *Proposal on the Management Measures for the Appraisal of the “2021 Restrict Share Incentive Plan”*.

The incentive plan grants 18.5000 million restricted shares, accounting for 4.09% of the total amount share capital 452.7569 million shares of the Company at the time of releasing the draft of the incentive plan, including 17.1000 million shares granted for the first time, accounting for 3.78% of the total share capital of 452.7569 million shares of the Company as of the announcement date of the incentive plan, and 1.4000 million shares reserved, account for 0.31% of the total share capital of 452.7569 million shares of the Company as of the announcement date of the incentive plan. There are a total of 224 new grantees of share incentives under the incentive plan.

2. On April 22, 2021, the Company held the 31st meeting of the first Board of Directors and the 18th meeting of the first Board of Supervisors, which reviewed and passed the *Proposal on the Adjustment of the 2021 Restricted Share Incentive Plan* and the *Proposal on Initial Grant of Restricted Shares*.

(1) Given that 1 grantee determined in the incentive plan left the company and 3 grantees decided not to participate in the incentive plan due to personal reasons, after the adjustment, the number of grantees

under the incentive plan is changed from 224 persons to 220 persons, while the total 18.5000 million restricted shares granted and 17.1000 million restricted shares granted initially shall remain unchanged.

(2) Since the conditions provided in the incentive plan for granting the restricted shares have been satisfied, it's determined that 17.1000 million restricted shares were granted to 220 grantees who met the grant conditions on the grant date of April 22, 2021.

3. On September 30, 2021, the Company held the 3rd meeting of the second Board of Directors and the 3rd meeting of the second Board of Supervisors, which reviewed and passed the *Proposal on the "2021 Second Restricted Share Incentive Plan (Draft)" and Summary Thereof* and the *Proposal on the Management Measures for the Appraisal of the "2021 Second Restrict Share Incentive Plan"*.

The 2021 Second Restricted Share Incentive Plan grants 10.5000 million restricted shares, accounting for 2.32% of the total amount share capital 452.7569 million shares of the Company at the time of releasing the draft of the incentive plan, including 8.4000 million shares granted for the first time, accounting for 1.86% of the total share capital of 452.7569 million shares of the Company as of the announcement date of the incentive plan, and 2.1000 million shares reserved, account for 0.46% of the total share capital of 452.7569 million shares of the Company as of the announcement date of the incentive plan. There are a total of 55 new grantees of share incentives under the incentive plan.

4. On October 22, 2021, the Company held the 4th meeting of the second Board of Directors and the 4th meeting of the second Board of Supervisors, which reviewed and passed the *Proposal on Discarding Certain Restricted Shares Granted but Not Vested*.

(1) Considering that 1 grantee of share incentives in the initial grant under the 2019 Restricted Share Incentive Plan have left the Company, and 1 grantee has become a supervisor of the Company, in accordance with the relevant provisions of the *2019 Restricted Share Incentive Plan (Draft)*, such grantees are no longer qualified as grantees. Therefore, the restricted shares granted but not vested should not be vested, but should be invalidated by the Company.

(2) The *2019 Restricted Share Incentive Plan (Draft)* and the *Management Measures for the Appraisal of the 2019 Restricted Share Incentive Plan*, specified the vesting conditions that "with the operating income of 2018 as the basis, the growth rate of 2020 shall be no less than 50%". According to the audited Annual Report 2020 of the Company, the growth rate in operating income failed to reach this indicator. As a result, the Board of Directors of the Company decided to discard the restricted shares that cannot be vested this time.

5. On December 7, 2021, the Company held the 6th meeting of the second Board of Directors and the 6th meeting of the second Board of Supervisors, which reviewed and passed the *Proposal on Initial Granting Restricted Shares to Grantees*.

Since the conditions provided in the second restricted share incentive plan for granting the restricted shares have been satisfied, it's determined that 8.4000 million restricted shares were granted to 55 grantees who met the grant conditions on the grant date of December 7, 2021.

3.Share-based payment recognized due to the share incentive during the reporting period

In RMB

Total share-based payment recognized for the current period	63,345,172.32
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(II) Incentives already disclosed in the interim announcements about which no new information is available

√ Applicable □ N/A

Summary	Reference
On March 26, 2021, the Company held the 30 th meeting of the first Board of Directors and the 17 th meeting of the first Board of Supervisors, which reviewed and passed the <i>Proposal on the “2021 Restricted Share Incentive Plan (Draft)” and Summary Thereof</i> and the <i>Proposal on the Management Measures for the Appraisal of the “2021 Restrict Share Incentive Plan”</i> .	For details, please refer to the relevant announcement issued on the website of Shanghai Stock Exchange (www.sse.com.cn) on March 27, 2021.
On April 22, 2021, the Company held the 31 st meeting of the first Board of Directors and the 18 th meeting of the first Board of Supervisors, which reviewed and passed the <i>Proposal on the Adjustment of the 2021 Restricted Share Incentive Plan</i> and the <i>Proposal on Initial Grant of Restricted Shares</i> .	For details, please refer to the relevant announcement issued on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 24, 2021.
On September 30, 2021, the Company held the 3 rd meeting of the second Board of Directors and the 3 rd meeting of the second Board of Supervisors, which reviewed and passed the <i>Proposal on the “2021 Second Restricted Share Incentive Plan (Draft)” and Summary Thereof</i> and the <i>Proposal on the Management Measures for the Appraisal of the “2021 Second Restrict Share Incentive Plan”</i> .	For details, please refer to the relevant announcement issued on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 8, 2021.
On October 22, 2021, the Company held the 4 th meeting of the second Board of Directors and the 4 th meeting of the second Board of Supervisors, which reviewed and passed the <i>Proposal on Discarding Certain Restricted Shares Granted but Not Vested</i> .	For details, please refer to the relevant announcement issued on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 23, 2021.
On December 7, 2021, the Company held the 6 th meeting of the second Board of Directors and the 6 th meeting of the second Board of Supervisors, which reviewed and passed the <i>Proposal on Initial Granting Restricted Shares to Grantees</i> .	For details, please refer to the relevant announcement issued on the website of Shanghai Stock Exchange (www.sse.com.cn) on December 9, 2021.

Other information

□ Applicable √ N/A

Employee stock ownership plan

□ Applicable √ N/A

Other incentives

□ Applicable √ N/A

(III) Share incentives granted to directors, 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	Exercise price of the restricted shares granted (RMB per share)	Number of restricted shares that could be vested in the reporting period	Number of restricted shares actually vested in the reporting period	Number of restricted shares already granted as of the end of the reporting period	Market price as of the end of the reporting period (RMB per share)
LI Yi	Chairman, General Manager, key technical staff	0	3,500,000	21.00	0	0	3,500,000	34.35
WANG Yingxia	Director, Financial Director	20,560	350,000	18.50; 23.00	0	0	370,560	34.35
YAN Li	Board Secretary	70,000	530,000	18.50; 23.00	0	0	600,000	34.35
HU Fei	Key technical staff	40,000	350,000	18.50	0	0	390,000	34.35
YU Xin	Key technical staff	20,000	500,000	18.50; 20.00	0	0	520,000	34.35
WANG Lin	Key technical staff	20,000	400,000	18.50; 20.00	0	0	420,000	34.35
WANG Zeqin	Key technical staff	22,000	400,000	18.50; 20.00	0	0	422,000	34.35
GUO Zuqiang	Key technical staff	16,000	400,000	18.50; 20.00	0	0	416,000	34.35
Total	/	208,560	6,430,000	/	0	0	6,638,560	/

Note: The table above presents the granting and vesting of Type II restricted shares for directors, supervisors, senior officers, and key technical staff existing on the disclosure date of this Report, and the share price at which the restricted shares are granted has not been adjusted according to the plan for profit distribution implemented in the past.

(IV) Performance assessment mechanism for senior officers and the establishment and implementation of incentive mechanism for senior officers during the reporting period

√ Applicable □ N/A

The remunerations of the senior officers comprise salaries and bonuses. The Compensation and Performance Assessment Committee of the Board of Directors is responsible for formulating and implementing the compensation proposal and performance assessment proposal for senior officers. The compensation proposal for senior officers has been reviewed in accordance with the AOA and other

relevant corporate governance policies. During the reporting period, the remunerations paid to the senior officers of the Company have been reviewed and approved by the Board of Directors. During the reporting period, the senior officers have been assiduous in their duties in strict accordance with the requirements of the Company Law and other applicable laws and regulations and the AOA, and continuously enhanced internal management of the Company under the guidance of the Board of Directors, to lay a solid foundation for future development of the Company.

XIV. Measures and implementation for building internal control regulations during the reporting period

Applicable N/A

For details, refer to the *2021 Audit Report on Internal Controls of Appotronics Corporation Limited* disclosed on the website of Shanghai Stock Exchange on April 27, 2022.

Explanation about material loopholes in internal controls during the reporting period

Applicable N/A

XV. Management and control over subsidiaries during the reporting period

Applicable N/A

The Company has formulated the *Internal Control Management Regulations* and the *Regulations for Internal Reporting of Significant Information* in accordance with relevant provisions of the *Company Law*, the *Securities Law*, and the AOA. During the reporting period, the Company managed subsidiaries in aspects of compliant operation, personnel management, operation management, financial management, etc. At present, all subsidiaries are in normal operation under proper management and control of the Company over controlled subsidiaries.

XVI. Explanation about the auditor's report on internal controls

Applicable N/A

For details, refer to the *2021 Audit Report on Internal Controls of Appotronics Corporation Limited* disclosed on the website of Shanghai Stock Exchange on April 27, 2022.

Whether an auditor's report on internal controls has been disclosed: Yes

Opinions in the audit report on internal controls: Standard unqualified opinion

XVII. Rectification of issues detected during the self-inspection of governance of the listed company

Issue existing and reasons thereof: After sorting out the attendance of the general meeting by directors, supervisors, and senior officers, it's detected that some senior officers were absent from the general meeting due to business or other reasons.

Specific rectification: Upon detection of such an issue, the Company has required relevant senior officers to submit a supplementary Request for Absence. In order to further improve the procedures for the attendance of directors, supervisors, and senior officers as voting or non-voting participants, the Company will send an attendance notice to directors, supervisors, and senior officers prior to each general meeting; any director, supervisor, or senior officer who cannot attend the general meeting due to business or other reasons shall submit a statement on request for absence signed in person, which request for

absence shall be retained by the office of the Board of Directors. The Company implemented such rectification measures in May 2021, and the directors, supervisors, and senior officers supported and cooperated in the rectification; the rectification measures were properly implemented in subsequent general meetings of the Company.

XVIII. Others

Applicable N/A

Section V Environment, Social Responsibility, and Other Corporate Governance

I. Statement of the Board of Directors on ESG

The Company attaches great importance to ESG matters. Since its listing in 2019, the Company has released social responsibility reports for two consecutive years, and incorporated the social value as a corporate citizen into its daily operating activities to build a model for the laser display industry; moreover, the social responsibility report has been upgraded to the more comprehensive strategic management of environment, society, and corporate governance during the reporting period.

In order to effectively implement ESG efforts, the Company has gradually established and improved an integrated ESG management, communication, and coordination mechanism. The Chairman, as the first responsible person, is responsible for reviewing and deciding the strategy and objective of the Company's ESG efforts; and the functional departments, business departments, subsidiaries, and branches are responsible for making corresponding working objectives and plans to implement the Company's strategy, and to keep communication with internal and external stakeholders. This results in an approach featuring review and decision-making, coordination and supervision, and step-by-step implementation.

(I) Striving to achieve the carbon peaking and carbon neutrality goals by green technologies

The Company created the ALPD® phosphor laser display technology in 2007. Compared with conventional display technologies, this technology has advantages of high brightness, wide color gamut, high contrast, high reliability, high light effect, energy conservation, and environment friendliness. We develop green products by making use of such green technology to achieve technological industrialization.

As of December 31, 2021, the Company has achieved over 2.5 installations of the laser projection solution in China, creating “win-win” solutions intended for both economic benefits and environment protection benefits for customer. According to incomplete statistics, ALPD® laser projection solutions ran 188 million hours in total, saving a total of 338 million kWh power consumption, and reducing about 148 million cubic meters of carbon dioxide emissions arising from power generation, which established an industry model for energy conservation and emission reduction to achieve the “carbon neutrality” goals.

Moreover, given the great importance attached to environment protection management, we have no environmental violations in 2021, with the total emissions of waste gas and wastewater not exceeding the standards. We implement the green operation philosophy by continuously improving production processes to strive for energy conservation and consumption reduction; improve the rate of resource recycling and utilization by “trade-in” practices; and advocate thrift and green office among employees.

(II) Fulfilling responsibilities actively to serve society

The Company attaches great importance to its responsibilities as a corporate citizen. Holding technological innovation as the sole of the Company's development, the Company continuously promotes technological innovation and transformation of achievements by laying out the industrial chain around the innovation chain. During the reporting period, the Company released new applications of laser display in aviation, vehicle display, and other fields, and entered into cooperation with leading enterprises like Airbus,

Huawei, etc. to fulfill its responsibilities in striving for breakthrough for the industry as the leader in the laser display industry.

With emphasis on the protection of intellectual property rights, the Company has won the Gold Award of Guangdong Patent Award for four consecutive years to widen the patent moat.

The Company actively advocates and always implements the value concept of being “people-oriented” and insists on equal opportunity for employment. We establish a series of formal and informal communication methods such as the trade union employee representative conference, quarterly employee communication conference, democratic life meeting, new employee colloquium, performance counseling and evaluation communication, so as to actively encourage our employees to participate in corporate management; moreover, the Company launched two restricted share incentive plans during the reporting period. We establish a learning and exchange platform for employees to cultivate all-round talents required by our business, thus achieving a win-win result of corporate development and personal development.

With adherence to engage in social welfare deeply, the Company continuously promotes the popularization of scientific knowledge. During the reporting period, the Company supported Shenzhen government for the urban strategic construction of a “child-friendly city”, receiving 5 batches of 97 visitors from the Children’s Public Welfare Visit Project of the Children’s Science Alliance in Nanshan District, Shenzhen. We actively convey love and warmth to the society, and make contributions to the establishment of adolescent creative space which acts as a local service site for the young in Qianxi City, Guizhou Province, as to help revitalize rural talents. We strive to realize the integration of corporate business value and social value to gives back to the society with practical actions.

(III) Improving governance for long-lasting operation

The Company has established a diversified governance structure to fully mobilize the resources of all parties for coordination and continuously raise the level of corporate governance. The Board of Directors has four special committees established under it, namely, the Strategy Committee, the Compensation and Performance Assessment Committee, the Nomination Committee, and the Audit Committee, which are responsible for monitoring specific tasks of the Company and assisting the Board of Directors in performing its duties, hence ensuring diligent and efficient decision-making of the Company. The Company establishes good investor relations by disclosing corporate information in a true, accurate, complete and timely manner, and establishing a sound mechanism for the protection of shareholders’ rights and interests. We insist on thinking about worst-case scenarios and strengthening red-line awareness, and incorporate risk prevention and control into the whole process of enterprise operation to safeguard the long-lasting operation of the Company.

(IV) Striving for innovation in fulfilling responsibilities for safety management

In 2021, the Company continued to improve the safety management mechanism and promote the safety production system construction. We set up a safety management committee with a safety management committee office, and arrange the Company’s R&D center and supply chain center to be responsible for the specific implementation. We promote the Company’s headquarters platform and R&D assessment department to sign the safety responsibility letter with the signing rate reaching 100%. At the

same time, we have completed the safety hazards investigation and remediation and the preparation of emergency plans for production safety accidents, and obtained the “Safety Production Standardization Certificate” issued by the Safety Production Association of Nanshan District, Shenzhen in April 2021, which promoted the Company’s safety production standardization.

The Company has disclosed its 2021 Environmental, Social and Governance (ESG) Report on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2022. For details, please refer to such report.

II. Environment

(I) Whether the Company is a major polluter identified by the environmental protection authority

Yes No

The Company mainly engages in the research, development, production and sales of laser display core devices and complete machines and application of laser display technology to different scenarios based on ALPD® laser display technology and architecture, and provides laser cinema projection services. During the reporting period, the Company has no production or operating entity included in the list of major polluters identified by the environmental protection authority.

(II) Administrative penalties imposed due to environmental issues during the reporting period

During the reporting period, the Company experienced no administrative penalty imposed due to environmental issues.

(III) Information of resource and energy consumption and emissions

Applicable N/A

The Company mainly engages in the research, production, and sales of core devices and terminal products for laser display, which is a low energy consumption industry. During its production and daily operation, the Company mainly consumes electricity, water, and other resources, and mainly emits waste gas and waste water. During the reporting period, the Company has no environmental violations with the total emissions of waste gas and wastewater not exceeding the standards. Moreover, the laser display technology developed by the Company is a green technology, which can help other enterprises in energy conservation and emission reduction.

1. Green-house gas emission

Applicable N/A

The Company does not directly emit carbon dioxide, methane, or other green-house gases in its daily production activities. However, the Company consumes electricity and other resources, which are in the scope of equivalent emission of green-house gas. The Company strives to reduce carbon emission by innovating production technologies, advocating green office, etc.

2. Energy and resource consumption

Applicable N/A

Focused on innovative production technology, the Company has achieved low-carbon and environmental-friendly production by improving production efficiency and process. In 2021, for the Company’s Shenzhen Bao’an Plant, the average water consumption and the average electricity consumption per product decreased by 33.33% and 28.61% on a year-on-year basis respectively, and the working hours for manufacturing a product decreased by 18%.

During the reporting period, given the great increase in office staff of the Company and the lease of an additional floor of office space, the Company emphasizes the improvement of utilization efficiency in the consumption of water, electricity, and other major resources to minimize energy consumption. The specific environmental performance is as follows:

Indicator	Unit	2020	2021	Year-on-year decrease
Office water consumption per capita	Ton	8.20	8.10	1.17%
Office electricity consumption per capita	kWh	1066.35	963.24	9.67%

3. Emission of wastes and pollutants

Applicable N/A

In 2021, the Company has no environmental violations, with the total emissions of waste gas and wastewater not exceeding the standards, and all discharge indicators achieving 100% compliance rate.

Management regulations of the Company for environment protection

Applicable N/A

In strict compliance with requirements in the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, Apptronics strengthens environmental management in multiple dimensions, such as organization, supervision and assessment, statistical accounting of indicators, education and training, hidden danger investigation and control, and accident emergency response plans, as to minimize the impact of our operations on the environment.

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

Applicable N/A

During the reporting period, the Company established an online work platform system, through which we cooperated with I-Yin Technology to conduct electronic printing sheet for contract seal, so that we eliminated the printing link and saved paper costs effectively. Meanwhile, through the SaaS cloud service operation model in the Company's ERP/CRM system, we achieved an 11% reduction in overall energy saving and emission reduction for the internal data center in terms of server energy consumption, storage service energy consumption, air conditioning energy and emission, and network energy consumption.

(V) New technologies, new products, and new services for carbon emission reduction

Applicable N/A

The Company has always attached great importance to the research and development of environmental-friendly products, and is committed to providing customers with product solutions with environmental benefits. As of December 31, 2021, more than 25,000 sets of ALPD® laser projection solutions of CINEAPPO, a subsidiary of the Company, have been installed in total. The ALPD® laser projection solutions ran 188 million hours in total, saving a total of 338 million kWh power consumption, and reducing about 148 million cubic meters of carbon dioxide emissions arising from power generation.

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

Applicable N/A

The Company attaches importance to improving the efficiency of resource use and ensures the resources are used efficiently, so as to reduce the effect of production and operation to environment.

During the reporting period, , a controlled subsidiary of the Company, launched the “trade-in” function through its mini program, which may help improve the overall energy efficiency of home appliances, reduce environmental pollution, and use recyclable steel, non-ferrous metals, plastics and rubber in waste home appliances fully and effectively, thus promoting the development of recycling economy. This measure is conducive to improving the efficiency of energy resources utilization, reducing environmental pollution, and promoting energy conservation, emission reduction and recycling economy development.

III. Performance of social responsibilities

(I) Social contributions of the main business and industry key indicators

The Company mainly engages in the research, development, production and sales of laser display core devices and complete machines based on ALPD® laser display technology and architecture. The Company created the ALPD® phosphor laser display technology in 2007, which can emit high-quality high-brightness light with a small volume. This technology is considered to be a core technology for next-generation mobile display technologies represented by AR, and therefore has great market potential. From the viewpoint of technology leadership, this technology has become the mainstream technology in the field of laser display, and as the underlying key architecture technology, has been cited more than 600 times by industry giants such as Philips of the Netherlands, Osram of Germany, Epson of Japan, and NEC etc.

At the national level, the laser display industry has always been one of the focuses of the state, from the 863 Program (National High-tech R&D Program) which included laser display in the 1980s, to the Development Plan for National Strategic Emerging Industry in the 12th Five-year Plan, to the New Display and Strategic Electronic Materials of the Ministry of Science and Technology and other key projects in the 14th Five-year Plan listing laser display, new display, and the third-generation in 2021, and the National Key Research and Development Programs of the Ministry of Science and Technology containing laser display for chips in 2021. The ALPD® laser display technology of the Company not only broke the monopoly of foreign enterprises, but also maintained the leading position of the Chinese technology throughout the world.

As a leader in the laser display industry, the Company took the lead in undertaking the “RGB Laser Display Machine Product Model Line” supported by the National Key R&D Program of China. On the basis of the ALPD® laser display technology, at the end of 2019, the laser phosphor digital cinema projector developed by the Company for the first time in China and certified according to the DCI standard - C5 was put into mass production, introducing the technology from China for the digital cinema industry.

The Company fully utilized its leading advantages to integrate the industry chain from the upstream to the downstream, and provides core devices or complete equipment to XGIMI, Dangbei, Anker, VAVA,

and many other enterprises to promote the development of the industry. As the only Chinese brand in the Laser Illuminated Projector Association (LIPA), the Company speaks for Chinese technologies. Moreover, the Company took lead in formulating multiple industrial standards for laser TVs, smart projection, etc. to promote the formulation and implementation of national standards for laser safety.

(II) Types of and contributions for public charity activities

Type	Quantity	Remark
Rural revitalization	/	None
Where: Funds (RMB 0'000)	/	None
Value of materials (RMB 0'000)	8	Donated laser display devices to make contributions to the establishment of adolescent creative space which acts as a local service site for the young in Qianxi City, Guizhou Province, as to help revitalize rural talents

1. Specific information about public charity activities

√ Applicable □ N/A

With adherence to engage in social welfare deeply, the Company continues to promote the popularization of scientific knowledge, pay attention to social disadvantaged groups, and actively conveys love and warmth to the society, striving to realize the integration of corporate business value and social value to gives back to the society with practical actions.

During the reporting period, the Company supported Shenzhen government for the urban strategic construction of a “child-friendly city”, receiving 5 batches of 97 visitors from the Children’s Public Welfare Visit Project of the Children’s Science Alliance in Nanshan District, Shenzhen. The Company vigorously promote the traditional virtues of the Chinese nation, actively advocate all employees to offer care, help and condolence to the elderly, the disabled, the left-behind children and other special groups, so as to convey the public welfare concepts and actions of Appotronics.

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

√ Applicable □ N/A

To actively respond to the national policy of “culture-to-the countryside activity” and support the rural film projections, the Company develops two models of laser light source cinema projection equipment, which can realize mobile movie screening or fixed screening in vast rural areas, and helps the revitalization of rural culture using advanced laser display technology.

At the same time, the Company actively supports and guides young people to start their own businesses and create employment appropriately by virtue of its own industry resources and advantages, and makes contributions to the establishment of adolescent creative space which acts as a local service site for the young in Qianxi City, Guizhou Province, as to help revitalize rural talents.

(III) Protection of the rights and interests of shareholders and creditors

During the reporting period, the Company continuously improved its corporate governance structure focusing on regulated operation of the Company in accordance with the requirements of laws and regulations, including the *Company Law* and the *Securities Law*. The Company has established a

diversified governance structure to fully mobilize the resources of all parties for coordination and continuously raise the level of corporate governance.

The Board of Directors of the Company is mainly responsible for formulating overall strategies and policies of the group, setting performance and management goals, assessing the performance of the businesses, and supervising the performance of the management. The Board of Directors has four special committees established under it, namely, the Strategy Committee, the Compensation and Performance Assessment Committee, the Nomination Committee, and the Audit Committee, which are responsible for monitoring specific tasks of the Company and assisting the Board of Directors in performing its duties, hence ensuring diligent and efficient decision-making of the Company.

(IV) Protection of the rights and interests of employees

We strictly abide by the *Labor Law of the People's Republic of China*, the *Contract Law of the People's Republic of China* and other laws and regulations, eliminate the employment of child labor and other forced labor, and combat harassment and abuse. With great attention to the employment of persons with disabilities, we actively create jobs to promote the employment of the disabled, and strive to build a diverse and inclusive talent team. With adherence to equal employment, we treat employees fairly regardless of nationalities, races, religions, genders and ages, and create a diverse, inclusive, fair and reasonable work environment for employees. We insist on equal pay for equal work and execute employment contracts with employees in accordance with the law.

During the reporting period, despite complicated impact from the COVID-19 epidemic, we actively responded to the national deployment of “stabilizing employment”. The total number of our employees reached 1,565, up nearly 34% over that of the previous year.

We attach great importance to the demands and opinions of employees, and continue to improve the channels and mechanisms for communication. At the company level, we establish a series of formal and informal communication methods such as trade union employee representative conference, quarterly employee communication conference, democratic life meeting, new employee colloquium, performance counseling and evaluation communication, so as to actively encourage our employees to participate in corporate management, and safeguard employees' rights to information and participation.

The Company places talent development at a strategic height. We evaluate and select talents by using scientific methods, cultivate talents in all aspects and at multiple levels, fully tap the potential of employees, improve the professional ability and leadership of employees at all levels, and build career development channels for employees, so as to promote the continuous growth of employees. During the reporting period, the Company launched two restricted share incentive plans.

With adherence to the employee-oriented concept, the Company cares for the work and life of every employee, pays attention to solving the problems that employees care about, and improves the working environment for employees. We actively carry out entertainment and leisure activities according to the employees' needs, and provide irregular condolences to employees in financial difficulties, so that employees can truly feel the warmth of “home”. We care about the health and safety of employees, and

take all measures to prevent occupational hazards, striving to create a safe and comfortable working environment for employees.

Employee share ownership

Number of employees owning shares (persons)	228
Ratio of employees owning shares to the total number of employees (%)	14.57
Number of shares owned by employees (0'000 shares)	2,536.45
Ratio of shares owned by employees to the total share capital (%)	5.6

(V) Protection of the rights and interests of suppliers, customers and consumers

The Company attaches great importance to cooperation with suppliers and strategic partners. We actively implement clean and responsible procurement, choose to purchase environmentally friendly raw materials, actively deploy core areas and links of the industrial chain and deem them as an important component of the Company's production and operation. By strengthening the management of suppliers' corporate responsibility and standardizing procurement transactions, we have improved sustainable competitiveness of the supply chain. We are working together with our suppliers to develop and build a responsible value chain.

The Company focuses on the authenticity and compliance of the Company's products and services, we strengthen comprehensive product training for publicity channel personnel, introduce product parameters and services in a true and objective manner, and specify in the contract that after-sales and similar terms are restricted and protected by laws and regulations, so as to ensure that the product and service information provided to the market and society is compliant, truthful and transparent.

(VI) Product safety

In order to provide the public with safer and more assured products with better quality, the Company has established a DQA laboratory with a safety testing laboratory in strict accordance with relevant international standards, which is fully responsible for product design quality assurance and safety assurance. The design quality and safety testing assurance capabilities of the DQA laboratory have been recognized by various world authoritative certification and testing organizations such as CNAS, UL, TUV, ITS, etc., demonstrating positive actions and effective practices made by Appotronics in building a safer, more reliable world under sustainable development. At the same time, Appotronics attaches great importance to the safe use of products by customers, and actively popularize product function and risk knowledge to domestic and foreign customers by carrying out knowledge lectures, special education and training, and other activities, so as to eliminate safety risks and raise product service levels.

(VII) Other information about the performance of social responsibilities

√ Applicable □ N/A

As an industry leader in the laser display industry, the Company actively carries out cross-border cooperation to build a wide range of cooperation platforms, and strives to cooperate sincerely with important cities, key enterprises, scientific research institutions, and financial institutions for mutual

benefits and common development, so as to support for the sustainable development of economy and society.

For cooperation with city governments, during the reporting period, the Company cooperated with Chongqing, Chengdu, Hangzhou, Xining and other cities to jointly explore more excellent light and shadow effects, energize and invigorate economic development of cities, and help create characteristic business cards.

For cooperation with universities, the Company funded the Photoelectric Design Competition of Shenzhen University in order to support college students to explore and research photoelectric science; moreover, the Company worked with cooperative universities and research institutes to further promote the integration of production, education, research and application.

For cooperation with other enterprises, the Company reached a strategic cooperation with Airbus, and demonstrated laser product prototypes that can be applied in the field of civil aviation display in Zhuhai Airshow for the first time. Giving full play to respective professional advantages, we have explored a more efficient, pragmatic and innovative cooperation model with relevant industry leading enterprises.

IV. Other corporate governance

(I) Party building

Applicable N/A

The Party organization of the Company was established in September 2016, and was upgraded into a Party Committee in September 2020. As of the end of the reporting period, the Party Committee has 4 Party branches and 63 Party members.

In recent years, the Party Committee of the Company emphasized “three combinations”, that is, the combination of Party building efforts with the operating goals of the Company, with the corporate culture building, and with the practice of social responsibilities, so as to give full play to the role of Party members leading and setting a model and the safeguarding role of the Party organization. We insisted on the driving force based on innovation and substantial strength improvement by technologies, hence making our contributions as a private company in the independent technology development of the “Shenzhen team”, and illuminate the world with light from China.

At the beginning of 2021, the Party Committee of the Company called on employees who are Party members to actively practice corporate social responsibilities, and established the Appotronics Volunteer Association to join the Nanshan Volunteer Association for active participation in various public charity activities. In July 2021, at the 100th anniversary of the Communist Party of China, the Party Committee of Appotronics won the honor of “Advanced Grass-root Party Organization of Shenzhen” as an outstanding representative of innovative technology enterprises in Shenzhen.

(II) Investor relation and protection

Type	Times	Remark
Convening performance briefings	2	The Company held two performance briefings in May 2021 and September 2021, respectively, which were presided over by the Chairman, to help investors gain an in-depth understanding of the operating performance of the Company, and respond to hot issues of concern. This leads to the 2020 Award of Outstanding Practical Case of

		Performance Briefing granted by China Association for Public Companies.
Conduct investor relation management activities through new media	27	Given the feature of transforming from print media to video for the dissemination of popular information, the Company operated a video account, under which 27 videos were released. This innovative dissemination channel provides abundant information to investors and builds a comprehensive image of the listed company.
Column of investor relation on the official website	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	https://www.appotronics.com/investor_team.html

Specific information about investor relation management and investor protection

Applicable N/A

The Company is dedicated to establishing good investor relations by disclosing corporate information in a true, accurate, complete and timely manner, and establishing a sound mechanism for the protection of shareholders' rights and interests. We actively provided suggestions and communication services with regulatory agencies, and disclosed a total of 209 announcement documents in 2021. In 2021, we organized 2 performance briefing sessions, 4 online live broadcasts/Q&A activities, and more than 150 surveys and reverse roadshows, answered more than 480 calls, replied more than 70 questions on the SSE e-interactive platform, and held 3 public online investor reception day activities actively, so as to effectively respond to the expectations and suggestions of small and medium investors.

Explanation about communication with investors by other means

Applicable N/A

The Company obtained in-depth coverage of 7 tier-1 securities companies including China Fund, Zhongtai Securities, China Merchants Securities, Guoxin Securities, etc. and released 7 in-depth research reports. Besides, the Company obtained seven seller-side securities companies, and released 13 research reports on the Company's semi-annual report, third quarter report, new product release, and other performance-related events or material events, to help investors better understand the Company's businesses.

(III) Transparency of information disclosure

Applicable N/A

In strict compliance with the provisions of the *Administrative Measures for Information Disclosure by the Listed Companies* and the *Management Regulations of Information Disclosure* of the Company, the Company discloses relevant information in a prompt and fair manner in accordance with laws, regulations, and the AOA to practice true, accurate, and complete information disclosure, and safeguard the legitimate rights and interests of the Company, investors, creditors, and other stakeholders.

(IV) Protection of intellectual property rights and information security

Applicable N/A

With great importance to intellectual property protection, the Company spares no effort to ensure that intellectual property management is in place. In compliance with the requirements of laws and regulations such as the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, we have established a legal center consisting of an intellectual property department and a legal department, and formulated the

Patent Management Regulations, the *Patent Application Review Measures* and the *Trademark Management Regulations*, through which the intellectual property management system have been gradually established and improved to create high-value patents and widen the patent moat continuously. At the same time, with adherence to openness and cooperation attitudes, the Company steadily promote patent rights protection and safeguard legitimate rights and interests to protect intellectual property rights from infringement.

In 2021, the Company's patents filed and granted both increased compared with that of the previous year. As of December 31, 2021, Appotronics has been issued with 1,434 patents, and filed 774 domestic and oversea patent applications (of which 641 cases are invention applications) and 211 PCT patent applications, resulting in a total of 2,419 patents filed or granted cumulatively all over the world.

The Company continues to establish and improve the information security system, and comprehensively improves its capabilities on information confidentiality and data security, and on information leakage monitoring. In strict accordance with the *Personal Information Protection Law of the People's Republic of China*, , a subsidiary of Appotronics, has formulated different regulatory systems and process documents around FengOS user privacy protection such as *Information (Data) Management Process System of* , and *Information Security Management Code and Confidentiality System of* , and a new version of user privacy agreement to ensure that the user data is collected legally and compliantly. At the same time, actively carries out training on user personal information protection to continuously improve the awareness of information protection among employees.

(V) Information about participation of institutional investors in corporate governance

Applicable N/A

During the reporting period, in one aspect, institutional investors of the Company actively participated in voting at the general meetings of the Company, and fully exercised their right of information, voting right, and other shareholder's rights provided in the *Company Law*, so as to enhance the supervision over and suggestions for corporate governance of the Company. In another aspect, with full awareness of the Company about the continuity and importance of institutional investors in promoting the governance capability of the Company, the Company keeps active mutual communication with institutional investors to present information about the Company to and receive suggestions about the development of the Company from institutional investors, assisting the management in making adjustment and decisions in a faster and more accurate manner and continuously improving corporate governance.

For example, considering the multiple applications for the Company's technologies, an institutional investor suggested the Company to break down businesses in the annual report with reference to the prospectus to keep consistency in the study of the Company. The management of the Company responded rapidly after learning such suggestion, and resumed to present the businesses in the same manner as in the prospectus. This helped investors better understand the operating performance of the Company, and was highly praised by investors, hence effectively optimizing the governance of the Company.

(VI) Other corporate governance

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 <i>IPO Prospectus</i>	36 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the actual controller regarding restriction on the sale of shares held by him, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to <i>IPO Prospectus</i>	36 months after completion of the IPO and the extended period stated below, and 6 months after termination of employment with the Company	Yes	Yes	N/A	N/A

	Restriction on the sale of shares	Covenant by the concert parties of the actual controller regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to <i>IPO Prospectus</i>	36 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the directors regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to <i>IPO Prospectus</i>	12 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by the supervisors regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to <i>IPO Prospectus</i>	12 months after completion of the IPO	Yes	Yes	N/A	N/A
	Restriction on the sale of shares	Covenant by HU Fei, as a senior officer and 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 <i>IPO Prospectus</i>	12 months after completion of the IPO and the extended period stated below, and 6 months after termination of employment	Yes	Yes	N/A	N/A

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

		period, intention to hold and dispose of shares and other issues						
	Restriction on the sale of shares	Covenant by senior officers and core employees participating in strategic allotment 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	At least 12 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
	Others	Issuer's plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing	Refer to IPO Prospectus	36 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
	Others	Controlling shareholder and the actual controller's plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing	Refer to IPO Prospectus	36 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
	Others	Directors and senior officers' plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing	Refer to IPO Prospectus	36 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
	Others	Issuer's covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A

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

		and liability for compensation in the event of failure to fulfill their covenants						
	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
	Resolve horizontal competition issues	Controlling shareholder's covenant on avoiding horizontal competition and regulating and reducing related-party transactions	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
	Resolve related-party transaction issues	Actual controller's covenant on avoiding horizontal competition and regulating and reducing related-party transactions	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 2019 <i>Restricted Share Incentive Plan (Draft)</i> , the 2021 <i>Restrict Share Incentive Plan (Draft)</i> , and	Permanent	No	Yes	N/A	N/A

			the 2021 Second Restricted Share Incentive Plan (Draft) of the Company					
Covenant related to share incentives	Others	Company's covenant on refraining from providing financial assistance	For details, refer to the 2019 Restricted Share Incentive Plan (Draft), the 2021 Restrict Share Incentive Plan (Draft), and the 2021 Second Restricted Share Incentive Plan (Draft) of the Company	Permanent	No	Yes	N/A	N/A

(II) If the Company has made any profit forecast on its assets or project and the reporting period falls within the period of such profit forecast, explanation about whether the goal has been achieved and the relevant reasons

Explanation about whether the goal has been achieved and the relevant reasons

Reached Not reached N/A

(III) Fulfillment of performance covenant and the relevant effect on goodwill impairment test

Applicable N/A

II. Non-operating occupation of funds by the controlling shareholder or its affiliates during the reporting period

Applicable N/A

III. Guarantees in violation of regulations

Applicable N/A

IV. Explanation of the Board of Directors about the modified audit opinion issued by the accounting firm

Applicable N/A

V. Explanation about the reasons and effect of changes in accounting policies and accounting estimates and correction of material accounting errors**(I) Analysis of the reasons of changes in accounting policies and accounting estimates and the relevant effect**

Applicable N/A

For details, refer to “V.44 Changes in significant accounting policies and accounting estimates” in “Section X Financial Report” herein.

(II) Explanation about the reasons and effect of correction of material accounting errors

Applicable N/A

(III) Communication with the former accounting firm

Applicable N/A

(IV) Other information

Applicable N/A

VI. Appointment and termination of appointment of accounting firm

In RMB 0'000

	Current accounting firm
Name of domestic accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Fee payable to domestic accounting firm	125.00
Audit period of domestic accounting firm	6 years

	Name	Fee
Sponsor	Huatai United Securities Co., Ltd.	/

Explanation about the appointment and termination of appointment of accounting firm

Applicable N/A

The annual general meeting of shareholders of the Company for the year of 2020 approved the resolution to continue to appoint Pan-China Certified Public Accountants (Special General Partnership) as the auditor of the Company for the year of 2021 for a term of one year. Pan-China Certified Public

Accountants (Special General Partnership) has issued auditor's reports for the Company between 2016 to 2020.

Explanation about re-appointment of accounting firm during the audit period

Applicable N/A

VII. Delisting risks

(I) Reasons causing the delisting risk warning

Applicable N/A

(II) Response measures taken by the Company

Applicable N/A

(III) Risk of delisting and the reason

Applicable N/A

VIII. Matters relating to bankruptcy and reorganization

Applicable N/A

IX. Material litigations and arbitrations

- √ The Company was involved in material litigations or arbitration during the current year
 □ The Company was not involved in material litigations or arbitration during the current year

(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
<p>I. Case for changing the inventor of patent 19-cv-00466-RGD-LRL in the United States District Court for the Eastern District of Virgini</p> <p>The Company brings a suit against Delta in the United States District Court for the Eastern District of Virginia for breach of non-disclosure agreement, wrongful appropriation of the technical solutions actually invented by the Company’s employees LI Yi and HU Fei, and filing for patent application in the United States without authorization, and petitions the court to order that the inventors of the patent-in-suit US9,024,241 shall be changed from WANG Bo, ZHANG Kesu and HUA Jianhao into LI Yi and HU Fei.</p>	<p>Refer to the <i>Announcement on Litigation</i> disclosed on September 9, 2019 (No. 2019-012).</p>
<p>II. (2020) Yue 73 Zhi Min Chu No. 1335-1341, No. 1353, No. 1355-1361</p> <p>In August 2020, the Company initiated a civil litigation on the ground that Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, Digital Protection (Beijing) Electronics Technology Co., Ltd. and other entities infringed the patents for invention ZL200880107739.5 and ZL200810065225.X owned by the Company, requesting the court to order to stop the acts of infringing the Company’s patent rights and the damages for infringement in the amount of RMB80.00 million.</p>	<p>Refer to the <i>Announcement on Litigation Against Delta Electronics (Shanghai) Co., Ltd. and Other Entities</i> disclosed on August 11, 2020 (No. 2020-037).</p>
<p>III. (2021) Chuan 01 Zhi Min Chu No. 684, No. 685, and No. 686</p> <p>In December 2021, Delta Electronics, Inc. initiated a civil litigation on the ground that the Company infringed the patent for invention ZL201410249663.7,</p>	<p>Refer to the <i>Announcement on Malicious Litigation Initiated by Delta Electronics</i> disclosed on December 21, 2021 (No. 2021-097).</p>

ZL201610387831.8, and ZL201110041436.1, requesting the court to order to stop the acts of infringing the patent rights and the damages for infringement in the amount of RMB48.03 million.	
IV. (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 RMB10.00 million.	Refer to the <i>Announcement on Malicious Litigation Initiated by Delta Electronics</i> disclosed on December 21, 2021 (No. 2021-097).

(II) Litigations and arbitrations that have not been disclosed in interim announcements or about which there's new information available

√ Applicable □ N/A

In RMB 0'000

During the reporting period:									
Plaintiff/claimant	Defendant/respondent	Party jointly and severally liable	Type of litigation/arbitration	Background	Amount claimed	Whether any provision is recognized and the amount	Status	Result and effect	Enforcement of judgment/award
Delta Electronics, Inc.	Appotronics Corporation Limited	Futian SPN Projector & Video System Firm of Shenzhen	Infringement on patent for invention	[2019] Yue 73 Zhi Min Chu No. 662, the Plaintiff alleges that it is the owner of the patent for invention ZL201610387831.8 and the Defendant infringed such patent	1,614.53	No	RMB10.00 million released, and in trial of the first instance	In trial of the first instance	

				for invention of the Plaintiff and caused economic losses to the Plaintiff.					
Delta Electronics, Inc.	Appotronics Corporation Limited	Futian SPN Projector & Video System Firm of Shenzhen	Infringement on patent for invention	[2019] Yue 73 Zhi Min Chu No. 663, the Plaintiff alleges that it is the owner of the patent for invention ZL201310017478.0 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,614.53	No	Trial of the second instance completed	Ruling of the second instance: Delta was allowed to withdraw the litigation.	
Delta Electronics, Inc.	Appotronics Corporation Limited	Futian SPN Projector & Video System Firm of Shenzhen	Infringement on patent for invention	[2019] Yue 73 Zhi Min Chu No. 664, the Plaintiff alleges that it is the owner of the patent for invention ZL20310625063.1 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the	1,614.53	No	Trial of the second instance completed	Ruling of the second instance: Delta was allowed to withdraw the litigation.	

				Plaintiff.					
Delta Electronics, Inc.	Fengmi (Beijing) Technology Co., Ltd.	Appotronics Corporation Limited	Infringement on patent for invention	(2019) Jing 73 Min Chu No. 1275 and No. 1276, the Plaintiff alleges that it is the owner of the patent for invention ZL201410249663.7 and ZL201610387831.8, and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	3,202.00	No	In trial of the first instance	In trial of the first instance	
Delta Electronics, Inc.	Fengmi (Beijing) Technology Co., Ltd.	Appotronics Corporation Limited	Infringement on patent for invention	[2019] Jing 73 Min Chu No. 1277, the Plaintiff alleges that it is the owner of the patent for invention ZL201310017478.0 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	Trial of the second instance completed	Ruling of the second instance: The case of the Plaintiff was rejected.	

Delta Electronics, Inc.	Fengmi (Beijing) Technology Co., Ltd.	Appotronics Corporation Limited	Infringement on patent for invention	(2019) Jing 73 Min Chu No. 1278, the Plaintiff alleges that it is the owner of the patent for invention ZL201010624724.5 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	Trial of the first instance completed	Ruling of the first instance Delta was allowed to withdraw the litigation.	
Delta Electronics, Inc.	Appotronics Corporation Limited	Shanghai Haichi Digital Technology Co., Ltd.	Infringement on patent for invention	(2019) Hu 73 Zhi Min Chu No. 1069, the Plaintiff alleges that it is the owner of the patent for invention ZL201410249663.7 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	Trial of the first instance completed	Ruling of the first instance Ruling that this case was withdrawn by Delta.	
Delta Electronics, Inc.	Appotronics Corporation Limited	Shanghai Haichi Digital	Infringement on patent for invention	(2019) Hu 73 Zhi Min Chu No. 1070, the Plaintiff alleges that it	1,601.00	No	In trial of the first instance		

		Technology Co., Ltd.		is the owner of the patent for invention ZL201110041436.1 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.					
Appotronics Corporation Limited	Delta Electronics Business Management (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited; Shenzhen Super Network Technology Co., Ltd.	Infringement on patent for invention	(2019) Yue 03 Min Chu No. 2942, No. 2945, No. 2947, No. 2949, and No. 2950, the Plaintiff alleges that the Defendant 1, Defendant 2, and Defendant 3 infringed the patent for invention 200880107739.5 of the Plaintiff and caused economic losses to the Plaintiff.	2,800.00	No	The Plaintiff withdraw its case	The court ordered the case to be withdrawn.	
Appotronics Corporation Limited	Delta Electronics Business Management (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited;	Infringement on patent for invention	(2019) Yue 03 Min Chu No. 2943, No. 2944, No. 2948, and No. 2951, the Plaintiff alleges that the	2,400.00	No	Under trial of the second instance		

		Shenzhen Super Network Technology Co., Ltd.		Defendant 1, Defendant 2, and Defendant 3 infringed the patent for invention 200810065225.X of the Plaintiff and caused economic losses to the Plaintiff.					
Appotronics Corporation Limited	Delta Electronics Business Management (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited; Shenzhen Super Network Technology Co., Ltd.	Infringement on patent for invention	(2019) Yue 03 Min Chu No. 2946, the Plaintiff alleges that the Defendant 1, Defendant 2, and Defendant 3 infringed the patent for invention 200810065225.X of the Plaintiff and caused economic losses to the Plaintiff.	400.00	No	under trial of the second trial		
Appotronics Corporation Limited	Delta Electronics, Inc.		Dispute over the ownership of patent right	(2019) Yue 03 Min Chu No. 4309, the Plaintiff petitions the court to declare that the patent ZL201610387831.8 “phosphor color wheel and its applicable light source system” is	30.00	No	The Plaintiff withdraw its case	The court ordered the case to be withdrawn	

				owned by the Company.				
Appotronics Corporation Limited, LI Yi, HU Fei	Delta Electronics, Inc.	ZHANG Kesu, HUA Jianhao, WANG Bo	Dispute over the ownership of patent right	(2021) Yue 03 Min Chu No. 2295, the Plaintiff petitions the court to declare that the patent ZL201610387831.8 “phosphor color wheel and its applicable light source system” is owned by the Company.	30.00	No	In trial of the first instance	
Appotronics Hong Kong Limited	GDC Technology Limited (Cayman Islands)		Dispute over performance compensation	01-021-0003-7526 U.S. case of arbitration GDC BVI failed to achieve the performance covenant for the year 2020, hence triggering the shares in GDC BVI or USD5.6 million in cash GDC Cayman needs to fulfill the performance compensation commitment. In May 2021, the subsidiary	46,535,911	No	The Plaintiff withdraw its case	The Parties settled, and the American Arbitration Association has issued the closing receipt

				Appotronics HK applied with American Arbitration Association for the arbitration against GDC Cayman, requesting the Respondent to pay the Company performance compensation.					
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(III) Other information

√ Applicable □ N/A

As of December 31, 2021, a total of 15 invalidation petitions has been raised against the Company’s patent for invention ZL200880107739.5 (hereinafter referred to as the “7739”), and a total of 11 invalidation petitions has been raised against the Company’s patent for invention ZL200810065225.X (hereinafter referred to as “5225”). As of the end of the reporting period, among the invalidation petitions raised against 7739 and 5225, 25 cases have been decided by the National Intellectual Property Administration, with the patent sustained, or withdrawn by the petitioner, and only 1 case is in trial at the National Intellectual Property Administration. As of the end of the reporting period, 2 invalidation cases with the Company as the patentee have been decided by the National Intellectual Property Administration, where the National Intellectual Property Administration partially sustained the patent right in 1 case, and the other case is in trial at the National Intellectual Property Administration. In December 2021, the invalidation petitioners WANG Lihua and QIN Songli separately submitted invalidation petitions to the National Intellectual Property Administration against the design patent 202130075102.0 held by Beijing Fengmi, for which the case numbers are 6W120283 and 6W120359, respectively.

As of the end of the reporting period, there were 3 invalidation cases where the Company acted as a petitioner. The case is in trial at the National Intellectual Property Administration, and is related to the invalidation petition against patents held by Delta Electronics, Inc.

X. 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

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

Applicable N/A

XII. Material related-party transactions

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

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

Applicable N/A

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

Applicable N/A

In RMB 0'000

Category of related-party transaction	Related party	Expected amount of last year (previous)	Actual amount of last year (previous)	Reason for the great difference between the expected amount and the actual amount
Provide a related party with products, goods, leases, and services	Xiaomi Communications Technologies Co., Ltd. and its affiliates	91,000.00	59,277.41	The relevant demands decreased due to the impact of COVID-19
	CFEC and its affiliates	11,000.00	7,426.00	The relevant demands decreased due to the impact of COVID-19
	CINIONIC and its affiliates	4,000.00	3,236.18	N/A
	Beijing Donview Education Technology Co., Ltd. and its affiliates	650.00	453.61	N/A
	GDC and its affiliates	2,100.00	997.35	The relevant demands decreased due to the impact of COVID-19 overseas
	WeCast and its affiliates	5,800.00	1,713.29	The subsidiary experienced changes in the sales channels

				for expanding the overseas business
	Subtotal	114,550.00	73,103.84	
Purchasing goods and raw materials from a related party	Xiaomi Communications Technologies Co., Ltd. and its affiliates	38,000.00	24,362.78	The relevant demands decreased due to the impact of COVID-19
	CFEC and its affiliates	1,500.00	1,561.42	N/A
	Shenzhen YLX Technology Development Co., Ltd.	400.00	116.05	N/A
	GDC and its affiliates	1,500.00	571.20	The relevant demands decreased due to the impact of COVID-19
	Subtotal	41,400.00	26,611.45	
Receive labor services from a related party	WeCast and its affiliates	35.00	24.14	N/A
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	200.00	118.80	N/A
	CFEC and its affiliates	4,000.00	3,170.40	N/A
	GDC and its affiliates	0.00	1.15	N/A
	Beijing Donview Education Technology Co., Ltd. and its affiliates	10.00	1.41	N/A
	Subtotal	4,245.00	3,315.90	
Property lease	CFEC and its affiliates	200.00	202.36	N/A
	Subtotal	200.00	202.36	
Total		160,395.00	103,233.55	

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

Applicable N/A

(II) Related-party transactions involving acquisition or sale of assets or equities**1. Matters already disclosed in the interim announcements about which no new information is available**

Applicable N/A

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

In July 2021, the Company signed the *Settlement Agreement* with GDC Cayman, under which GDC BVI shall increase the business of purchasing cinema hardware products from the Company. That is, GDC BVI shall purchase cinema hardware products over a certain quantity in 2021, 2022, 2023, and 2024. The Parties shall sign a specific purchase agreement within 60 days from the effectiveness of the *Settlement Agreement*.

The Parties have not reached a consensus on the *Purchase Agreement* by now, and GDC BVI has not purchased the foregoing hardware products from the Company.

At present, the Company is in dispute with relevant GDC parties concerning the protective provisions, such as the veto right held by the Company, which may affect the listing of GDC BVI, and the infringement of shareholder's rights, such as the protective provisions, of the Company by relevant GDC parties. The Parties are in the process of arbitration and counter arbitration, namely a key stage of commercial negotiation. The Company will take legal measures or communicate with relevant GDC parties to solve the existing main disputes between the Parties.

As a result, based on the communication between the Parties at present, the cooperation on the purchase business for cinema hardware products between the Company and GDC BVI is subject to uncertainty.

(III) 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
<p>On March 26, 2021, the Company held the 30th meeting of the first Board of Directors and the 17th meeting of the first Board of Supervisors, at which the <i>Proposal on Capital Increase by in a Wholly-owned Subsidiary and Acquisition of 51% Equity Interests in WeCast Technology Corp. and the Related-party Transaction</i> was reviewed and approved, under which (Chongqing) Innovative Technology Co., Ltd., a subsidiary in the scope of consolidation for the Company's financial statements, shall make additional contribution of USD4.00 million to the wholly-owned subsidiary Limited, where the additional capital shall be used to subscribe to 51% equity interests in WeCast Technology Corp. LI Yi, the actual controller and the Chairman of the Company, acts as a director of WeCast, hence this subscription constitutes a related-party transaction.</p>	<p>Please refer to the Announcement No. 2021-018 <i>Announcement on Increase by of Capital to the Wholly-owned Subsidiary and Subscription for 51% of Equity of WeCast Technology Corp. and on related-party transactions</i> issued by the Company on www.sse.com.cn and the designated media for information disclosure on March 27, 2021.</p>

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

√ Applicable □ N/A

The Company held the 24th meeting of the first Board of Directors on August 17, 2020 and the second interim general meeting for 2020 on September 3, 2020, at which the *Proposal on Increasing the Capital of a Controlled Subsidiary by Issuing Additional Shares and Introducing a Strategic Investor* was reviewed and passed, approving the controlled subsidiary to introduce a strategic investor.

As of February 2021, the plan of capital increase by issuing additional shares has not been duly implemented. The parties negotiated to optimize and adjust the original transaction plan. In February 2021, the Company held the 29th meeting of the first Board of Directors and the first interim general meeting for 2021, at which the *Proposal on Adjusting the Plan of Increasing the Capital of a Controlled Subsidiary by Issuing Additional Shares & Related-party Transaction* was reviewed and passed. Refer to the Announcement No. 2021-002 *Announcement on Adjusting the Plan for Increasing the Capital of a*

Controlled Subsidiary by Issuing Additional Shares & Related-party Transaction issued by the Company on www.sse.com.cn on February 10, 2021.

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

Applicable N/A

(IV) Accounts receivable from and payable to related parties

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

1. Deposit business

Applicable N/A

2. Loan business

Applicable N/A

3. Facility business or other financial business

Applicable N/A

4. Other information

Applicable N/A

(VI) Others

Applicable N/A

XIII. Material contracts and performance thereof

(I) Trusteeship, contracting and lease

1、 Trusteeship

2、 Contracting

Applicable N/A

3、 Lease

Applicable N/A

In RMB 0'000

Lessor	Name of lessee	Leased assets	Amount of leased assets	Lease start date	Lease end date	Lease income	Basis for determining lease income	Impact of lease income on the Company	Related-party transaction or not	Relationship
Shenzhen Meisheng Industry Co., Ltd.	Appotronics Corporation Limited	Office, R&D, factory, employee dormitory	1,231.931	2020.01.01	2022.11.30	//	/		No	None

Description of lease

None

(II) Guarantees√ **Applicable** □ **N/A****In RMB 0'000**

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 (excluding those provided for the subsidiaries) (A)	0
Guarantees provided by the Company or its subsidiaries for the subsidiaries of the Company	
Total amount of guarantees provided for the subsidiaries during the reporting period	93,347.64
Balance of guarantees provided for the subsidiaries as of the end of the reporting period (B)	53,780.99
Total amount of guarantees provided by the Company (including those provided for the subsidiaries)	
Total amount guaranteed (A+B)	53,780.99
Proportion of total amount guaranteed to the net assets of the Company (%)	22.06
Including:	
Total amount of guarantees provided for the shareholders, actual controller and their affiliates (C)	0.00
Total amount of debt guarantees directly or indirectly provided for the obligors whose equity-debt ratio exceeds 70% (D)	28,652.90
Total amount guaranteed in excess of 50% of the net assets of the Company (E)	
Total amount guaranteed (C+D+E)	28,652.90
Explanation about outstanding guarantees for which the Company may assume joint and several liability	N/A
Explanation about guarantees	N/A

(III) Entrusted cash asset management**1. Entrusted wealth management****(1) Overall situation of entrusted wealth management**

√ Applicable □ N/A

In RMB 0'000

Type	Source of funds	Total amount	Outstanding amount	Overdue amount
Bank wealth management amount	Idle funds raised	43,500.00	37,100.00	0.00
Bank wealth management amount	Self-funded capital	13,000.00	0.00	0.00

Other information

□ Applicable √ N/A

(2) Single entrusted wealth management

□ Applicable √ N/A

Other information

□ Applicable √ N/A

(3) Provision for impairment of entrusted wealth management products

□ Applicable √ N/A

2. Entrusted loans**(1) Overall situation of entrusted loans**

□ Applicable √ N/A

Other information

□ Applicable √ N/A

(2) Single entrusted loans

□ Applicable √ N/A

Other information

□ Applicable √ N/A

(3) Provision for impairment of entrusted loans

□ Applicable √ N/A

3. Other information

□ Applicable √ N/A

(IV) Other material contracts

□ Applicable √ N/A

XIV. Use of offering proceeds

√ Applicable □ N/A

(I) Overall use of funds raised

√ Applicable □ N/A

In RMB

Source of offering proceeds	Total offering proceeds	Net offering proceeds after deduction of offering expenses	Total offering proceeds committed	Total offering proceeds committed after adjustment (1)	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	1,190,000,000.00	1,062,470,797.73	1,000,000,000.00	1,000,000,000.00	562,394,147.94	56.24	110,161,741.65	11.02

(II) Breakdown of investment projects

√ Applicable □ N/A

In RMB

Item	Whether change of investment is involved	Source of offering proceeds	Total investment from the offering proceeds committed for the project	Total investment from the offering proceeds after adjustment (1)	Cumulative total offering proceeds used as of the end of the reporting period (2)	Cumulative investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Date for the project to reach the working condition for its intended use	Completed or not	Whether the investment progress meets the planned	Specific reason for failing to achieve the plan of investment progress	Benefits or R&D results achieved by the project	Material changes in the project feasibility, if any, describe the specific reasons	Balance amount and reasons thereof
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R&D and industrialization of new generation of laser display products	No	Initial public offering	313,000,000.00	313,000,000.00	173,503,966.84	55.43	December 2022	No	No	On the principles of cost control and risk reduction, in the past two years, under the impact of COVID-19 and general chip shortage in the industry, the Company acted more diligently in production capacity expansion in consideration of the actual existing production capacity and demands to respond to uncertainties in the macro environment.	None	No	N/A
R&D center at the head office of Appotronics	No	Initial public offering	284,000,000.00	284,000,000.00	30,790,010.30	10.84	December 2023	No	No	The construction of the head office building was slowed down due to the repeated outbreak of COVID-19 and complex geological conditions on the site. This project may be fully implemented only after the construction of the head office building is completed. As a result, the project implementation is postponed.	None	No	N/A
Information system	No	Initial public offering	70,000,000.00	70,000,000.00	22,705,133.19	32.44	December 2023	No	No	Since the main body of the head office building of the	None	No	N/A

upgrade and building										Company is still under construction, the prerequisites for implementing this project have not been satisfied.			
Supplementary working capital	No	Initial public offering	333,000,000.00	333,000,000.00	335,395,037.62	100.72	None	Yes	Yes		None	No	N/A

Note:

1. On March 18, 2022, the 9th meeting of the second Board of Directors and the 8th meeting of the second of Board of Supervisors reviewed the *Proposal on Postponing Some Investment Projects*, approving the Company to adjust the time for some investment projects to reach the working condition for its intended use. For details, please refer to the *Announcement on Postponing Some Investment Projects* disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on March 21, 2022.

2. During the project, the total wealth management returns of RMB2.3950 million were realized from the special account of supplementary working capital, which have been put into use in the project (supplementary working capital). As of the date of approval for issue of this Report, the special account (Huaxia Bank Co., Ltd. Houhai Branch, account number: 10869000000251463) has been deregistered. The interest RMB1,418.11 incurred after the project has been paid to the basic account of the Company to be used as supplementary working capital.

(III) Change in investment projects during the reporting period

Applicable N/A

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

1. Early investment and replacement of offering proceeds

√ Applicable □ N/A

On July 29, 2019, the *Proposal on Replacing Early Funds Invested with Offering Proceeds* was reviewed and passed at the 16th meeting of the first Board of Directors, approving the Company to replace the invested funds of RMB18.9584 million as of July 19, 2019 with the offering proceeds, and replace the offering expenses paid in the amount of RMB3.1056 million with the offering proceeds. The matters above have been assured by Pan-China Certified Public Accountants (Special General Partnership), which issued the *Assurance Report on Replacement of Funds with Offering Proceeds by Appotronics Corporation Limited* (Tian Jian Shen [2019] No. 7-393).

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

On July 21, 2020, the *Proposal on Cash Management of Temporarily Idle Offering Proceeds* was reviewed and passed at the 23rd meeting of the first Board of Directors and the 11th meeting of the first Board of Supervisors. It was approved that, without affecting the normal implementation of the investment plan for offering proceeds, a maximum of RMB670 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 RMB200 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.

On July 15, 2021, the *Proposal on Cash Management of Temporarily Idle Offering Proceeds* was reviewed and passed at the 32nd meeting of the first Board of Directors and the 19th meeting of the first Board of Supervisors. It was approved that, without affecting the normal implementation of the investment plan for offering proceeds, a maximum of RMB602 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 RMB200 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.

4. Supplement working capital or repay bank loans with excess offering proceeds

□ Applicable √ N/A

5. Others

□ Applicable √ N/A

XV. Explanation about other significant matters having significant influence on the value judgement and investment decision-making of investors

Applicable N/A

Section VII Changes in Shares and Shareholders

I. Changes in share capital

(I) Statement of changes in shares

1. Statement of changes in shares

Unit: Share

	Before the change		+/-					After the change	
	Number	Percentage (%)	New shares	Bonus shares	Capitalization of capital reserve	Others	Subtotal	Number	Percentage (%)
I. Non-tradable shares	169,456,766	37.43				- 2,720,000	-2,720,000	166,736,766	36.83
1. Shares held by the State									
2. Shares held by State-owned corporations									
3. Shares held by other domestic investors	165,462,755	36.55				- 2,720,000	-2,720,000	162,742,755	35.95
Including: Shares held by domestic non-stated-owned corporations	165,462,755	36.55				- 2,720,000	-2,720,000	162,742,755	35.95
Shares held by domestic natural persons	0	0							
4. Shares held by foreign investors	3,994,011	0.88						3,994,011	0.88
Including: Shares held by foreign corporations	3,994,011	0.88						3,994,011	0.88
Shares held by foreign natural persons									
II. Tradable shares	283,300,135	62.57				2,720,000	2,720,000	286,020,135	63.17
1. RMB-denominated ordinary shares	283,300,135	62.57				2,720,000	2,720,000	286,020,135	63.17
2. Foreign currency-denominated shares listed domestically									
3. Foreign currency-denominated shares listed overseas									

4. Others									
III. Total shares	452,756,901	100				0	0	452,756,901	100

2. Explanation about changes in shares

Applicable N/A

The 2,720,000 restricted shares under strategic allotment in the initial public offering became available for trading on July 22, 2021, accounting for 0.6008% of the total share capital of the Company on that day. One shareholder is involved, for whom the lockup period is 24 months from the listing of the Company's shares. For details, please refer to the *Announcement on the Circulation of Restricted Shares under Strategic Allotment during Initial Public Offering (2021-053)* dated July 16, 2021 on the website of the Shanghai Stock Exchange (www.sse.com.cn).

3. Effect of the changes in shares on the earnings per share, net assets per share and other financial indicators of the most recent year and the most recent reporting period (if any)

Applicable N/A

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

Unit: Share

Shareholder	Balance of non-tradable shares as at January 1, 2020	Number of non-tradable shares unlocked in 2020	Number of non-tradable shares increased in 2020	Balance of non-tradable shares as at December 31, 2020	Reason for restriction	Unlock date
Huatai Venture Capital Investment Co., Ltd.	2,720,000	2,720,000	0	0	Non-tradable strategic allotted shares in IPO	July 22, 2021
Total	2,720,000	2,720,000	0	0	/	/

II. Issuance and listing of securities**(I) Securities issued during the reporting period**

Applicable N/A

Explanation about the securities issued during the reporting period (in case of any outstanding bonds with different interest rates, please explain separately):

Applicable N/A

(II) Changes in total number of shares, shareholding structure, and structure of assets and liabilities of the Company

Applicable N/A

III. Shareholders and actual controller**(I) Total number of shareholders**

Total number of ordinary shareholders as of the end of the reporting period	14,138
Total number of shareholders of ordinary shares as of the end of the month immediately prior to the issue date of this annual report (accounts)	14,426
Total number of shareholders of preferred shares whose voting right has been restituted as of the end of the reporting period (accounts)	N/A
Total number of shareholders of preferred shares whose voting right has been restituted as of the end of the month immediately prior to the issue date of this annual report	N/A
Total number of shareholders holding shares with special voting rights as of the end of the reporting period (accounts)	N/A
Total number of shareholders holding shares with special voting rights as of the end of the month prior to the disclosure date of the annual report (accounts)	N/A

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

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	Number	
Shenzhen Appotronics Holdings Limited	0	79,762,679	17.62	79,762,679	79,762,679	None	0	Domestic non- stated owned corporation
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	0	24,139,500	5.33	24,139,500	24,139,500	None	0	Domestic non- stated owned corporation
Nantong Strait Appotronics Investment Partnership (LP)	-1,984,408	23,080,329	5.10	0	0	None	0	Domestic non- stated owned corporation
Citron PE Investment (Hong Kong) 2016 Limited	-15,680,029	21,733,003	4.80	0	0	None	0	Foreign corporation
Shenzhen Appotronics Daye Investment Partnership (LP)	0	20,430,250	4.51	20,430,250	20,430,250	None	0	Domestic non- stated owned corporation

SAIF IV Hong Kong (China Investments) Limited	-35,929,457	17,984,278	3.97	0	0	None	0	Foreign corporation
Shenzhen Appotronics Hongye Investment Partnership (LP)	0	15,662,374	3.46	15,662,374	15,662,374	None	0	Domestic non-stated owned corporation
Shenzhen Jinleijing Investment Limited Partnership (LP)	0	12,353,106	2.73	12,353,106	12,353,106	None	0	Domestic non-stated owned corporation
Green Future Holdings Limited	-4,171,092	12,333,426	2.72	0	0	None	0	Foreign corporation
Shenzhen Appotronics Chengye Consulting Partnership (LP)	0	10,394,846	2.30	10,394,846	10,394,846	None	0	Domestic non-stated owned corporation
Shares held by top 10 holders of tradable shares								
Shareholder	Number of tradable shares held	Type and number of shares						
		Category	Number					
Nantong Strait Appotronics Investment Partnership (LP)	23,080,329	RMB-denominated ordinary share	23,080,329					
Citron PE Investment (Hong Kong) 2016 Limited	21,733,003	RMB-denominated ordinary share	21,733,003					
SAIF IV Hong Kong (China Investments) Limited	17,984,278	RMB-denominated ordinary share	17,984,278					
Green Future Holdings Limited	12,333,426	RMB-denominated ordinary share	12,333,426					
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. - Shenzhen Chengguhui Equity Investment Partnership (LP)	6,964,369	RMB-denominated ordinary share	6,964,369					

Shenzhen Liansong Capital Management Partnership (LP)	5,833,817	RMB-denominated ordinary share	5,833,817
China Merchants Bank Co., Ltd. - Agricultural Bank of China Huili Strategic Income One-year Holding Hybrid Securities Investment Fund	5,648,894	RMB-denominated ordinary share	5,648,894
China Construction Bank Corporation - Invesco Great Wall Environment Protection Advantageous Stock Securities Investment Fund	5,570,992	RMB-denominated ordinary share	5,570,992
LUO Xiaobin	4,564,961	RMB-denominated ordinary share	4,564,961
Smart Team Investment Limited	4,288,748	RMB-denominated ordinary share	4,288,748
Explanation about the special purchase account in top 10 shareholders	N/A		
Explanation about entrusted voting rights, proxy voting rights, waiver of voting rights by the shareholders above	N/A		
Affiliates or concert parties among the shareholders stated above	<p>1. As of December 31, 2021, the Company has received no statement from aforementioned shareholders to confirm that there is a related-party relationship or concerted action, except the concerted action among Shenzhen Appotronics Holdings Co., Ltd., 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) in top 10 shareholders of the Company.</p> <p>2. 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>		
Holders of preferred shares whose voting right has been restituted and the number of shares held by them	N/A		

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

√ Applicable □ N/A

Unit: Share

No.	Holder of non-tradable shares	Number of non-tradable shares held	Unlocking of non-tradable shares		Lock-up period
			Unlock date	Number of shares newly unlocked	
1	Shenzhen Appotronics Holdings Limited	79,762,679	July 22, 2022	0	36 months after the listing date
2	Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	24,139,500	July 22, 2022	0	36 months after the listing date
3	Shenzhen Appotronics Daye Investment Partnership (LP)	20,430,250	July 22, 2022	0	36 months after the listing date
4	Shenzhen Appotronics Hongye Investment Partnership (LP)	15,662,374	July 22, 2022	0	36 months after the listing date
5	Shenzhen Jinleijing Investment Limited Partnership (LP)	12,353,106	July 22, 2022	0	36 months after the listing date
6	Shenzhen Appotronics Chengye Consulting Partnership (LP)	10,394,846	July 22, 2022	0	36 months after the listing date
7	BLACKPINE Investment Corp. Limited	3,994,011	July 22, 2022	0	36 months after the listing date
Affiliates or concert parties among the shareholders stated above		As of December 31, 2021, among the shareholders of the restricted shares above, Appotronics Holdings, Yuanshi, Appotronics Daye, Appotronics Hongye, Jinleijing, Appotronics Chengye, and BLACKPINE Investment Corp. Limited are concert parties. We have not received any notice about affiliates or concert parties among other shareholders stated above.			

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 shareholders as a result of allotment of new shares/depository receipts

□ Applicable √ N/A

(V) Strategic allotment in IPO**1. Participation by any special asset management plan established by senior officers and key employees in the strategic allotment in IPO**

√ Applicable □ N/A

Shareholder	Number of shares/depository receipts allotted	Unlock date	Changes during the reporting period	Unit: Share
				Closing number of non-tradable shares held, including the shares/depository receipts lent out under the refinancing arrangement
Huatai Appotronics Employee Stock Ownership Plan - Jiayuan I Collective Asset Management Plan	4,548,685	July 22, 2020	-4,548,685	0

2. Participation by any subsidiary of the sponsor in the strategic allotment in IPO

√ Applicable □ N/A

Shareholder	Relationship with the sponsor	Number of shares/depository receipts allotted	Unlock date	Changes during the reporting period	Unit: Share
					Closing number of non-tradable shares held, including the shares/depository receipts lent out under the refinancing arrangement
Huatai Venture Capital Investment Co., Ltd.	Subsidiary of the sponsor	2,720,000	July 22, 2021	-2,720,000	0

IV. Controlling shareholder and actual controller**(I) Controlling shareholder****1 Legal person**

√ Applicable □ N/A

Name	Shenzhen Appotronics Holdings Limited
Principal or legal representative	LI Yi
Date of establishment	January 17, 2014
Main business	Investment holding
Shares held in other domestic or foreign listed companies during the reporting period	None

Other information	N/A
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2 Natural person

Applicable N/A

3 Special explanation if the Company does not have a controlling shareholder

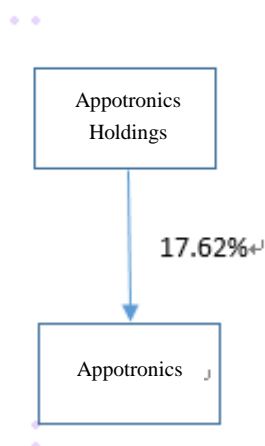
Applicable N/A

4 Explanation about the change in the controlling shareholder during the reporting period

Applicable N/A

5 Block diagram of the controlling shareholder's ownership of and control over the Company

Applicable N/A

**(II) Actual controller****1 Legal person**

Applicable N/A

2 Natural person

Applicable N/A

Name	LI Yi
Nationality	China
Whether or not have right of residence in any other country or region	Yes
Main occupation and title	President and General Manager of Appotronics
Whether or not control any domestic or foreign listed company in the past 10 years	None

3 Special explanation if the Company does not have an actual controller

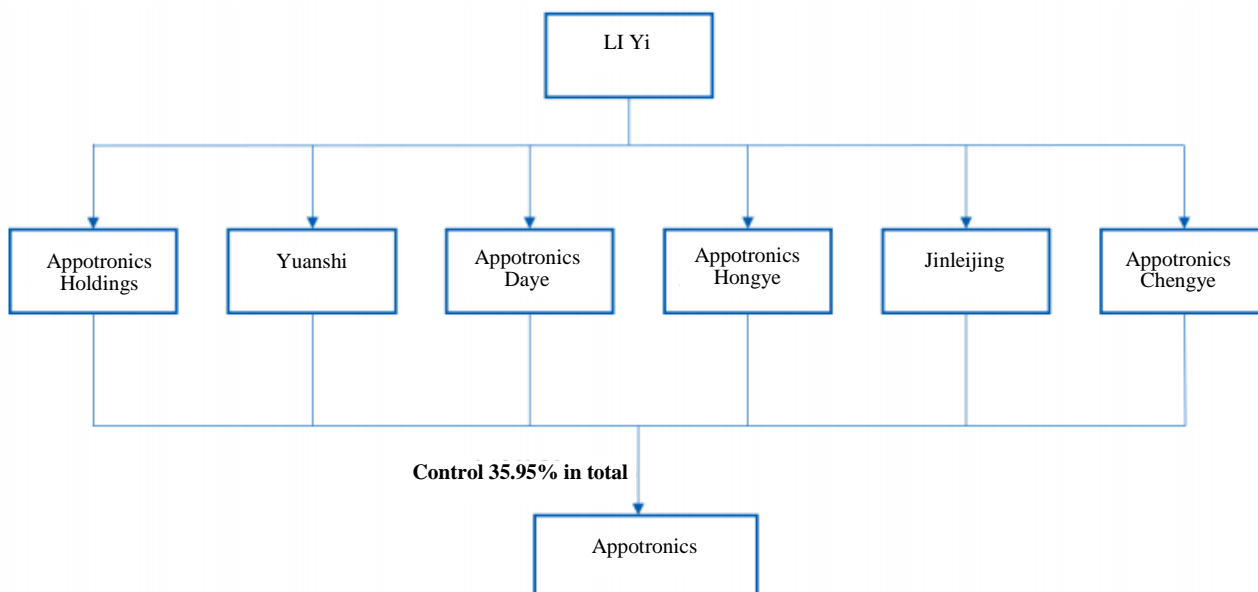
Applicable N/A

4 Explanation about the change of control of the Company during the reporting period

Applicable N/A

5 Illustration of shareholding and controlling relation between the Company and its ultimate controlling shareholder

Applicable N/A



6 The actual controller controls the Company by means of trust or other assets management

Applicable N/A

(III) Other information about the controlling shareholder and the actual controller

Applicable N/A

V. The total shares pledged by the controlling shareholder or largest shareholder and parties acting in concert therewith account for over 80% of the share held by such shareholder in the Company

Applicable N/A

VI. Other corporate shareholders holding more than 10% shares

Applicable N/A

VII. Restrictions on the disposal of shares/depository receipts

Applicable N/A

VIII. Specific implementation of share repurchase during the reporting period

Applicable N/A

Section VIII Preferred Shares

Applicable N/A

Section IX Corporate Bonds

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

Applicable N/A

II. Convertible corporate bonds

Applicable N/A

Section X Financial Report

I. Auditor's report

Applicable N/A

Auditor's report

Tian Jian Shen (2022) No. 7-384

To all shareholders of Appotronics Corporation Limited:

I. Opinion

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

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

II. Basis for opinion

We conducted our audit in accordance with Auditing Standards for Certified Public Accounts of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for Audit of Financial Statements section of our report. We are independent of Appotronics Corporation in accordance with the code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit items

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were

addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue recognition

1. Description

Details of relevant information are disclosed in V.38, V.42, VII.61, and XVI.6 of section X.

Appotronics Corporation is mainly engaged in research, development, production, sales and leasing of laser display core devices and complete equipment. In 2021, the operating income of Appotronics Corporation amounted to RMB 2,498,228,401.78, of which sales and other incomes were RMB 2,137,606,392.96, representing 85.56% of the total operating income, and lease incomes were RMB 360,622,008.82, representing 14.44% of the total operating income.

The specific methods for revenue recognition are as follows:

(1) Revenue from sales of goods

Revenue from sales of goods denotes contractual obligations to be performed at a time point. Our sales include sales to the domestic market and sales to foreign markets.

Goods sold to the domestic market: 1) Under the direct sale model and the distribution mode, 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 when the validity period of goods return conditions expires, and recognizes liabilities to write off the revenue according to the expected amount to be refunded due to the return of goods; 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 products by a downstream end customer, the Company recognizes the revenue at the goods price agreed between the parties upon the delivery of goods to the customer and reconciliation, and recognizes shared revenue according to the share profit reconciliation statement when the profits from sales of goods are realized. 2) Under the commissioned sales mode, the Company recognizes the revenue when it receives the list of commissioned sales from the customer.

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

(2) Other incomes

Other revenues of the Company denote contractual obligations to be performed at a time point/during a specific period of time. 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, which are obligations to be performed during a specific period of time, the Company determines the service performance progress by using the output approach, and recognizes the revenue according to the performance progress; for patent license services provided by the Company, the Company recognizes the revenue when the patent license is delivered; 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.

(3) Lease incomes

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. 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.

As the operating income is one of Appotronics Corporation's KPIs, there may be an inherent risk that the management of Appotronics Corporation (hereinafter referred to as "management") may recognize the revenue inappropriately to achieve specific objectives or expectations. Therefore, we identified revenue recognition as a key audit matter.

2. Description of how the key audit matter was addressed in the audit

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

(1) Understand the key internal controls related to revenue recognition, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(2) Examine major sales contracts and lease contracts, understand the major provisions or conditions thereof, and evaluate whether revenue recognition methods are appropriate;

(3) Implement analysis procedures for operating income and gross margin by month, product, customer, etc., to identify whether there are significant or unusual fluctuations and to find out the causes of such fluctuations;

(4) For sales income, sample supporting documents related to revenue recognition, including sales contracts or orders, sales invoices, warehouse receipts, delivery notes, transport information, customer signature forms, export declarations and electronic port system information; for lease income, sample supporting documents including, among other things, lease contracts, orders, installation orders, unit lease price per hour, and number of hours consumed; for sales income, sample supporting documents including, among other things, sales contracts, customs declaration forms, and bills of lading;

(5) In conjunction with accounts receivable confirmation procedures, send confirmation to major customers to recognize the current incomes on a sample basis;

(6) Conduct the cut-off test on the operating incomes recognized on or after the balance sheet date to evaluate whether the operating incomes are recognized during the appropriate period;

(7) Obtain a record of sales returns after the balance sheet date to check if there is any instance that conditions for revenue recognition were not met at the balance sheet date;

(8) Check whether information relative to operating income is properly presented in the financial statements.

(II) Net realizable value of inventories

1. Description

Details of relevant information are disclosed in V.15 and VII.9 of Section X.

As of December 31, 2021, the carrying amount of inventories of Appotronics amounted to RMB 808,619,692.36, and provisions for decline in value of inventories amounted to RMB 38,998,559.36, hence the book value of inventories amounted to RMB 769,621,133.00.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. In view of the purpose of holding inventories, the management determines the estimated selling price of inventories based on historical or actual selling prices, and the net realizable value of inventories in accordance with the balance of the estimated selling price less the sum of the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The amount of inventories is material and the determination of the net realizable value of inventories involves significant management judgment, therefore, we identified the determination of the net realizable value of inventories as a key audit matter.

2. Description of how the key audit matter was addressed in the audit

For the net realizable value of inventories, our audit procedures include, inter alia:

(1) Understand the key internal controls related to the net realizable value of inventories, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(2) Review the management's forecast of the estimated selling price of inventories on a sample basis, comparing the estimated selling price with historical data and subsequent situations, etc.;

(3) Evaluate the appropriateness of the management's estimates on the estimated costs of completion of inventories and the estimated costs necessary to make the sale and relevant taxes;

(4) Test the accuracy of the management's calculation on the net realizable value of inventories;

(5) Evaluate the reasonableness of the management's estimates on the net realizable value of inventories by checking inventories recognized at the end of the period in terms of long age, obsolescence, changes in technology or market demand in conjunction with inventory monitoring;

(6) Check whether information relative to the net realizable value of inventories is properly presented in the financial statements.

IV. Other information

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

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

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

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

V. Responsibilities of the Management and governance with respect to the financial statements

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

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

Those charged with governance of Appotronics (hereinafter referred to as "Those Charged with Governance") are responsible for overseeing Appotronics' financial reporting process.

VI. Responsibilities of Certified Public Accountants with respect to the financial statements

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

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

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

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants (Special General Partnership) Chinese Certified Public Accountant:

(Partner in Charge)

Hangzhou City, China

Chinese Certified Public Accountant:

April 25, 2022

II. Financial statements

Consolidated Balance Sheet

December 31, 2021

Prepared by: Appotronics Corporation Limited

In RMB

Item	Note	December 31, 2021	December 31, 2020
Current Assets:			
Cash and bank balances	VII. 1	957,729,831.15	1,037,760,573.27
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	VII. 2	417,200,000.00	114,000,000.00
Derivative financial assets			
Notes receivable	VII. 4	5,256,603.03	3,726,328.91
Accounts receivable	VII. 5	403,134,471.87	341,660,832.43
Receivables financing	VII. 6	244,860.00	11,959,000.00
Prepayments	VII. 7	98,116,970.83	47,447,601.43
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	VII. 8	30,472,595.66	12,534,062.15
Including: Interest receivable			
Dividend receivable	VII. 8	12,623,886.00	
Financial assets purchased under resale agreements			
Inventories	VII. 9	769,621,133.00	418,812,140.80
Contract assets	VII. 10	3,903,859.23	3,744,655.50
Assets held for sale			
Non-current assets due within one year	VII. 12	3,473,049.18	
Other current assets	VII. 13	52,761,820.83	13,002,195.46

Total current assets		2,741,915,194.78	2,004,647,389.95
Non-current Assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivable	VII. 16	5,793,552.74	13,196,087.78
Long-term equity investment	VII. 17	293,601,085.27	262,744,772.48
Investment in other equity instruments	VII. 18	7,075,419.38	11,975,419.38
Other non-current financial assets			
Investment property			
Fixed assets	VII. 21	470,410,450.18	447,571,328.91
Construction in progress	VII. 22	148,620,511.35	51,576,850.72
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	26,803,910.76	
Intangible assets	VII. 26	301,164,605.56	320,488,235.60
Development expenditure			
Goodwill			
Long-term prepaid expenses	VII. 29	10,126,164.82	11,572,346.79
Deferred tax assets	VII. 30	80,721,419.29	96,132,114.02
Other non-current assets	VII. 31	10,998,641.77	6,299,781.06
Total non-current assets		1,355,315,761.12	1,221,556,936.74
Total assets		4,097,230,955.90	3,226,204,326.69
Current Liabilities:			
Short-term borrowings	VII. 32	5,570,878.11	88,778,852.86
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII. 35	134,378,967.61	116,822,674.67
Accounts payable	VII. 36	419,966,567.27	226,494,815.90
Advance from customers	VII. 37	130,288,312.62	153,258,189.88
Contract liabilities	VII. 38	45,541,629.55	31,518,312.59
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	64,119,087.51	46,105,566.15
Taxes payable	VII. 40	19,546,190.23	19,871,846.94
Other payables	VII. 41	54,115,784.80	59,848,053.83
Including: Interest payable			
Dividend payable			

Fees and commissions payable			
Amounts payable under reinsurance contracts			
Liabilities held for sale			
Non-current liabilities due within one year	VII. 43	154,785,116.35	181,417,412.46
Other current liabilities	VII. 44	19,561,104.12	3,045,831.07
Total current liabilities		1,047,873,638.17	927,161,556.35
Non-current Liabilities:			
Insurance contract reserves			
Long-term borrowings	VII. 45	368,635,614.64	64,845,281.53
Bonds payable			
Where: Preferred shares			
Perpetual bonds			
Leasing liabilities	VII. 47	10,789,352.69	
Long-term payables	VII. 48		3,262,450.00
Long-term employee benefits payable			
Estimated liabilities	VII. 50	36,428,688.94	28,799,354.65
Deferred income	VII. 51	10,266,982.08	16,723,257.15
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		426,120,638.35	113,630,343.33
Total liabilities		1,473,994,276.52	1,040,791,899.68
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or share capital)	VII. 53	452,756,901.00	452,756,901.00
Other equity instruments			
Where: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	1,400,605,136.65	1,249,020,991.15
Less: Treasury shares			
Other comprehensive income	VII. 57	-16,840,512.60	-3,214,291.93
Special reserve			
Surplus reserve	VII. 59	56,265,868.31	35,242,179.57
General risk reserve			
Undistributed profit	VII. 60	545,277,188.08	357,793,891.96
Total owners' (or shareholders') equity attributable to owners of the parent company		2,438,064,581.44	2,091,599,671.75
Minority interests		185,172,097.94	93,812,755.26
Total owners' (or shareholders') equity		2,623,236,679.38	2,185,412,427.01
Total liabilities and owners' (or shareholders') equity		4,097,230,955.90	3,226,204,326.69

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

Balance Sheet of the parent company

December 31, 2021

Prepared by: Appotronics Corporation Limited

In RMB

Item	Note	December 31, 2021	December 31, 2020
Current Assets:			
Cash and bank balances		535,787,452.32	709,932,686.71
Held-for-trading financial assets		417,200,000.00	114,000,000.00
Derivative financial assets			
Notes receivable		5,036,603.03	2,314,628.91
Accounts receivable	XVII. 1	616,216,169.96	567,539,506.79
Receivables financing		244,860.00	100,000.00
Prepayments		24,555,245.46	11,001,439.23
Other receivables	XVII. 2	6,645,181.15	71,654,117.57
Including: Interest receivable			
Dividend receivable			
Inventories		327,484,120.10	169,022,971.44
Contract assets		3,903,859.23	3,720,160.50
Assets held for sale			
Non-current assets due within one year		2,688,446.82	
Other current assets			1,297,388.01
Total current assets		1,939,761,938.07	1,650,582,899.16
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable		3,528,917.07	13,196,087.78
Long-term equity investment	XVII. 3	440,559,012.12	421,648,284.99
Investment in other equity instruments		7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment property			
Fixed assets		59,043,066.43	57,409,189.33
Construction in progress		133,111,026.64	37,982,329.74
Productive biological assets			
Oil and gas assets			
Right-of-use assets		17,152,430.20	
Intangible assets		305,569,269.44	319,438,893.42
Development expenditure			
Goodwill			
Long-term prepaid expenses		4,841,091.62	9,562,162.36
Deferred tax assets		22,028,444.60	6,680,188.67
Other non-current assets		6,093,687.23	5,411,561.28
Total non-current assets		999,002,364.73	878,404,116.95
Total assets		2,938,764,302.80	2,528,987,016.11
Current Liabilities:			
Short-term borrowings			11,410,560.27
Held-for-trading financial liabilities			

Derivative financial liabilities			
Notes payable		41,601,830.90	32,313,678.21
Accounts payable		311,370,715.78	210,885,240.65
Advance from customers		999,484.03	2,688,210.54
Contract liabilities		14,130,218.03	20,609,190.34
Employee benefits payable		41,239,602.09	28,514,763.09
Taxes payable		11,755,599.27	5,830,858.89
Other payables		13,006,204.53	23,058,804.83
Including: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year		43,166,652.33	1,001,024.66
Other current liabilities		839,898.70	1,918,391.60
Total current liabilities		478,110,205.66	338,230,723.08
Non-current Liabilities:			
Long-term borrowings		54,497,768.01	29,029,715.07
Bonds payable			
Where: Preferred shares			
Perpetual bonds			
Leasing liabilities		4,445,612.91	
Long-term payables			3,262,450.00
Long-term employee benefits payable			
Estimated liabilities		20,275,524.78	16,345,891.60
Deferred income		9,543,692.89	14,450,411.10
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		88,762,598.59	63,088,467.77
Total liabilities		566,872,804.25	401,319,190.85
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or share capital)		452,756,901.00	452,756,901.00
Other equity instruments			
Where: Preferred shares			
Perpetual bonds			
Capital reserve		1,410,150,134.25	1,351,261,718.84
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		54,988,327.58	33,964,638.84
Undistributed profit		453,996,135.72	289,684,566.58
Total owners' (or shareholders') equity		2,371,891,498.55	2,127,667,825.26
Total liabilities and owners' (or shareholders') equity		2,938,764,302.80	2,528,987,016.11

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

Consolidated Income Statement

January to December 2021

In RMB

Item	Note	2021	2020
I. Total operating income		2,498,228,401.78	1,948,884,176.83
Where: Operating income	VII. 61	2,498,228,401.78	1,948,884,176.83
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		2,338,656,541.27	1,882,807,642.88
Where: Operating costs	VII. 61	1,651,089,557.25	1,393,075,043.93
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			
Tax and surcharge	VII. 62	8,776,858.79	6,718,744.79
Selling expenses	VII. 63	252,854,103.31	133,588,234.60
Administrative expenses	VII. 64	187,933,417.27	135,757,276.26
R&D expenses	VII. 65	236,702,224.29	204,443,369.10
Financial expenses	VII. 66	1,300,380.36	9,224,974.20
Where: Interest expense		17,079,723.61	20,066,451.02
Interest income		17,645,299.09	10,322,478.28
Add: Other income	VII. 67	46,147,218.18	45,255,000.90
Investment income (loss is indicated by “-”)	VII. 68	32,633,507.12	17,945,571.02
Where: Income from investments in associates and joint ventures		22,856,529.68	-679,282.94
Gains from derecognition of financial assets at amortized assets			
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	40,127,764.00	
Losses of credit impairment (loss is indicated by “-”)	VII. 71	-6,809,291.29	-9,121,278.95
Impairment losses of assets (loss is indicated by “-”)	VII. 72	-36,946,167.95	-11,590,694.43
Gains from disposal of assets (loss is indicated by “-”)	VII. 73	2,967,788.29	281,040.26
III. Operating profit (loss is indicated by “-”)		237,692,678.86	108,846,172.75
Add: Non-operating income	VII. 74	52,628,162.08	4,638,435.10
Less: Non-operating expenses	VII. 75	1,793,084.65	2,063,172.96

IV. Total profits (total losses are indicated by “-”)		288,527,756.29	111,421,434.89
Less: Income tax expenses	VII. 76	66,992,939.15	24,764,236.32
V. Net profits (net losses are indicated by “-”)		221,534,817.14	86,657,198.57
(I) Categorized by the continuity of operation			
1. Net profits from continuing operations (net losses are indicated by “-”)		221,534,817.14	86,657,198.57
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 “-”)		233,364,344.09	113,847,873.06
2. Profits or losses attributable to minority shareholders (net losses are indicated by “-”)		-11,829,526.95	-27,190,674.49
VI. Other comprehensive income, net of tax		-13,577,010.78	-6,496,909.69
(I) Other comprehensive income that can be attributable to owners of the parent company, net of tax		-13,626,220.67	-6,501,355.78
1. Other comprehensive income that cannot be reclassified subsequently to profit or loss		-4,900,000.00	
(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		-4,900,000.00	
(4) Changes in fair value of enterprises’ own credit risks			
2. Other comprehensive income that will be reclassified to profit or loss		-8,726,220.67	-6,501,355.78
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method		-366,814.82	
(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		-8,359,405.85	-6,501,355.78
(7) Others			

(II) Other comprehensive income that can be attributable to minority shareholders, net of tax		49,209.89	4,446.09
VII. Total comprehensive income		207,957,806.36	80,160,288.88
(I) Total comprehensive income that can be attributable to owners of the parent company		219,738,123.42	107,346,517.28
(II) Total comprehensive income that can be attributable to minority shareholders		-11,780,317.06	-27,186,228.40
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.52	0.25
(II) Diluted earnings per share (RMB/share)		0.51	0.25

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, and the net profits realized in the last period by the party being absorbed is: RMB 0.

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

Income Statement of the parent company

January to December 2021

In RMB

Item	Note	2021	2020
I. Operating income	XVII. 4	1,445,208,597.94	1,064,149,969.51
Less: Operating costs	XVII. 4	951,761,428.41	720,452,860.84
Tax and surcharge		4,824,423.22	4,809,443.68
Selling expenses		81,267,047.72	68,169,938.33
Administrative expenses		114,480,252.18	94,065,391.84
R&D expenses		128,807,240.92	104,873,635.92
Financial expenses		-21,476,404.98	-16,982,053.25
Where: Interest expense		2,244,930.36	432,518.40
Interest income		24,781,253.41	16,041,306.76
Add: Other income		27,780,796.53	34,560,094.28
Investment income (loss is indicated by "-")	XVII. 5	27,249,704.79	18,624,853.96
Where: Income from investments in associates and joint ventures			
Gains from derecognition of financial assets at amortized assets			
Gains from net exposure hedges (loss is indicated by "-")			
Gains from changes in fair values (loss is indicated by "-")		2,200,000.00	
Losses of credit impairment (loss is indicated by "-")		-4,798,060.82	-627,070.09
Impairment losses of assets (loss is indicated by "-")		-21,377,940.23	-7,565,039.37
Gains from disposal of assets (loss is indicated by "-")			1,318.53

II. Operating profit (loss is indicated by “-”)		216,599,110.74	133,754,909.46
Add: Non-operating income		2,396,233.70	4,409,022.52
Less: Non-operating expenses		973,929.02	1,228,453.52
III. Total profits (total losses are indicated by “-”)		218,021,415.42	136,935,478.46
Less: Income tax expenses		8,133,765.70	12,515,924.03
IV. Net profits (net losses are indicated by “-”)		209,887,649.72	124,419,554.43
(I) Net profits from continuing operations (net losses are indicated by “-”)		209,887,649.72	124,419,554.43
(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		209,887,649.72	124,419,554.43
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

Consolidated Cash Flow Statement
January to December 2021

In RMB

Item	Note	2021	2020
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		2,750,740,564.95	1,974,492,309.02
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		8,006,027.05	6,524,647.54
Other cash receipts relating to operating activities	VII. 78(1)	184,950,300.13	140,364,333.47
Subtotal of cash inflows from operating activities		2,943,696,892.13	2,121,381,290.03
Cash payments for goods purchased and services received		2,086,007,277.39	1,450,758,815.22
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		363,360,992.08	294,069,230.11
Payments of various types of taxes		82,594,392.29	79,174,713.78
Other cash payments relating to operating activities	VII. 78(2)	353,397,003.53	244,988,100.50
Subtotal of cash outflows from operating activities		2,885,359,665.29	2,068,990,859.61
Net cash flow from operating activities		58,337,226.84	52,390,430.42
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		2,073,056,003.00	2,704,000,000.00
Cash receipts from investment income		9,785,727.49	18,624,853.96
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		3,265,966.25	1,365,554.96
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Subtotal of cash inflows from investing activities		2,086,107,696.74	2,723,990,408.92
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		123,016,450.20	66,273,509.36
Cash payments to acquire investments		2,396,564,750.05	2,436,196,580.78
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business units		11,432,903.47	15,614,062.32
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		2,531,014,103.72	2,518,084,152.46
Net cash flows from investment activities		-444,906,406.98	205,906,256.46
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		225,131,579.00	20,953,388.25
Where: Cash receipts from capital contributions from minority shareholders of subsidiaries		225,131,579.00	20,953,388.25
Cash receipts from borrowings		486,480,176.26	205,991,111.29
Other cash receipts relating to financing activities	VII. 78(5)		19,320,000.00
Subtotal of cash inflows from financing activities		711,611,755.26	246,264,499.54

Cash repayments of borrowings		309,332,017.81	290,953,213.70
Cash payments for distribution of dividends or profits or settlement of interest expenses		59,438,696.90	54,437,838.70
Where: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		18,400,000.00	
Other cash payments relating to financing activities	VII. 78(6)	47,271,031.50	
Subtotal of cash outflows from financing activities		416,041,746.21	345,391,052.40
Net cash flows from financing activities		295,570,009.05	-99,126,552.86
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-1,330,751.62	-5,434,532.44
V. Net Increase in Cash and Cash Equivalents		-92,329,922.71	153,735,601.58
Add: Opening balance of cash and cash equivalents		983,525,089.44	829,789,487.86
VI. Closing Balance of Cash and Cash Equivalents		891,195,166.73	983,525,089.44

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

Cash Flow Statement of the parent company

January to December 2021

In RMB

Item	Note	2021	2020
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		1,537,029,483.55	919,034,315.48
Receipts of tax refunds		1,992,222.29	3,108,523.77
Other cash receipts relating to operating activities		51,349,254.59	125,185,112.12
Subtotal of cash inflows from operating activities		1,590,370,960.43	1,047,327,951.37
Cash payments for goods purchased and services received		1,086,842,696.51	776,294,426.96
Cash payments to and on behalf of employees		216,225,456.23	175,144,803.35
Payments of various types of taxes		45,905,948.64	28,453,770.47
Other cash payments relating to operating activities		129,883,242.51	120,311,024.70
Subtotal of cash outflows from operating activities		1,478,857,343.89	1,100,204,025.48
Net cash flow from operating activities		111,513,616.54	-52,876,074.11
II. Cash Flows from Investing Activities:			

Cash receipts from disposals and recovery of investments		1,650,716,923.79	2,704,000,000.00
Cash receipts from investment income		21,200,960.36	18,624,853.97
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets			844,985.38
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities		141,582,498.60	71,725,375.54
Subtotal of cash inflows from investing activities		1,813,500,382.75	2,795,195,214.89
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		94,427,931.02	40,725,074.65
Cash payments to acquire investments		1,962,997,653.52	2,464,734,756.73
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities		45,139,057.42	75,345,631.45
Subtotal of cash outflows from investing activities		2,102,564,641.96	2,580,805,462.83
Net cash flows from investment activities		-289,064,259.21	214,389,752.06
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions			20,953,388.25
Cash receipts from borrowings		54,430,844.66	82,259,570.15
Other cash receipts relating to financing activities			
Subtotal of cash inflows from financing activities		54,430,844.66	103,212,958.40
Cash repayments of borrowings		12,511,648.92	50,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		26,734,065.79	34,374,706.92
Other cash payments relating to financing activities		21,027,248.92	39,403,824.29
Subtotal of cash outflows from financing activities		60,272,963.63	123,778,531.21
Net cash flows from financing activities		-5,842,118.97	-20,565,572.81
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-11,728.85	1,031,900.06
V. Net Increase in Cash and Cash Equivalents		-183,404,490.49	141,980,005.20
Add: Opening balance of cash and cash equivalents		666,628,105.82	524,648,100.62

VI. Closing Balance of Cash and Cash Equivalents		483,223,615.33	666,628,105.82
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Legal Representative: LI Yi Chief Accountant: WANG Yingxia Person in Charge of the Accounting Body: WANG Yingxia

Consolidated Statement of Changes in Owners' Equity
January to December 2021

In RMB

Item	2021													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	Undistributed profit	Others	Subtotal		
Preferred shares		Perpetual bonds	Others												
I. Closing balance of last year	452,756,90 1.00				1,249,020,99 1.15		- 3,214,291. 93		35,242,17 9.57		357,793,89 1.96		2,091,599,67 1.75	93,812,755 .26	2,185,412,42 7.01
Add: Changes in accounting policies									34,923.77		9,346.56		44,270.33	- 11,248.64	33,021.69
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															

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II. Opening balance of the current year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,277,103.34		357,803,238.52		2,091,643,942.08	93,801,506.62	2,185,445,448.70
III. Changes for the year (decrease is indicated by "-")					151,584,145.50		-13,626,220.67		20,988,764.97		187,473,949.56		346,420,639.36	91,370,591.32	437,791,230.68
(I) Total comprehensive income							-13,626,220.67				233,364,344.09		219,738,123.42	-11,780,317.06	207,957,806.36
(II) Owners' contributions and reduction in capital					151,584,145.50								151,584,145.50	121,550,908.38	273,135,053.88
1. Ordinary shares contributed by owners															
2. Capital contribution from holders of other equity instruments															
3. Share-based payment recognized in					58,961,897.75								58,961,897.75	11,541,574.13	70,503,471.88

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owners' equity																	
4. Others					92,622,247.75								92,622,247.75	110,009,334.25	202,631,582.00		
(III) Profit distribution									20,988,764.97	-	45,890,394.53		-	24,901,629.56	18,400,000.00	-	43,301,629.56
1. Transfer to surplus reserve									20,988,764.97	-	20,988,764.97						
2. Transfer to general reserve																	
3. Distributions to owners (or shareholders)											24,901,629.56		-	24,901,629.56	18,400,000.00	-	43,301,629.56
4. Others																	
(IV) Transfers within owners' equity																	
1. Capitalization of capital reserve																	
2. Capitalization of surplus reserve																	
3. Loss offset by surplus reserve																	

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4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others															
IV. Closing balance of the current year	452,756,901.00				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

Item	2020
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	Equity attributable to owners of the parent company												Minority interests	Total owner's equity	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of last year	451,554,411.00				1,207,942,318.37		3,287,063.85		22,800,224.13		288,975,820.29		1,974,559,837.64	149,649,306.18	2,124,209,143.82
Add: Changes in accounting policies											1,278,734.88		1,278,734.88	-646,507.57	632,227.31
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	451,554,411.00				1,207,942,318.37		3,287,063.85		22,800,224.13		290,254,555.17		1,975,838,572.52	149,002,798.61	2,124,841,371.13
III. Changes for the year	1,202,490.00				41,078,672.78		-6,501,355.78		12,441,955.44		67,539,336.79		115,761,099.23	-55,190,043.35	60,571,055.88

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(decrease is indicated by “-”)														
(I) Total comprehensive income							- 6,501,355.78			113,847,873.06		107,346,517.28	- 27,186,228.40	80,160,288.88
(II) Owners’ contributions and reduction in capital	1,202,490.00				41,078,672.78							42,281,162.78	- 28,003,814.95	14,277,347.83
1. Ordinary shares contributed by owners	1,202,490.00				19,750,898.25							20,953,388.25		20,953,388.25
2. Capital contribution from holders of other equity instruments														
3. Share-based payment recognized in owners’ equity					18,783,763.38							18,783,763.38	1,787,189.38	20,570,952.76
4. Others					2,544,011.15							2,544,011.15	- 29,791,004.33	- 27,246,993.18
(III) Profit distribution								12,441,955.44		- 46,308,536.27		- 33,866,580.83		- 33,866,580.83

benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others															
IV. Closing balance of the current year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,242,179.57		357,793,891.96		2,091,599,671.75	93,812,755.26	2,185,412,427.01

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

Statement of Changes in Owners' Equity of the parent company
January to December 2021

In RMB

Item	2021											
	Paid-in capital (or	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity	
		Preferred shares	Perpetual bonds	Others								

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	share capital)						sive income			
I. Closing balance of last year	452,756,9 01.00				1,351,26 1,718.84			33,964,6 38.84	289,684, 566.58	2,127,66 7,825.26
Add: Changes in accounting policies								34,923.77	314,313. 95	349,237. 72
Corrections of prior period errors										
Others										
II. Opening balance of the current year	452,756,9 01.00				1,351,26 1,718.84			33,999,5 62.61	289,998, 880.53	2,128,01 7,062.98
III. Changes for the year (decrease is indicated by "-")					58,888,4 15.41			20,988,7 64.97	163,997, 255.19	243,874, 435.57
(I) Total comprehensive income									209,887, 649.72	209,887, 649.72
(II) Owners' contributions and reduction in capital					58,888,4 15.41					58,888,4 15.41
1. Ordinary shares contributed by owners										
2. Capital contribution from holders of other equity instruments										
3. Share-based payment recognized in owners' equity					58,888,4 15.41					58,888,4 15.41
4. Others										
(III) Profit distribution								20,988,7 64.97	- 45,890,3 94.53	- 24,901,6 29.56
1. Transfer to surplus reserve								20,988,7 64.97	- 20,988,7 64.97	
2. Distributions to owners (or shareholders)									- 24,901,6 29.56	- 24,901,6 29.56
3. Others										
(IV) Transfers within owners' equity										

1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Closing balance of the current year	452,756,901.00				1,410,150,134.25				54,988,327.58	453,996,135.72	2,371,891,498.55

Item	2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of last year	451,554,411.00				1,310,939,867.82				21,522,683.40	211,573,548.42	1,995,590,510.64
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	451,554,411.00				1,310,939,867.82				21,522,683.40	211,573,548.42	1,995,590,510.64
III. Changes for the year (decrease is indicated by "-")	1,202,490.00				40,321,851.02				12,441,955.44	78,111,018.16	132,077,314.62

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(I) Total comprehensive income										124,419,554.43	124,419,554.43
(II) Owners' contributions and reduction in capital	1,202,490.00				40,321,851.02						41,524,341.02
1. Ordinary shares contributed by owners	1,202,490.00				19,750,898.25						20,953,388.25
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					20,570,952.77						20,570,952.77
4. Others											
(III) Profit distribution									12,441,955.44	-	-
1. Transfer to surplus reserve									12,441,955.44	-	-
2. Distributions to owners (or shareholders)										46,308,536.27	33,866,580.83
3. Others										12,441,955.44	
(IV) Transfers within owners' equity										-	-
1. Capitalization of capital reserve										33,866,580.83	33,866,580.83
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserve											

1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Closing balance of the current year	452,756,901.00				1,351,261,718.84				33,964,638.84	289,684,566.58	2,127,667,825.26

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

III. Company profile

1. Profile

Applicable N/A

Appotronics Corporation Limited (hereinafter referred to as “Company” or “the Company”), formally named as Shenzhen Appotronics Optoelectronics Technology Inc. (hereinafter referred to as “Appotronics Inc.”), was jointly invested and established by LI Yi and XU Yanzheng and registered in Nanshan Branch of Market Supervision and Regulation Bureau of Shenzhen on October 24, 2006 with the legal person business license numbered in 4403011245637. Upon establishment, the registered capital of Appotronics Inc. was RMB 100,000. On May 31, 2018, the benchmark date, Appotronics Inc was changed into a company limited by shares entirety. On July 20, 2018, the Company completed the registration in Nanshan Branch of Market Supervision and Regulation Bureau of Shenzhen and headquartered in Shenzhen City, Guangdong Province. The Company holds the business license bearing the credibility code 91440300795413991N. The Company’s registered capital is RMB 452,756,901.00 divided into 452,756,901 shares (RMB 1 Yuan per share), including 166,736,766 outstanding shares subject to sale restrictions and 286,020,135 outstanding shares not subject to sale restrictions. The Company’s shares were listed for trading on Shanghai Stock Exchange on July 22, 2019.

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

The financial statements have been approved by the Company’s 11th meeting of the second Board of Directors on April 25, 2022 for public disclosure.

2. Scope of consolidated financial statements

Applicable N/A

The Company has included 26 subsidiaries into the consolidated financial statements for the current period, including Beijing Orient Appotronics Technology Co., Ltd., Shenzhen Appotronics Laser Display Technology Co., Ltd., Qingda Appotronics (Xiamen) Technology Co., Ltd., Shenzhen Appotronics Laser Technology Co., Ltd., Appotronics Hong Kong Limited, Shenzhen Appotronics Software Technology Co., Ltd., Shenzhen City Appotronics Xiaoming Technology Co., Ltd., Fabulus Display (Beijing) Co., Ltd.,

Appotronics USA, Inc., Fabulus Technology Hong Kong Limited, JoveAI Limited, JoveAI Innovation, Inc., Appotronics Technology (Changzhou) Co., Ltd., Shenzhen Appotronics Display Device Co., Ltd., WEMAX LLC, JoveAI Asia Company Limited, Tianjin Bonian Film Partnership (LP), Fengmi (Beijing) Technology Co., Ltd., Shenzhen Appotronics Home Line Technology Co., Ltd., Technology Inc., (Chongqing) Innovative Technology Co., Ltd., Limited, Chongqing Guangbo Ecommerce Co., Ltd., Chongqing Ewei Ecommerce Co., Ltd., Shenzhen Orange Juice Energy Technology Co., Ltd., CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd., and other subsidiaries. Refer to descriptions in VIII and IX of Section X for details.

IV. Basis of preparation of financial statements

1. Basis of preparation

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

2. Going concern

Applicable N/A

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

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

Applicable N/A

Important note: 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, depreciation of right-of-use assets, amortization of intangible assets, recognition of revenues and other transactions and events according to the actual production and operation characteristics of the Company.

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

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

2. Accounting period

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

3. Operating cycle

Applicable N/A

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

4. Functional currency

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

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

Applicable N/A

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

Assets and liabilities acquired from a business combination by the Company are measured at the carrying amounts of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controller at the date of combination. The Company made adjustment to capital reserves according to the differences between the shares in the owners' equity of the combined party on the consolidated financial statements of the ultimate controlling party and the book value of paid combination considerations or the face value of issued shares; In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

2. Accounting method for business combinations not involving enterprises 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 "undistributed 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, the accounts receivable, if do not contain any significant financing component or are recognized by the Company without taking into consideration the financing components under the contracts with a term of less than one year upon initial recognition, are initially measured at transaction price defined in *Accounting Standards for Business Enterprises No.14 - Revenue*.

(2) Subsequent measurement of financial assets

1) Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or losses 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 □ provision for impairment losses determined according to the policy for impairment of financial instruments; and □ balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 14 - Revenue*.

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

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

3. Recognition and measurement of financial assets transferred

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

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

corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss for the current period.

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

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

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

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

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

5. Impairment of financial instruments

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

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

Expected credit loss is the weighted average of credit losses on financial instruments taking into account the possibility of default. Credit loss is the difference between all contractual cash flows receivable

under the contract and estimated future cash flows discounted at the original effective interest rate, i.e. the present value of all cash shortage, wherein the Company's purchased or originated financial assets that have become credit impaired are discounted at their credit-adjusted effective interest rate.

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

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

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

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

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

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

At each balance sheet date, the Company re-assesses the expected credit losses, with the amount of increase in or reversal of loss allowance recognized in profit or loss for the current period as impairment losses or gains. With respect to a financial asset at amortized cost, its carrying amount recorded in the balance sheet is written off against the loss allowance. With respect to an investment in debt instruments

at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income, without reducing its carrying amount.

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

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

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

1) Groups and method for measuring expected credit losses

Item	Basis for determining a group	Method for measuring expected credit losses
Bank acceptance bills receivable	Type of notes	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk
Commercial acceptance bills receivable		
Accounts receivable - group of receivables from related parties in the scope of consolidation	Receivables from related parties in the scope of consolidation	

		exposure and rate of lifetime expected credit loss.
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 - group of receivables from related parties in the scope of consolidation	Receivables from related parties in the scope of consolidation	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.
Contract assets - group of aging	Aging	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the aging of contract assets and rate of lifetime expected credit loss, and calculate the expected credit losses.
Long-term receivables - grouping by aging	Aging	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the aging of long-term receivables and rate of lifetime expected credit loss, and calculate the expected credit losses.

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

expected credit loss

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

6. Offsetting of financial assets and financial liabilities

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

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

11. Notes receivable

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

Applicable N/A

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

12. Accounts receivable

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

Applicable N/A

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

13. Receivables financing

Applicable N/A

The Company's accounting policies on receivables financing 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 mainly include finished goods or commodities held for sale in the ordinary course of businesses, work in progress in the process of production or materials and supplies consumed in the process of production or rendering service.

2. Costing method of inventories transferred out

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

3. Basis for determining net realizable value of inventories

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

4. Inventory counting system

The perpetual inventory system is maintained for stock system.

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

(1) Low cost and short-lived consumable items

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

(2) Packaging materials

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

(XII) Contract costs

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

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

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

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

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

3. The cost is expected to be recovered.

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

If the 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.

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.

Rights owned by the Company for unconditionally collecting the consideration from customers (that is, depending only on the time) are presented as receivables, and rights for collecting the consideration for goods that have been transferred to customers (depending on other factors than the time) are presented as 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

(1). Method for recognition of expected credit losses of debt investments and relevant accounting treatments

Applicable N/A

19. Other debt investments

(1). Method for recognition of expected credit losses of other debt investments and relevant accounting treatments

Applicable N/A

20. Long-term receivables

(1). Method for recognition of expected credit losses of long-term receivables and relevant accounting treatments

Applicable N/A

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

21. Long-term equity investments

Applicable N/A

1. Judgments on joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when

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

2. Determination of investment cost

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

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

(2) In case of an equity investment acquired through a business combination not involving entities 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.

For a long-term equity investment acquired through a business combination not involving entities under common control and achieved through multiple transactions by steps, the accounting treatment

thereof in the separate financial statements is different from that in the consolidated financial statements as stated below:

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

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

(3) In the event of no business combination: The initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or determined in accordance with the *Accounting Standards for Business Enterprises No. 12 -- Debt Restructuring* if it is acquired through debt restructuring, or determined in accordance with the *Accounting Standards for Business Enterprises No. 7 -- Exchange of Non-monetary Assets* if it is acquired through exchange of non-monetary assets.

3. Subsequent measurement and recognition of profit or loss

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

22. Investment properties

N/A

23. Fixed assets

(1). Criteria for recognition

Applicable N/A

Fixed assets are tangible assets held for production of goods, rendering of service, lease or operation and management with a useful life of more than one accounting year. A fixed asset is recognized if the

economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.

(2). Method of depreciation

Applicable N/A

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

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

Applicable N/A

24. Construction in progress

Applicable N/A

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

2. When a construction in progress is ready for intended use, it is transferred to fixed assets at its actual construction cost. A construction in progress that is ready for intended use but the final settlement of which has not yet been completed is transferred to fixed assets at estimated value first, and after the completion of final settlement, the estimated value is adjusted according to the actual cost, but the accrued depreciation is not adjusted.

25. Borrowing costs

Applicable N/A

1. Recognition for capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other

borrowing costs are recognized as expenses and charged to the current profit and loss.

2. Capitalization period of borrowing costs

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

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

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

3. Capitalization rate and capitalization amount of borrowing expenses

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

26. Biological assets

Applicable N/A

27. Oil and gas assets

Applicable N/A

28. Right-of-use assets

Applicable N/A

Right-of-use assets are initially measured at cost; the cost includes: 1) initial measurement amount of lease liabilities; 2) lease payments made on or before the commencement date of the lease term, where relevant acquired amount related to lease incentives is excluded if there are lease incentives; 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

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 carrying amount, the difference is measured as impairment loss of the asset and recognized in profit or loss for the current period.

31. Long-term prepaid expenses Applicable N/A

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

32. Contract liabilities**(1). 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 cannot unilaterally withdraw the dismissal benefits provided due to the cancellation of the labor relationship or lay-off suggestions; (2) when the Company recognizes costs or expenses in connection with restructuring involving dismissal 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. Leasing liabilities√ Applicable N/A

On the lease inception date, 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 use right 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 carrying amount of provisions is reviewed at the balance sheet date.

36. Share-based payments

√ Applicable □ N/A

1. Categories of share-based payments

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

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

(1) Equity-settled share-based payments

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

at the grant date based on the best estimate of exercisable numbers of equity instruments, and recognized as related costs or expenses with a corresponding adjustment to capital reserve.

For equity-settled share-based payments in exchange for services rendered by other parties, if the fair value of services from other parties can be measured reliably, they are measured at the fair value of services from other parties at the date when such services are received. If the fair value of services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, they are measured at the fair value of the equity instruments at the date when such services are received. The fair value of the equity instruments are recognized as related costs or expenses, with a corresponding increase in owners' equity.

(2) Cash-settled share-based payments

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

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

In case the Company modifies a 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

At the beginning date of a contract, the Company assesses the contract to identify individual performance obligations contained in the contract and determine whether individual obligations are to be performed during a period of time or at a specific time point.

An obligation meeting one of the following conditions is one to be performed within a period of time, and the remaining are obligations to be performed at a specific time point: (1) the customer receives and consumes the economic benefits from the performance of the Company when the Company performs its obligations; (2) the customer can control the goods in progress during the performance of the Company; or (3) the goods generated during the performance process of the Company have irreplaceable uses, and the Company is entitled to payment for the portion completed during the entire contract term.

The Company recognizes revenue according to the performance progress during the period of time for obligations to be performed during a period of time. If the performance progress cannot be determined reasonably, and the Company is expected to be paid based on the costs incurred, the Company recognizes revenue according to the amount of costs incurred until the performance progress can be determined reasonably. For obligations to be performed at a specific time point, the Company recognizes revenue

when the customer receives the control over the relevant goods or services. The following will be considered when determining whether the customer has obtained the control over the goods: (1) the Company has the present rights of receiving payments for such goods, that is, the customer has the present obligation of making payment for the goods; (2) the Company has transferred the legal title in the goods to the customer, that is, the customer has acquired the legal title in the goods; (3) the Company has transferred the physical goods to the customer, that is, the customer is in possession of the physical goods; (4) the Company has transferred major risks and rewards of the legal title in the goods to the customer, that is, the customer has acquired the major risks and rewards of the legal title in the goods; (5) the customer has accepted the goods; and (6) there are other signs indicating that the customer has acquired the control over the goods.

2. Principles of revenue measurement

(1) The Company measures the revenue according to the transaction price allocated to individual performance obligations. The transaction price refers to the amount of the consideration expected to be received by the Company on the basis of transferring goods or providing services to the customer, excluding amounts collected on behalf of a third party and amounts expected to be refunded to the customer.

(2) If a contract contains a variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount; however, the transaction price containing the variable consideration does not exceed the amount for which no material reversal of recognized revenue is highly probable when relevant uncertainty is eliminated.

(3) If a contract contains a major financing portion, the Company determines the transaction price as the amount payable in cash when the customer obtains the control over the 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 the Company expects that the interval between the acquisition of the goods or services by the customer and the payment of prices by the customer will not exceed one year from the commencement date of the contract, no significant financing factor is considered.

(4) If a contract contains two or more performance obligations, at the beginning date of the contract, the Company allocates the transaction price to individual performance obligations according to the relative

proportion of the individual sale prices of the goods promised under such individual performance obligations.

3. Specific methods for revenue recognition

(1) Revenue from sales of goods

Revenue from sales of goods denotes contractual obligations to be performed at a time point. Our sales include sales to the domestic market and sales to foreign markets.

Goods sold to the domestic market: 1) Under the direct sale model and the distribution mode, 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 the consideration expected to be received by the Company on the basis of transferring goods to the customer, and recognizes liabilities to write off the revenue according to the expected amount to be refunded due to the return of goods; 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 to downstream end customers, the Company recognizes the revenue at the goods price agreed between the parties upon the delivery of goods to the customer and reconciliation, and recognizes shared revenue according to the share profit reconciliation statement when the profits from sales of goods are realized. 2) Under the commissioned sales mode, the Company recognizes the revenue when it receives the list of commissioned sales from the customer.

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

(2) Other incomes

Other revenues denote contractual obligations to be performed at a time point/during a specific period of time. 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 license services provided by the Company, the Company recognizes the revenue when the patent license is delivered; 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 date on the assumption that no provision for impairment has been made.

40. Government grants

√ Applicable N/A

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

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

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents. In the absence of such express provision in the applicable government documents, government grants related to assets are those with a primary condition that the Company should purchase, construct or otherwise acquire long-term assets. Government grants related to assets are offset against the carrying amount of the relevant assets or recognized as deferred. Government grants related to assets recognized as deferred 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 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 and in the period for recognizing the relevant costs, expenses or losses, included in profit or loss for the current period or offset against the relevant costs. Government grants related to income as compensation for expenses or losses already incurred are directly included in profit or loss for the current period or offset against the relevant costs.

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

5. Accounting treatment of policy preferential loans and interest subsidies

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

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

41. Deferred tax assets and deferred tax liabilities

√ Applicable □ N/A

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

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

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

4. The income taxes and deferred taxes are included in profit or loss for the current period as income

tax expenses or gains, except the income taxes arising from any: (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) Right-of-use assets

Right-of-use assets are initially measured at cost; the cost includes: 1) initial measurement amount of lease liabilities; 2) lease payments made on or before the commencement date of the lease term, where relevant acquired amount related to lease incentives is excluded if there are lease incentives; 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) Leasing liabilities

On the lease inception date, 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 use right 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

Changes in accounting policies and associated reasons	Approval procedures	Remarks (name and amount of line items in financial statements that have been materially affected)
Implement the amended <i>Accounting Standard for Business Enterprises No. 21 - Leases</i>	Approved by the management	Refer to the table below for details

Other information

(1) The Company implements the amended *Accounting Standard for Business Enterprises No. 21 - Lease* (hereinafter referred to as the New Lease Standard) from January 1, 2021 (hereinafter referred to as the Date of Initial Application).

1) For contracts existing prior to the Date of Initial Application, the Company opts not to assess whether such contracts are leases or contain leases.

2) For lease contracts in which the Company is the lessee, the Company adjusts the amounts of the initial retained earnings of the current reporting period and other relevant items in the financial statements according to the cumulative effects between the application of the New Lease Standard and the original standard on the Date of Initial Application, but makes no adjustment to comparable periods. The specific treatment is as follows:

For an operating lease prior to the Date of Initial Application, on the Date of Initial Application, the Company measures lease liabilities according to the present value of the remaining lease payments discounted at the Company's incremental borrowing interest rate on the Date of Initial Application, and measures right-of-use assets according to the book value on the assumption that the New Lease Standard has been adopted from the lease inception date (the discount rate is the Company's incremental borrowing interest rate on the Date of Initial Application).

On the Date of Initial Application, the Company performed impairment test on the right-of-use assets and implemented corresponding accounting treatment in accordance with the provisions in V.44 of section X.

□ The New Lease Standard mainly caused the following effects on the Company's financial statements as at January 1, 2021:

Item	Balance sheet		
	December 31, 2020	Adjustment effect of the New Lease Standard	January 1, 2021
Prepayments	47,447,601.43	1,727,030.09	49,174,631.52
Right-of-use assets		39,368,070.17	39,368,070.17
Deferred tax assets	96,132,114.02	323,676.36	96,455,790.38
Other payables	59,848,053.83	-1,026,101.82	58,821,952.01
Non-current liabilities due within one year	181,417,412.46	18,607,011.39	200,024,423.85
Leasing liabilities		23,804,845.36	23,804,845.36
Surplus reserve	35,242,179.57	34,923.77	35,277,103.34
Undistributed profit	357,793,891.96	9,346.56	357,803,238.52
Total equity attributable to owners of the parent company	2,091,599,671.75	44,270.33	2,091,643,942.08
Minority interests	93,812,755.26	-11,248.64	93,801,506.62

□ The weighted average of the Company's incremental borrowing interest rate adopted for the lease liabilities recognized in the balance sheets on the Date of Initial Application is 4.45%.

3) For operating lease contracts of low-value assets existing prior to the Date of Initial Application, the Company adopts the simplified approach, and instead of recognizing right-of-use assets and lease liabilities, implement accounting treatment in accordance with the New Lease Standard from the Date of Initial Application.

4) For lease contracts in which the Company is the lessor, the Company implements accounting treatment in accordance with the New Lease Standard from the Date of Initial Application.

(2) The Company has implemented the *Interpretation of the Accounting Standards for Business Enterprises No. 14* released on January 26, 2021 by the Ministry of Finance since 2021. This change in

the accounting policy has no effect on the financial statements of the Company.

(3) The Company has implemented the provisions on “presentation of centralized funds management” in the *Interpretation of the Accounting Standards for Business Enterprises No. 15* since December 31, 2021. This change in the accounting policy has no effect on the financial statements of the Company.

(2). Changes in significant accounting estimates

Applicable N/A

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

Applicable N/A

Consolidated Balance Sheet

In RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and bank balances	1,037,760,573.27	1,037,760,573.27	
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	114,000,000.00	114,000,000.00	
Derivative financial assets			
Notes receivable	3,726,328.91	3,726,328.91	
Accounts receivable	341,660,832.43	341,660,832.43	
Receivables financing	11,959,000.00	11,959,000.00	
Prepayments	47,447,601.43	49,174,631.52	1,727,030.09
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer’s share of insurance contract reserves			
Other receivables	12,534,062.15	12,534,062.15	
Including: Interest receivable			
Dividend receivable			
Financial assets purchased under resale agreements			
Inventories	418,812,140.80	418,812,140.80	
Contract assets	3,744,655.50	3,744,655.50	

Assets held for sale			
Non-current assets due within one year			
Other current assets	13,002,195.46	13,002,195.46	
Total current assets	2,004,647,389.95	2,006,374,420.04	1,727,030.09
Non-current Assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivable	13,196,087.78	13,196,087.78	
Long-term equity investment	262,744,772.48	262,744,772.48	
Investment in other equity instruments	11,975,419.38	11,975,419.38	
Other non-current financial assets			
Investment property			
Fixed assets	447,571,328.91	447,571,328.91	
Construction in progress	51,576,850.72	51,576,850.72	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		39,368,070.17	39,368,070.17
Intangible assets	320,488,235.60	320,488,235.60	
Development expenditure			
Goodwill			
Long-term prepaid expenses	11,572,346.79	11,572,346.79	
Deferred tax assets	96,132,114.02	96,455,790.38	323,676.36
Other non-current assets	6,299,781.06	6,299,781.06	
Total non-current assets	1,221,556,936.74	1,261,248,683.27	39,691,746.53
Total assets	3,226,204,326.69	3,267,623,103.31	41,418,776.62
Current Liabilities:			
Short-term borrowings	88,778,852.86	88,778,852.86	
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	116,822,674.67	116,822,674.67	
Accounts payable	226,494,815.90	226,494,815.90	
Advance from customers	153,258,189.88	153,258,189.88	
Contract liabilities	31,518,312.59	31,518,312.59	
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	46,105,566.15	46,105,566.15	
Taxes payable	19,871,846.94	19,871,846.94	
Other payables	59,848,053.83	58,821,952.01	-1,026,101.82
Including: Interest payable			
Dividend payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Liabilities held for sale			
Non-current liabilities due within one year	181,417,412.46	200,024,423.85	18,607,011.39
Other current liabilities	3,045,831.07	3,045,831.07	
Total current liabilities	927,161,556.35	944,742,465.92	17,580,909.57
Non-current Liabilities:			
Insurance contract reserves			
Long-term borrowings	64,845,281.53	64,845,281.53	
Bonds payable			
Where: Preferred shares			
Perpetual bonds			
Leasing liabilities		23,804,845.36	23,804,845.36
Long-term payables	3,262,450.00	3,262,450.00	
Long-term employee benefits payable			
Estimated liabilities	28,799,354.65	28,799,354.65	
Deferred income	16,723,257.15	16,723,257.15	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	113,630,343.33	137,435,188.69	23,804,845.36
Total liabilities	1,040,791,899.68	1,082,177,654.61	41,385,754.93
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or share capital)	452,756,901.00	452,756,901.00	
Other equity instruments			
Where: Preferred shares			
Perpetual bonds			
Capital reserve	1,249,020,991.15	1,249,020,991.15	

Less: Treasury shares			
Other comprehensive income	-3,214,291.93	-3,214,291.93	
Special reserve			
Surplus reserve	35,242,179.57	35,277,103.34	34,923.77
General risk reserve			
Undistributed profit	357,793,891.96	357,803,238.52	9,346.56
Total owners' (or shareholders') equity attributable to owners of the parent company	2,091,599,671.75	2,091,643,942.08	44,270.33
Minority interests	93,812,755.26	93,801,506.62	-11,248.64
Total owners' (or shareholders') equity	2,185,412,427.01	2,185,445,448.70	33,021.69
Total liabilities and owners' (or shareholders') equity	3,226,204,326.69	3,267,623,103.31	41,418,776.62

Description of adjustments on each line item:

√ Applicable □ N/A

The Company has initially implemented the New Lease Standard since January 1, 2021 to recognize right-of-use assets and lease liabilities, and adjust relevant line items.

Balance Sheet of the Parent Company

In RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and bank balances	709,932,686.71	709,932,686.71	
Held-for-trading financial assets	114,000,000.00	114,000,000.00	
Derivative financial assets			
Notes receivable	2,314,628.91	2,314,628.91	
Accounts receivable	567,539,506.79	567,539,506.79	
Receivables financing	100,000.00	100,000.00	
Prepayments	11,001,439.23	13,163,045.06	2,161,605.83
Other receivables	71,654,117.57	71,654,117.57	
Including: Interest receivable			
Dividend receivable			
Inventories	169,022,971.44	169,022,971.44	
Contract assets	3,720,160.50	3,720,160.50	
Assets held for sale			
Non-current assets due within one year			
Other current assets	1,297,388.01	1,297,388.01	
Total current assets	1,650,582,899.16	1,652,744,504.99	2,161,605.83

Non-current Assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable	13,196,087.78	13,196,087.78	
Long-term equity investment	421,648,284.99	421,648,284.99	
Investment in other equity instruments	7,075,419.38	7,075,419.38	
Other non-current financial assets			
Investment property			
Fixed assets	57,409,189.33	57,409,189.33	
Construction in progress	37,982,329.74	37,982,329.74	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		29,494,047.23	29,494,047.23
Intangible assets	319,438,893.42	319,438,893.42	
Development expenditure			
Goodwill			
Long-term prepaid expenses	9,562,162.36	9,562,162.36	
Deferred tax assets	6,680,188.67	7,000,018.34	319,829.67
Other non-current assets	5,411,561.28	5,411,561.28	
Total non-current assets	878,404,116.95	908,217,993.85	29,813,876.90
Total assets	2,528,987,016.11	2,560,962,498.84	31,975,482.73
Current Liabilities:			
Short-term borrowings	11,410,560.27	11,410,560.27	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	32,313,678.21	32,313,678.21	
Accounts payable	210,885,240.65	210,885,240.65	
Advance from customers	2,688,210.54	2,688,210.54	
Contract liabilities	20,609,190.34	20,609,190.34	
Employee benefits payable	28,514,763.09	28,514,763.09	
Taxes payable	5,830,858.89	5,830,858.89	
Other payables	23,058,804.83	23,058,804.83	
Including: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year	1,001,024.66	15,192,394.42	14,191,369.76
Other current liabilities	1,918,391.60	1,918,391.60	
Total current liabilities	338,230,723.08	352,422,092.84	14,191,369.76

Non-current Liabilities:			
Long-term borrowings	29,029,715.07	29,029,715.07	
Bonds payable			
Where: Preferred shares			
Perpetual bonds			
Leasing liabilities		17,434,875.25	17,434,875.25
Long-term payables	3,262,450.00	3,262,450.00	
Long-term employee benefits payable			
Estimated liabilities	16,345,891.60	16,345,891.60	
Deferred income	14,450,411.10	14,450,411.10	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	63,088,467.77	80,523,343.02	17,434,875.25
Total liabilities	401,319,190.85	432,945,435.86	31,626,245.01
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or share capital)	452,756,901.00	452,756,901.00	
Other equity instruments			
Where: Preferred shares			
Perpetual bonds			
Capital reserve	1,351,261,718.84	1,351,261,718.84	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	33,964,638.84	33,999,562.61	34,923.77
Undistributed profit	289,684,566.58	289,998,880.53	314,313.95
Total owners' (or shareholders') equity	2,127,667,825.26	2,128,017,062.98	349,237.72
Total liabilities and owners' (or shareholders') equity	2,528,987,016.11	2,560,962,498.84	31,975,482.73

Description of adjustments on each line item:

√ Applicable □ N/A

The Company has initially implemented the New Lease Standard since January 1, 2021 to recognize right-of-use assets and lease liabilities, and adjust relevant line items.

(4). Description of retrospective adjustments on comparable data in previous periods upon the initial implementation of the New Lease Standard from 2021

□ 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%
Enterprise income tax	Taxable income	8.25%、8.70%、8.84%、15%、16.5%、20%、21%、25%
Education surcharges	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%

Disclosure of taxpayers with different rates of enterprise income tax:

Applicable N/A

Taxpayer	Rate of enterprise income tax (%)
Appotronics Corporation Limited	15%
Fengmi (Beijing) Technology Co., Ltd.	15%
Appotronics Hong Kong Limited	8.25%、16.5%
Beijing Orient Appotronics Technology Co., Ltd.	20%
Fabulus Technology Hong Kong Limited	16.5%
JoveAI Innovation, Inc.	8.70%、8.84%、21%
Appotronics USA, Inc.	21%
TECHNOLOGY INC	21%
JoveAI Limited	Tax exemption
WEMAX LLC	21%
Shenzhen Appotronics Display Device Co., Ltd.	20%
Appotronics Technology (Changzhou) Co., Ltd.	20%
Fabulus Display (Beijing) 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%
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%
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%, and the Delaware state enterprise income tax rate of 8.70%.

5. 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. 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 9, 2019, the Company obtained the High-tech Enterprise Certificate (Certificate No.: GR201944204257) jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service of State Taxation Administration with a valid term of three years. Therefore, the Company paid the enterprise income tax at a rate of 15% in 2021.

(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. It paid the enterprise income tax at a rate of 15% in 2021.

(3) On October 15, 2019, CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. obtained the High-tech Enterprise Certificate (Certificate No.: GR201911002720) jointly issued by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau and Beijing Tax Service of State Taxation Administration with a valid term of three years. It paid the enterprise income tax at a rate of 15% in 2021.

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

2. Value-added tax (VAT)

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

(2) In accordance with Article 1 (26) of Annex 3 of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui [2016] No. 36), taxpayers are exempted from VAT if they provide technology transfer, technology development, and technology consultation and services in connection therewith. The Company is qualified for enjoying such tax incentives.

3. Others

Applicable N/A

VII. Notes to items in the consolidated financial statements

1. Monetary funds

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Cash on hand	5,680.24	5,858.56
Bank deposits	924,308,952.81	1,020,747,657.62
Other monetary funds	33,415,198.10	17,007,057.09
Total	957,729,831.15	1,037,760,573.27
Where: Total oversea deposits	71,132,556.44	78,611,378.23

Other information

In other monetary funds, an amount of RMB 26,131,914.42, as security deposits, is subject to restriction in use; in bank deposits, an amount of RMB 40,000,000.00, as 3-year term deposits, is subject to restriction in use; the bank deposits contain unmature interests of RMB 402,750.00.

2. Held-for-trading financial assets

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	417,200,000.00	114,000,000.00
Including:		
Equity instrument investment	46,200,000.00	
Structural deposits	371,000,000.00	114,000,000.00

Total	417,200,000.00	114,000,000.00
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Other information:

Applicable N/A

3. Derivative financial assets

Applicable N/A

4. Notes receivable

(1). Categories of notes receivable

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Bank acceptances	4,020,000.00	950,000.00
Commercial acceptances	1,236,603.03	2,776,328.91
Total	5,256,603.03	3,726,328.91

(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

In RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptances		310,000.00
Commercial acceptances		742,845.61
Total		1,052,845.61

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

Applicable N/A

In RMB

Item	Amounts transferred to accounts receivable as of the end of the period
Commercial acceptances	498,000.00
Total	498,000.00

(5). Disclosure by categories of provision for bad debts

√ Applicable □ N/A

In RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made by group	5,321,687.40	100.00	65,084.37	1.22	5,256,603.03	3,872,451.48	100.00	146,122.57	3.77	3,726,328.91
Where:										
Bank acceptance bills	4,020,000.00	75.54			4,020,000.00	950,000.00	24.53			950,000.00
Commercial acceptance bills	1,301,687.40	24.46	65,084.37	5.00	1,236,603.03	2,922,451.48	75.47	146,122.57	5.00	2,776,328.91
Total	5,321,687.40	/	65,084.37	/	5,256,603.03	3,872,451.48	/	146,122.57	/	3,726,328.91

Provision for bad debts made individually:

Applicable N/A

Provision for bad debts made by group:

Applicable N/A

Item by group: Commercial acceptance bills and bank acceptance bills

In RMB

Name	Closing balance		
	Notes receivable	Bad debt provision	Proportion of provision (%)
Group of bank acceptance bills	4,020,000.00		
Commercial acceptance bills group	1,301,687.40	65,084.37	5.00
Total	5,321,687.40	65,084.37	1.22

Recognition criterion to make the bad debt provision by group and explanation

Applicable N/A

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

Applicable N/A

(6). Provision for bad debts

Applicable N/A

In RMB

Category	Opening balance	Changes for the current period			Closing balance
		Provision	Recovery or reversal	Write off or cancellation	
Commercial acceptance bills	146,122.57	-81,038.20			65,084.37
Total	146,122.57	-81,038.20			65,084.37

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

In RMB

Aging	Closing balance of carrying amount
Within 1 year	
Where: Subitems within 1 year	
Subtotal of items within 1 year	420,707,573.33
1 to 2 years	4,630,552.27
2 to 3 years	1,763,773.18
Over 3 years	525,040.26
Total	427,626,939.04

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

√ Applicable □ N/A

In RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually	2,117,500.23	0.50	1,279,675.64	60.43	837,824.59					
Provision for bad debts made by group	425,509,438.81	99.50	23,212,791.53	5.46	402,296,647.28	361,346,260.89	100.00	19,685,428.46	5.45	341,660,832.43

Where:

Accounts receivable for which the provision for bad debts is made by aging group	425,509,438.81	99.50	23,212,791.53	5.46	402,296,647.28	361,346,260.89	100.00	19,685,428.46	5.45	341,660,832.43
Total	427,626,939.04	/	24,492,467.17	/	403,134,471.87	361,346,260.89	/	19,685,428.46	/	341,660,832.43

Provision for bad debts made individually:

Applicable N/A

In RMB

Name	Closing balance			Reason for provision
	Carrying amount	Bad debt provision	Proportion of provision (%)	
Legal person 1	1,675,649.18	837,824.59	50.00	Since its group defaulted on debts to a large extent, there are high expected credit losses
Legal person 2	372,000.00	372,000.00	100.00	The amounts are expected to be unrecoverable
Legal person 3	69,851.05	69,851.05	100.00	The amounts are expected to be unrecoverable
Total	2,117,500.23	1,279,675.64	60.43	/

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

In RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	419,247,195.15	20,962,359.75	5.00
1-2 years	4,360,916.24	1,090,229.06	25.00
2-3 years	1,482,249.41	741,124.71	50.00
Over 3 years	419,078.01	419,078.01	100.00
Total	425,509,438.81	23,212,791.53	5.46

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

Applicable N/A

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

Applicable N/A

(3). Provision for bad debts

√ Applicable □ N/A

In 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		1,279,675.64				1,279,675.64
Provision for bad debts made by group	19,685,428.46	3,607,893.25		80,530.18		23,212,791.53
Total	19,685,428.46	4,887,568.89		80,530.18		24,492,467.17

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

In RMB

Item	Cancellation amount
Accounts receivable actually canceled	80,530.18

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

In RMB

Entity	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of bad debt provision
Xiaomi Communications Technologies Co., Ltd. and its affiliates	132,000,017.31	30.87	6,600,000.87

Beijing Jingdong Century Trading Co., Ltd.	50,150,835.41	11.73	2,507,541.77
BARCO	43,607,149.06	10.20	2,180,357.47
Guangdong SACA Precision Manufacturing Co., Ltd. and its affiliates	31,829,748.05	7.44	1,591,487.40
Beijing Digital China Co., Ltd.	29,222,810.00	6.83	1,461,140.50
Total	286,810,559.83	67.07	14,340,528.01

Other information
None

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

Applicable N/A

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

Applicable N/A

Other information:

Applicable N/A

6. Receivables financing

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Bank acceptance bills	244,860.00	11,959,000.00
Total	244,860.00	11,959,000.00

Changes in amount and fair value of receivables financing:

Applicable N/A

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

Applicable N/A

Other information:

Applicable N/A

Notes receivable which are undue as at the balance sheet date but endorsed or discounted by the Company at the end of the period

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	220,000.00	
Subtotal	220,000.00	

The acceptors of bank acceptance bills are large-sized commercial banks with high credit ratings and listed joint-stock commercial banks. Because they always have high credit ratings, it is less probable that bank acceptance bills will not get paid upon maturity; therefore, the Company has derecognized endorsed or discounted bank acceptance bills accepted by banks with high credit ratings. However, if such notes are unable to be paid at maturity, the Company will still be jointly and severally liable to the note holders pursuant to the Negotiable Instruments Law.

7. Prepayments

(1). Disclosure of prepayments by aging

Applicable N/A

In RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	90,997,714.13	92.74	45,488,048.90	92.50
1 to 2 years	7,119,256.70	7.26	3,686,582.62	7.50
Total	98,116,970.83	100.00	49,174,631.52	100.00

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

Entity	Closing balance	Reason for not settled
Kyocera SLD Laser, Inc.	5,738,130.00	Advance payment has been made for high-end lasers, which have not been produced
Subtotal	5,738,130.00	

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

Applicable N/A

Entity	Closing balance	Proportion to the total closing balance of prepayments (%)
CVTE and its affiliates	35,612,308.02	36.30

Nanyang Nanfang Intelligent Photoelectric Co., Ltd.	24,698,617.60	25.17
Kyocera SLD Laser, Inc.	5,738,130.00	5.85
Beijing Jingdong Century Trading Co., Ltd.	2,956,805.98	3.01
Shenzhen Smart-core Cloud Information Technology Co., Ltd.	2,360,242.95	2.41
Total	71,366,104.55	72.74

Other information

None

Other information

Applicable N/A

8. Other receivables

Presented by items

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable	12,623,886.00	
Other receivables	17,848,709.66	12,534,062.15
Total	30,472,595.66	12,534,062.15

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

Dividend receivable**(1). Dividend receivable**

√ Applicable □ N/A

In RMB

Project (or investee)	Closing balance	Opening balance
Dividend distribution from GDC Technology Limited (BVI)	12,623,886.00	
Total	12,623,886.00	

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

□ Applicable √ N/A

(3). Provision for bad debts

□ Applicable √ N/A

Other information:

□ Applicable √ N/A

Other receivables**(1). Disclosure by aging**

√ Applicable □ N/A

In RMB

Aging	Closing balance of carrying amount
Within 1 year	
Where: Subitems within 1 year	
Subtotal of items within 1 year	11,160,182.06
1 to 2 years	1,260,022.20
2 to 3 years	5,004,737.49
Over 3 years	1,353,671.40
Total	18,778,613.15

(2). Categories by the nature of other receivables

√ Applicable □ N/A

In RMB

Nature of other receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	9,664,667.87	8,832,850.67
Withholding	727,191.75	380,123.97
Temporary receivables	735,913.53	383,488.89
Compensation receivable	7,650,840.00	3,577,279.61

Total	18,778,613.15	13,173,743.14
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(3). Provision for bad debts

√ Applicable □ N/A

In RMB

Bad debt provision	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, 2021	639,680.99			639,680.99
Balance as at January 1, 2021 in the current period				
--transferred to Stage II	-6,833.12	6,833.12		
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	262,890.02	27,332.48		290,222.50
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at December 31, 2021	895,737.89	34,165.60		929,903.49

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 bad debt provisions and evaluating whether the credit risk of financial instruments has been increased significantly in the current period:

□ Applicable √ N/A

(4). Provision for bad debts

√ Applicable □ N/A

In RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision made by group Bad debt provision	639,680.99	290,222.50				929,903.49
Total	639,680.99	290,222.50				929,903.49

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

Applicable N/A

(5). Other receivables actually canceled in the current period

Applicable N/A

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

Applicable N/A

In RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion to the balance of other receivables (%)	Bad debt provision Closing balance
GDC Technology Limited (BVI) and its affiliates	Indemnity receivable/Temporary receivables	7,662,715.00	Within 1 year	40.81	383,135.75
Shenzhen Meisheng Industry Co., Ltd.	Deposits/margins/petty cash	3,574,618.00	Over 3 years	19.04	178,730.90
Shenzhen High-tech Industry Promotion Center	Deposits/margins/petty cash	1,310,675.20	1-2 years, 2-3 years, over 3 years	6.98	65,533.76

Hong Kong Science & Technology Parks Corporation	Deposits/margins/petty cash	993,737.96	Within 1 year, 1-2 years, 2-3 years	5.29	49,686.84
Beijing Dongsheng Bozhan Technology Development Co., Ltd.	Deposits/margins/petty cash	816,155.64	Within 1 year, 1-2 years, 2-3 years	4.35	40,807.78
Total	/	14,357,901.80	/	76.47	717,895.03

Shenzhen Science and Technology Assessment Management Center has been renamed to Shenzhen High-tech Industry Promotion Center.

(7). Accounts receivable involving government grants

Applicable N/A

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

Applicable N/A

(9). 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

In 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	493,448,593.04	21,083,424.30	472,365,168.74	243,262,463.77	12,343,116.67	230,919,347.10

Work in progress	30,541,893.32	2,147,311.13	28,394,582.19	23,130,163.72	533,475.37	22,596,688.35
Goods on hand	229,438,709.58	13,362,893.39	216,075,816.19	152,306,656.10	17,204,698.44	135,101,957.66
Contract performance cost	7,263,873.33	729,907.80	6,533,965.53			
Goods upon delivery	43,433,678.08	1,652,492.43	41,781,185.65	15,345,357.08		15,345,357.08
Materials for consigned processing	4,492,945.01	22,530.31	4,470,414.70	15,064,657.09	215,866.48	14,848,790.61
Total	808,619,692.36	38,998,559.36	769,621,133.00	449,109,297.76	30,297,156.96	418,812,140.80

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

√ Applicable □ N/A

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	12,343,116.67	20,000,399.66		7,620,640.33	3,639,451.70	21,083,424.30
Work in progress	533,475.37	2,077,039.94		463,204.18		2,147,311.13
Goods on hand	17,204,698.44	14,558,782.71		17,220,069.55	1,180,518.21	13,362,893.39
Contract performance cost		729,907.80				729,907.80
Goods upon delivery		1,652,492.43				1,652,492.43
Materials for consigned processing	215,866.48	22,530.30		215,866.47		22,530.31
Total	30,297,156.96	39,041,152.84		25,519,780.53	4,819,969.91	38,998,559.36

Since Fabulus Display (Beijing) Co., Ltd. was deregistered during the reporting period, the provisions for loss on inventories were transferred out and presented in “Others” under “Decrease” for the current period.

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

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

Item	Specific basis for determining the net realizable value	Reason for reversal to the provisions for loss on inventories in the current period	Reason for writing off the provisions for decline in value of on inventories in the current period
Materials for consigned processing	The net realizable value is determined as the historical average selling price or actual average selling price of finished goods in the ordinary course of business less the estimated costs of completion, and the estimated costs necessary to make the sale and relevant taxes	No reversal	The Company has consumed the inventories for which a provision for decline in value has been made at the beginning of the current period.

Contract performance cost

Item	Opening balance	Increase	Amortization	Provision for impairment made in the current period	Closing balance
Entrusted development		6,507,958.06	3,843,821.31	729,907.80	1,934,228.95
Overseas freight		5,634,098.45	1,034,361.87		4,599,736.58
Subtotal		12,142,056.51	4,878,183.18	729,907.80	6,533,965.53

(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

In RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Warranty security receivable	292,607.50	198,551.88	94,055.62	492,467.50	181,635.38	310,832.12
Goods payment	5,342,438.43	1,532,634.82	3,809,803.61	4,842,771.16	1,408,947.78	3,433,823.38
Total	5,635,045.93	1,731,186.70	3,903,859.23	5,335,238.66	1,590,583.16	3,744,655.50

(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

In RMB

Item	Provision	Reversal	Write-off/cancellation in the period	Reason
Provision for impairment made by group	140,603.54			
Total	140,603.54			/

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

 Applicable N/A

Other information:

 Applicable N/A
11. Held-for-sale assets
 Applicable N/A
12. Non-current assets due within one year
 Applicable N/A

In RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	3,473,049.18	

Total	3,473,049.18
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Debt investments and other debt investments with significant amounts at the end of the period

Applicable N/A

Other information

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Long-term receivables due within one year	4,520,449.18	1,047,400.00	3,473,049.18			
Total	4,520,449.18	1,047,400.00	3,473,049.18			

13. Other current assets

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	503,062.91	1,381,990.01
Input VAT to be deducted	52,258,757.92	11,338,961.82
Prepaid enterprise income tax		281,243.63
Total	52,761,820.83	13,002,195.46

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

Basis for recognizing the amount of provisions for impairment and evaluating whether the credit risk of financial instruments has been increased significantly in the current period

Applicable N/A

Other information

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

Basis for recognizing the amount of provisions for impairment and evaluating whether the credit risk of financial instruments has been increased significantly in the current period

Applicable N/A

Other information:

Applicable N/A

16. Long-term receivables**(1). Description of long-term receivables**

Applicable N/A

In RMB

Item	Closing balance			Opening balance			Range of discount rate
	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value	
Goods sold on installment payment	7,528,000.00	1,376,400.00	6,151,600.00	15,000,000.00	750,000.00	14,250,000.00	4.65%
Labor service by installment receivable							
Less: Financing income not realized	-358,047.26		-358,047.26	-1,053,912.22		-1,053,912.22	4.65%
Total	7,169,952.74	1,376,400.00	5,793,552.74	13,946,087.78	750,000.00	13,196,087.78	/

(2). Provision for bad debts

Applicable N/A

In RMB

Bad debt provision	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, 2021	750,000.00			750,000.00
Balance as at January 1, 2021 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	626,400.00			626,400.00
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at December 31, 2021	1,376,400.00			1,376,400.00

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

Applicable N/A

Basis for recognizing the amount of bad debt provisions 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

In RMB

Investees	Opening Balance	Changes for the current period								Closing Balance	Closing balance of provision for impairment
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
I. Joint venture											
Subtotal											
II. Associates											
Cinionic Limited	131,406,424.64			1,632,357.09	-3,043,782.40				-3,070,571.93	126,924,427.40	
GDC Technology Limited (BVI)	131,338,347.84			18,718,129.73	2,676,967.58		12,771,594.00		26,714,806.72	166,676,657.87	
Subtotal	262,744,772.48			20,350,486.82	-366,814.82		12,771,594.00		23,644,234.79	293,601,085.27	
Total	262,744,772.48			20,350,486.82	-366,814.82		12,771,594.00		23,644,234.79	293,601,085.27	

Other information

The Company acquired 8% equity interests in GDC Technology Limited (BVI) in accordance with the performance compensation agreement, leading to the increase in long-term equity investment by RMB 30,251,520.00, which was presented in “Others” under “Changes for the current period”; The remaining amount in “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

In 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.		4,900,000.00
Total	7,075,419.38	11,975,419.38

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

√ Applicable □ N/A

In RMB

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

Other information:

√ Applicable □ N/A

The Company's equity investments in Shen Zhen Timewaying 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.

19. Other non-current financial assets

□ Applicable √ N/A

Other information:

Applicable N/A

20. Investment properties

Measurement mode of investment properties

N/A

21. Fixed assets

Presented by items

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Fixed assets	470,410,450.18	447,571,328.91
Disposal of fixed assets		
Total	470,410,450.18	447,571,328.91

Other information:

Applicable N/A

Fixed assets

(1). Description of fixed assets

Applicable N/A

In RMB

Item	Machinery and equipment	Transportation equipment	Electronic equipment and others	Operating leased equipment	Total
I. Cost:					
1. Opening balance	103,894,713.95	1,020,400.05	37,318,561.28	563,293,898.80	705,527,574.08
2. Increase	34,137,572.05	151,000.00	13,755,422.37	89,077,882.95	137,121,877.37
(1) Purchase	34,242,137.95	151,000.00	12,353,059.57		46,746,197.52
(2) Transfer from construction in progress			761,661.57	89,077,882.95	89,839,544.52
(3) Transfer from inventories			663,054.88		663,054.88

(4) Currency movement	-104,565.90		-22,353.65		-126,919.55
3. Decrease	8,441,672.65		1,820,636.17	1,549,422.48	11,811,731.30
(1) Disposal or retirement	4,286,867.33		1,625,911.93	1,189,321.60	7,102,100.86
(2) Transfer to inventories	4,154,805.32		194,724.24	360,100.88	4,709,630.44
4. Closing balance	129,590,613.35	1,171,400.05	49,253,347.48	650,822,359.27	830,837,720.15
II. Accumulated depreciation					
1. Opening balance	41,528,570.15	447,672.23	17,109,387.09	198,870,615.70	257,956,245.17
2. Increase	19,153,101.36	145,660.96	7,408,945.88	81,930,074.00	108,637,782.20
(1) Provision	19,164,690.75	145,660.96	7,426,913.10	81,930,074.00	108,667,338.81
(2) Currency movement	-11,589.39		-17,967.22		-29,556.61
3. Decrease	3,732,615.28		1,365,972.17	1,397,822.35	6,496,409.80
(1) Disposal or retirement	2,738,951.98		1,255,132.75	1,074,144.39	5,068,229.12
(2) Transfer to inventories	993,663.30		110,839.42	323,677.96	1,428,180.68
4. Closing balance	56,949,056.23	593,333.19	23,152,360.80	279,402,867.35	360,097,617.57
III. Provision for impairment					
1. Opening balance					
2. Increase				329,652.40	329,652.40

(1) Provision				329,652.40	329,652.40
3. Decrease					
(1) Disposal or retirement					
4. Closing balance				329,652.40	329,652.40
IV. Book value					
1. Closing balance	72,641,557.12	578,066.86	26,100,986.68	371,089,839.52	470,410,450.18
2. Opening balance	62,366,143.80	572,727.82	20,209,174.19	364,423,283.10	447,571,328.91

(2). Temporarily idle fixed assets

√ Applicable □ N/A

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Operating leased equipment	7,432,794.11	4,052,213.77	17,585.72	3,362,994.62	

(3). Fixed assets acquired under finance lease

□ Applicable √ N/A

(4). Fixed assets leased out under operating lease

√ Applicable □ N/A

In RMB

Item	Closing balance of carrying amount
Operating leased equipment	367,726,844.90

(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 items**

√ Applicable □ N/A

In RMB

Item	Closing balance	Opening balance
Construction in progress	148,620,511.35	51,576,850.72
Materials for construction		
Total	148,620,511.35	51,576,850.72

Other information:

□ Applicable √ N/A

Construction in progress**(1). Description of construction in progress**

√ Applicable □ N/A

In RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Headquarter buildings	133,111,026.64		133,111,026.64	37,982,329.74		37,982,329.74
Decoration construction	18,265.97		18,265.97			
Light sources to be leased	15,491,218.74		15,491,218.74	13,594,520.98		13,594,520.98
Total	148,620,511.35		148,620,511.35	51,576,850.72		51,576,850.72

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

√ Applicable □ N/A

In 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	Where: Capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
Head quarter buildings	534,635,200.00	37,982,329.74	95,128,696.90			133,111,026.64	24.9	24.9	689,208.13	689,208.13	4.56	Self-funded capital

Light sources to be leased		13,594,520.98	99,097,636.39	89,077,882.95	8,123,055.68	15,491,218.74						Self-funded capital
Total	534,635,200.00	51,576,850.72	194,226,333.29	89,077,882.95	8,123,055.68	148,602,245.38	/	/	689,208.13	689,208.13	/	/

(3). Provision for impairment losses for construction in progress in the current period

Applicable N/A

Other information

Applicable N/A

Materials for construction**(1). Description of 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 assets

Applicable N/A

In RMB

Item		Total
I. Original book value		
1. Opening balance	71,832,525.03	71,832,525.03
2. Increase	9,823,558.16	9,823,558.16
(1) Lease in	10,013,335.82	10,013,335.82
(2) Other changes	-189,777.66	-189,777.66
3. Decrease	2,146,042.14	2,146,042.14
(1) Disposal	2,146,042.14	2,146,042.14
4. Closing balance	79,510,041.05	79,510,041.05
II. Accumulated depreciation		
1. Opening balance	32,464,454.86	32,464,454.86
2. Increase	20,241,675.43	20,241,675.43
(1) Provision	20,389,229.02	20,389,229.02
(2) Other changes	-147,553.59	-147,553.59
3. Decrease		

(1) Disposal		
4. Closing balance	52,706,130.29	52,706,130.29
III. Provision for impairment		
1. Opening balance		
2. Increase		
(1) Provision		
3. Decrease		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing balance	26,803,910.76	26,803,910.76
2. Opening balance	39,368,070.17	39,368,070.17

Other information:

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

26. Intangible assets

(1). Description of intangible assets

√ Applicable □ N/A

In RMB

Item	Land use rights	Patents	Software	Total
I. Original book value				
1. Opening balance	330,630,000.00	23,247,800.00	13,996,355.81	367,874,155.81
2. Increase			2,991,914.48	2,991,914.48
(1) Purchase			3,005,552.17	3,005,552.17
(2) Currency movement			-13,637.69	-13,637.69
3. Decrease		3,187,850.00	557,923.89	3,745,773.89
(1) Disposal			557,923.89	557,923.89
(2) Other changes		3,187,850.00		3,187,850.00
4. Closing balance	330,630,000.00	20,059,950.00	16,430,346.40	367,120,296.40
II. Accumulated amortization				
1. Opening balance	27,552,500.10	14,860,270.10	4,973,150.01	47,385,920.21
2. Increase	11,021,000.04	1,530,330.04	2,907,014.58	15,458,344.66

(1) Provision	11,021,000.04	1,530,330.04	2,916,303.15	15,467,633.23
(2) Currency movement			-9,288.57	-9,288.57
3. Decrease			557,923.89	557,923.89
(1) Disposal			557,923.89	557,923.89
4. Closing balance	38,573,500.14	16,390,600.14	7,322,240.70	62,286,340.98
III. Provision for impairment				
1. Opening balance				
2. Increase		3,669,349.86		3,669,349.86
(1) Provision		3,669,349.86		3,669,349.86
3. Decrease				
(1) Disposal				
4. Closing balance		3,669,349.86		3,669,349.86
IV. Book value				
1. Closing balance	292,056,499.86		9,108,105.70	301,164,605.56
2. Opening balance	303,077,499.90	8,387,529.90	9,023,205.80	320,488,235.60

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.

The other changes in the original book value of patent use rights were caused because the patent use rights acquired in previous years can no longer generate cash inflow for the Company due to technology iteration; as a result, the Company decided not to make further payment in accordance with the agreement. Instead, the original book value was used to write off the long-term payables provided in previous years, the original book value of intangible assets was assessed on a temporary basis, and such patent use rights were fully impaired.

(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). Original book value 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

In RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration construction	11,020,278.57	5,906,070.66	7,008,105.89	42,524.96	9,875,718.38
RTO gas for the screen project		107,339.45	19,266.03		88,073.42
Leased software	552,068.22		389,695.20		162,373.02
Total	11,572,346.79	6,013,410.11	7,417,067.12	42,524.96	10,126,164.82

Other information:

None

30. Deferred tax assets and deferred tax liabilities**(1). Deferred tax assets that are not offset**

Applicable N/A

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	43,598,496.34	6,542,132.46	28,773,276.08	4,625,714.28
Unrealized profits for insider transactions	359,910,538.71	53,986,580.82	343,108,987.56	85,451,876.99
Deductible losses			3,339,193.87	834,798.46
Estimated liabilities	30,413,119.32	4,561,967.90	24,854,195.43	4,578,959.70
Share-based payment expenses	103,555,776.28	15,645,325.93	639,138.44	101,038.96
Deferred income	10,035,489.25	1,505,323.38	15,797,285.68	2,504,280.31
Leases	1,474,346.78	221,152.02	2,147,584.57	323,676.36
Total	548,987,766.68	82,462,482.51	418,659,661.63	98,420,345.06

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

(2). Deferred tax liabilities that are not offset

√ Applicable □ N/A

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax Liabilities	Taxable temporary differences	Deferred tax Liabilities
Long-term accounts receivable	9,407,088.13	1,411,063.22	13,097,031.17	1,964,554.68
Gains from changes in fair values	2,200,000.00	330,000.00		
Total	11,607,088.13	1,741,063.22	13,097,031.17	1,964,554.68

(3). Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset

√ Applicable □ N/A

In RMB

Item	Closing set-off amounts of deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after set-off	Opening set-off amount of deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after set-off
Deferred tax assets	1,741,063.22	80,721,419.29	1,964,554.68	96,455,790.38
Deferred tax liabilities	1,741,063.22		1,964,554.68	

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

(4). Details of unrecognized deferred tax assets

√ Applicable □ N/A

In RMB

Item	Closing balance	Opening balance
Deductible losses	326,263,103.27	275,961,696.98
Provision for impairment of assets	29,041,507.01	24,335,696.06
Unrealized profits for insider transactions	36,978,135.00	17,750,166.76
Estimated liabilities	6,015,569.62	3,945,159.22
Deferred income	231,492.83	925,971.47
Share-based payment expenses	11,982,368.41	612,638.54
Leases	1,726,120.92	
Profit distribution from partnership enterprises	40,790.41	
Provision for impairment of other equity instrument investments	4,900,000.00	
Total	417,179,087.47	323,531,329.03

(5). Deductible losses, for which no deferred tax assets are recognized, will expire in the following years

√ Applicable □ N/A

In RMB

Year	Closing balance	Opening balance	Remark
2021		9,487,530.31	
2022	1,747,737.55	11,900,329.00	
2023	27,969,288.80	42,584,893.83	
2024	66,901,681.33	69,711,255.86	
2025	68,119,959.02	91,878,757.39	
2026	98,077,911.35		
No expiry date	63,446,525.22	50,398,930.59	
Total	326,263,103.27	275,961,696.98	/

Other information:

√ Applicable □ N/A

Overseas subsidiaries have the deductible loss of RMB 63,446,525.22, for which there is no expiry date.

31. Other non-current assets

√ Applicable □ N/A

In 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	10,998,641.77		10,998,641.77	6,299,781.06		6,299,781.06
Total	10,998,641.77		10,998,641.77	6,299,781.06		6,299,781.06

Other information:

None

32. Short-term borrowings

(1). Categories of short-term borrowings

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Guaranteed loans	5,560,000.00	77,223,937.39
Credit loans	2,468.61	11,299,169.33
Interest	8,409.50	255,746.14
Total	5,570,878.11	88,778,852.86

Description for categories of short-term borrowings:

None

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

Applicable N/A

Of which the significant overdue short-term borrowings are described as below:

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**(1). Presented by notes payable**

√ Applicable □ N/A

In RMB

Category	Closing balance	Opening balance
Bank acceptance bills	134,378,967.61	116,822,674.67
Total	134,378,967.61	116,822,674.67

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

In RMB

Item	Closing balance	Opening balance
Amounts payable for purchase	419,966,567.27	226,494,815.90
Total	419,966,567.27	226,494,815.90

(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

In RMB

Item	Closing balance	Opening balance
Advance payments of recharge fees	130,288,312.62	153,258,189.88
Total	130,288,312.62	153,258,189.88

(2). Receipts in advance with significant amounts aged more than 1 year

√ Applicable □ N/A

In RMB

Item	Closing balance	Reasons for not repaid or carried-forward
Jiangsu Happy Blue Sea Cinema Development Co., Ltd.	19,608,611.27	Lease payments received in advance
Total	19,608,611.27	/

Other information

Applicable N/A

38. Contract liabilities

(1). Description of contract liabilities

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Goods payment	45,541,629.55	31,518,312.59
Total	45,541,629.55	31,518,312.59

(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

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term benefits	46,031,631.17	368,072,603.29	350,203,477.82	63,900,756.64
II. Post-employment benefits-defined contribution plan	73,934.98	14,330,662.48	14,218,363.80	186,233.66
III. Termination benefits		1,291,876.39	1,259,779.18	32,097.21
Total	46,105,566.15	383,695,142.16	365,681,620.80	64,119,087.51

(2). Presented by short-term employee benefits

Applicable N/A

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	45,956,435.30	331,055,519.39	313,590,736.48	63,421,218.21
II. Staff welfare		9,783,129.58	9,492,129.58	291,000.00
III. Social security contributions	53,986.52	10,073,278.61	10,004,679.76	122,585.37
Where: Medical insurance	53,183.08	9,597,504.73	9,533,391.75	117,296.06

Work injury insurance	786.46	245,176.91	240,691.04	5,272.33
Maternity insurance	16.98	230,596.97	230,596.97	16.98
IV. Housing funds	989.00	16,421,418.62	16,422,407.62	
V. Union running costs and employee education costs	20,220.35	739,257.09	693,524.38	65,953.06
VI. Short-term paid leaves				
VII. Short-term profit sharing plan				
Total	46,031,631.17	368,072,603.29	350,203,477.82	63,900,756.64

(3). Presented by defined contribution plan

√ Applicable □ N/A

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	73,886.98	13,895,719.11	13,789,028.01	180,578.08
2. Unemployment insurance	48.00	434,943.37	429,335.79	5,655.58
3. Enterprise annuity contribution				
Total	73,934.98	14,330,662.48	14,218,363.80	186,233.66

Other information:

□ Applicable √ N/A

40. Taxes payable

√ Applicable □ N/A

In RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	4,246,010.43	12,205,136.88
Enterprise income tax	11,889,909.01	5,477,611.87
Individual income tax	1,613,116.75	1,067,512.87
City maintenance and construction tax	552,264.60	478,213.88
Education surcharges	242,838.49	204,948.80
Local education surcharges	161,892.32	136,632.54
Stamp duty	832,145.97	294,612.70
Annual franchise right tax	8,012.66	7,177.40
Total	19,546,190.23	19,871,846.94

Other information:

None

41. Other payables**Presented by items**

√ Applicable □ N/A

In RMB

Item	Closing balance	Opening balance
Interest payable		
Dividend payable		
Other payables	54,115,784.80	58,821,952.01
Total	54,115,784.80	58,821,952.01

Other information:

□ Applicable √ N/A

Interest payable**(1). Presented by categories**

□ Applicable √ N/A

Dividends payable**(1). Presented by categories**

□ Applicable √ N/A

Other payables**(1). Other payables presented by nature**

√ Applicable □ N/A

In RMB

Item	Closing balance	Opening balance
Withholding	117,948.38	110,389.10
Deposits/margins	6,388,325.48	6,600,475.05
Withdrawals in advance	43,694,291.49	21,126,906.43
Amount of equity transfer payable		11,548,387.32
Borrowings		19,343,613.33
Temporary receipts payable	3,915,219.45	92,180.78
Total	54,115,784.80	58,821,952.01

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

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

□ Applicable √ N/A

Other information:

□ Applicable √ N/A

42. Held-for-sale liabilities

Applicable N/A

43. Non-current liabilities due within one year

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	135,843,834.00	181,057,099.90
Lease liabilities due within one year	18,770,827.17	18,607,011.39
Interest payable	170,455.18	360,312.56
Total	154,785,116.35	200,024,423.85

Other information:

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

44. Other current liabilities

Description of other current liabilities

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Amounts payable for goods returned	16,804,816.23	
Taxes to be written off	2,756,287.89	3,045,831.07
Total	19,561,104.12	3,045,831.07

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

In RMB

Item	Closing balance	Opening balance
Pledge borrowings		
Mortgage borrowings		
Guaranteed loans	313,799,994.00	29,000,000.00
Credit loans		2,043,500.81

Guaranteed loans and loans against collateral	54,430,844.66	33,693,828.00
Interest payable	404,775.98	107,952.72
Total	368,635,614.64	64,845,281.53

Description for categories of long-term borrowings:

None

Other description, including interest range:

Applicable N/A

46. Bonds payable

(1). Bonds payable

Applicable N/A

(2). Changes in bonds payable: (excluding other financial instruments such as 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

Other financial instruments classified as financial liabilities:

Applicable N/A

Other information:

Applicable N/A

47. Leasing liabilities

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Lease payment	10,789,352.69	23,804,845.36
Total	10,789,352.69	23,804,845.36

Other information:

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

48. Long-term payables

Presented by items

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Long-term payables		3,262,450.00
Special payables		
Total		3,262,450.00

Other information:

Applicable N/A

Long-term payables

(1). Long-term payables presented by nature

Applicable N/A

In RMB

Item	Opening balance	Closing balance
Purchase of patent use rights by installment	3,262,450.00	

Other information:

None

Special payables

(1). Special payables presented by nature

Applicable N/A

49. Long-term employee benefits payable

Applicable N/A

50. Provisions

Applicable N/A

In RMB

Item	Opening balance	Closing balance	Reason
Product quality warranty	27,240,470.53	35,744,039.63	Expenses for “three guarantees” services
Amounts payable for goods returned	1,558,884.12	684,649.31	
Total	28,799,354.65	36,428,688.94	/

Other description, including significant assumptions and estimates relative to material provisions:

None

51. Deferred income

Description of deferred income

√ Applicable □ N/A

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	16,723,257.15	4,070,480.27	10,526,755.34	10,266,982.08	
Total	16,723,257.15	4,070,480.27	10,526,755.34	10,266,982.08	/

Items relating to government grants:

√ Applicable □ N/A

In RMB

Liabilities	Opening balance	Increased government grants for the current period	Amount recognized in non-operating income for the current period	Amount recognized in other income for the current period	Other changes	Closing balance	Related to assets/income
Trichromatic Laser Display Complete Equipment Production Demonstration Line	13,340,196.54	2,815,480.27		7,476,233.49		8,679,443.32	Related to income
Ultra-high Brightness Laser Light Source Engineering Technology Research Center, the Science, Technology, and	1,683,873.26			1,683,873.26			Related to income

Innovation Commission of Shenzhen							
Key Technology of Trichromatic Laser Display Complete Equipment Industrialization		255,000.00		255,000.00			Related to income
8K Ultra High Definition Laser Display Technology Engineering Research Center	1,699,187.35			774,722.75		924,464.60	Related to assets
R&D of key technologies for ultra high-definition micro laser projector optical engine based on light-emitting ceramic devices		1,000,000.00		336,925.84		663,074.16	Related to income
Subtotal	16,723,257.15	4,070,480.27		10,526,755.34		10,266,982.08	

Other information:

Applicable N/A

Government grants included in the current profit or loss are disclosed in VII.84 of Section X in details.

52. Other non-current liabilities

Applicable N/A

53. Share capital

Applicable N/A

In RMB

	Opening balance	Changes (+, -)					Closing balance
		Issue New share	Bonus shares	Capitalization of capital reserve	Others	Subtotal	
Total shares	452,756,901.00						452,756,901.00

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

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share premium)	1,241,202,420.08			1,241,202,420.08
Other capital reserve	7,818,571.07	151,584,145.50		159,402,716.57
Total	1,249,020,991.15	151,584,145.50		1,400,605,136.65

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

1) On March 5, 2021, the Company entered into the *Share Transfer Agreement on (Chongqing) Innovative Technology Co., Ltd.* with Suzhou Industrial Park Shunwei Technology Venture Capital Partnership (Limited Partnership), Tianjin Jinmi Investment Partnership (Limited Partnership), and Shenzhen Fengye Investment Consulting Limited Partnership (Limited Partnership), under which the Company transferred 45% equity interests in its wholly-owned subsidiary Foremovie at the transfer price of RMB 1, respectively; after receiving the transfer price, the Company recognized the capital reserve (other capital reserve) of RMB 3.

2) On March 23, 2021, the Company's subsidiary Foremovie entered into the *Investment Agreement of (Chongqing) Innovative Technology Co., Ltd.* with Shenzhen Pengfeng No. 1 Venture Capital Partnership (Limited Partnership), Shenzhen Pengfeng No. 3 Venture Capital Partnership (Limited Partnership), Chongqing Liangjiang New Area Chengwei Equity Investment Fund Partnership (Limited Partnership), and LAI Yongsai, under which Chongqing Liangjiang New Area Chengwei Equity Investment Fund Partnership (Limited Partnership), Shenzhen Pengfeng No. 1 Venture Capital Partnership (Limited Partnership), Shenzhen Pengfeng No. 3 Venture Capital Partnership (Limited Partnership), and LAI Yongsai made the total investment of RMB 200,000,000.00 in Foremovie, including RMB 17,543,860.00 recognized in Foremovie's paid-in capital, and the remaining RMB 182,456,140.00 recognized in Foremovie's capital reserve. The Company recognized capital reserve (other capital reserve) at the difference of RMB 92,622,244.75 between the identifiable net assets of the subsidiary according to its shareholding ratio before and after the capital increase.

3) On October 14, 2019, the Company held the eighteenth session of the first Board of Directors and the eighth session of the first Board of supervisors, in which resolutions on matters related to the 2019 Restricted Stock Incentive Plan were discussed and approved; as the Company's implementation of this incentive plan was approved in the general meeting of shareholders, it was determined that 4.4 million shares of restricted shares were granted to 169 incentive participants who met the grant conditions at a grant price of RMB 17.5 per share on the grant date of October 14, 2019. On October 13, 2020, the Company held the 27th meeting of the first Board of Directors and the 14th meeting of the first Board of Supervisors, at which the *Proposal on Adjusting the Grant Price of Restricted Shares under the 2019 Restricted Share Incentive Plan* and the *Proposal on Granting Reserved Restricted Shares to Grantees of Share Incentives under the 2019 Restricted Share Incentive Plan* were reviewed and passed, approving to

adjust the grant price of restricted shares from RMB 17.5 per share to RMB 17.425 per share. As the Company's implementation of this incentive plan was approved in the general meeting of shareholders, it was determined that 1.10 million shares of restricted shares were granted to 38 grantees of share incentives who met the grant conditions at a grant price of RMB 17.425 per share on the grant date of October 13, 2020. On May 14, 2021, at the 2020 annual general meeting of shareholders, the *Proposal on Preliminary Plan on Profit Distribution for 2020* was reviewed and passed, approving to adjust the grant price of restricted shares from RMB 17.425 per share to RMB 17.37 per share due to the ex-rights effect of profit distribution. The total expense of equity-settled share-based payments amounted to RMB 7,796,726.37, in which RMB 6,987,470.10 was recognized in the capital reserve (other capital reserve) and RMB 809,256.27 was charged to the amount attributable to minority interests.

4) On January 1, 2021, the Company granted restricted shares to senior officers of the subsidiary CINEAPPO with shares of its shareholding platform with the grant waiting period of 24 months, for which it's determined that the grant date shall be January 1, 2021 at the grant price of RMB 4.00 per share. The total expense of equity-settled share-based payments amounted to RMB 4,206,150.00, in which RMB 2,658,286.80 was recognized in the capital reserve (other capital reserve) and RMB 1,547,863.20 was charged to the amount attributable to minority interests.

5) On April 22, 2021, the Company held the 31st meeting of the first Board of Directors and the 18th meeting of the first Board of Supervisors, at which the *Proposal on Initial Granting Restricted Shares to Grantees* was reviewed and passed; as the Company's implementation of this incentive plan was approved in the general meeting of shareholders, it was determined that 17.1000 million shares of restricted shares were granted to 220 incentive participants who met the grant conditions at a grant price of RMB 21.00 per share, RMB 17.50 per share, and RMB 18.50 per share, respectively, on the grant date of April 22, 2021. The total expense of equity-settled share-based payments amounted to RMB 38,356,472.38, in which RMB 35,909,218.95 was recognized in the capital reserve (other capital reserve) and RMB 2,447,253.43 was charged to the amount attributable to minority interests.

6) On December 7, 2021, the Company held the 6th meeting of the second Board of Directors and the 6th meeting of the second Board of Supervisors, at which the *Proposal on Initial Granting Restricted Shares to Grantees* was reviewed and passed; as the Company's implementation of this incentive plan was approved in the general meeting of shareholders, it was determined that 8.4000 million shares of restricted

shares were granted to 55 incentive participants who met the grant conditions at a grant price of RMB 20.00 per share and RMB 23.00 per share, respectively, on the grant date of December 7, 2021. The total expense of equity-settled share-based payments amounted to RMB 2,602,214.14, in which RMB 2,593,206.52 was recognized in the capital reserve (other capital reserve) and RMB 9,007.62 was charged to the amount attributable to minority interests.

7) On December 31, 2021, Shenzhen Fengye Investment Consulting Limited Partnership (Limited Partnership), the employee shareholding platform for the Company's subsidiary Foremovie, reviewed and passed the *Resolution on Granting Equity Shares of Shenzhen Fengye Investment Consulting Limited Partnership (Limited Partnership)*, under which it was determined that 1.5505 million shares were granted to 36 incentive participants who met the grant conditions at a grant price of RMB 1 per share (each share corresponding to RMB 1 of Foremovie's registered capital), where 1.0000 million shares were granted on a one-off basis, while 0.5505 million shares were subject to restriction provisions and allocated over the period of service. At the time of granting the share-based payment above, the fair value of Foremovie's equity interests was RMB 11.40 per registered capital; correspondingly, the Company recognized the capital reserve (other capital reserve) of RMB 4,077,125.62 and the minority interests of RMB 6,326,358.98.

8) On December 31, 2021, with respect to the temporary difference by which the fair value at the end of period of restricted shares is greater than the fair value at the grant date, the Company recognized the deferred tax assets of RMB 7,138,424.39, the capital reserve (other capital reserve) of RMB 6,736,589.76, and the minority interests of RMB 401,834.63.

56. Treasury shares

Applicable N/A

57. Other comprehensive income

√ Applicable □ N/A

In 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		-4,900,000.00
Where: 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		-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	3,214,291.93	-8,677,010.78				-8,726,220.67	49,209.89	-11,940,512.60
Where: Other comprehensive income that will be reclassified to profit or loss under the equity method		-366,814.82				-366,814.82		-366,814.82
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	- 3,214,291. 93	-8,310,195.96				-8,359,405.85	49,209.89	-11,573,697.78
Total other comprehensive income	- 3,214,291. 93	- 13,577,010.78				-13,626,220.67	49,209.89	-16,840,512.60

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

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	35,277,103.34	20,988,764.97		56,265,868.31
Total	35,277,103.34	20,988,764.97		56,265,868.31

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

The Company made provisions for statutory surplus reserves at 10% of the net profits realized by the parent company in the period.

For the difference between the opening balance of the year and the closing balance of the prior year (as of December 31, 2020), refer to V.44 of Section X for details.

60. Undistributed profits

√ Applicable □ N/A

In RMB

Item	Current period	Prior period
Retained profits at the end of prior period before adjustment	357,793,891.96	288,975,820.29
Total adjusted undistributed profits at the beginning of the period (Add: +; Less: -)	9,346.56	1,278,734.88
Retained profits at the beginning of the period after adjustment	357,803,238.52	290,254,555.17
Add: Net profit attributable to owners of the parent company for the period	233,364,344.09	113,847,873.06
Less: Appropriation to statutory surplus reserve	20,988,764.97	12,441,955.44
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Declaration of dividends on ordinary shares		
Conversion of ordinary shares' dividends into share capital		
Distributed dividend	24,901,629.56	33,866,580.83

Retained profits at the end of the period	545,277,188.08	357,793,891.96
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On May 14, 2021, at the 2020 annual general meeting of shareholders, the *Proposal on Preliminary Plan on Profit Distribution for 2020* was reviewed and passed, approving to make profit distribution on the basis of the total shares on the record date of interest distribution - the Company proposed to distribute to all shareholders a cash dividend of RMB 0.55 (tax inclusive) for every 10 shares. The total cash dividend to be paid is RMB 24,901,629.56.

The total adjusted undistributed profits at the beginning of the period are described in detail in V.4 of Section X.

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

- 1) As a result of the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, undistributed profits at the beginning of the period were affected by RMB 9,346.56.
2. Retained profits at the beginning of the period were affected by RMB 0.00 due to changes in accounting policies.
3. Retained profits at the beginning of the period were affected by RMB 0.00 due to the correction of significant accounting errors.
4. 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.
5. 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

In RMB

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main business	2,498,228,401.78	1,651,089,557.25	1,948,884,176.83	1,393,075,043.93
Total	2,498,228,401.78	1,651,089,557.25	1,948,884,176.83	1,393,075,043.93

(2). Description of incomes from contracts

Applicable N/A

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

1) Breakdown of revenue by the types of goods or services

Item	Amount of the current period		Amount of the prior period	
	Income	Cost	Income	Cost
Laser optical engine	288,813,218.37	144,202,411.53	202,707,478.10	81,529,453.84
Complete laser projector	1,708,041,893.50	1,257,091,802.95	1,465,195,649.90	1,151,787,097.57
Others	140,751,281.09	106,666,550.86	109,248,434.17	52,005,419.13
Subtotal	2,137,606,392.96	1,507,960,765.34	1,777,151,562.17	1,285,321,970.54

2) Breakdown of revenue by operating region

Item	Amount of the current period		Amount of the prior period	
	Income	Cost	Income	Cost
Domestic	1,957,925,457.54	1,410,776,285.94	1,683,887,300.96	1,248,303,920.68
Overseas	179,680,935.42	97,184,479.40	93,264,261.21	37,018,049.86
Subtotal	2,137,606,392.96	1,507,960,765.34	1,777,151,562.17	1,285,321,970.54

3) Breakdown of revenue by timing of transfer of goods or services

Item	Amount of the current period	Amount of the prior period
Revenue recognized at a time point	2,134,111,664.03	1,775,472,347.41
Revenue recognized for a period of time	3,494,728.93	1,679,214.76
Subtotal	2,137,606,392.96	1,777,151,562.17

62. Taxes and levies

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
City maintenance and construction tax	2,999,186.97	2,867,426.89
Education surcharges	1,301,614.24	1,245,187.55
Stamp duty	3,556,088.99	1,670,633.82

Local education surcharges	872,293.37	830,125.05
Others	47,675.22	105,371.48
Total	8,776,858.79	6,718,744.79

Other information:

None

63. Selling expenses

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Marketing fees	103,844,070.52	39,666,919.06
Employee benefits	81,119,249.58	57,290,923.11
After-sale repair expenses	18,604,120.04	6,175,382.08
Service fees	16,509,511.98	10,032,772.59
Advertising and business promotion expenses	5,940,168.90	4,839,376.53
Travel expenses	4,223,301.47	2,561,838.29
Business entertainment expenses	2,792,164.38	1,671,853.12
Other expenses	19,821,516.44	11,349,169.82
Total	252,854,103.31	133,588,234.60

Other information:

None

64. Administration expenses

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	69,177,011.83	59,421,774.51
Share-based payment expenses	63,345,172.32	20,581,939.14
Service fees	24,034,440.59	31,845,756.88
Depreciation and amortization expenses	11,240,594.44	9,094,503.87
Rent expense	6,437,051.98	7,449,392.71
Travel expenses	1,042,924.39	471,610.48
Other expenses	12,656,221.72	6,892,298.67
Total	187,933,417.27	135,757,276.26

Other information:

None

65. R&D expenses

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	147,610,747.09	120,904,809.23
Material consumption expenses	24,805,748.98	21,280,414.59
Service fees	10,781,054.58	8,549,326.63
Depreciation and amortization expenses	12,249,517.10	13,073,784.95
Rent expense	6,954,468.80	8,983,285.74
Testing expenses	8,458,772.06	5,234,158.17
Patent fees	8,363,204.10	6,808,589.82

Other expenses	17,478,711.58	19,608,999.97
Total	236,702,224.29	204,443,369.10

Other information:

None

66. Financial expenses

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	17,079,723.61	20,066,451.02
Less: Interest income	-17,645,299.09	-10,322,478.28
Exchange profit or loss	465,827.17	-2,227,674.26
Bank service charges	1,400,128.67	1,708,675.72
Total	1,300,380.36	9,224,974.20

Other information:

None

67. Other income

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Government grants related to assets	774,722.75	300,812.65
Government grants related to income	40,616,103.23	41,782,494.35
Refund of transaction fees for withholding individual income taxes	576,787.99	323,003.17
Additional deduction of input VAT	4,179,604.21	2,848,690.73
Total	46,147,218.18	45,255,000.90

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

In RMB

Item	Amount for the current period	Amount for the prior period
Long-term equity investment accounted for using the equity method	22,856,529.68	-679,282.94
Investment income from disposal of held-for-trading financial assets	9,785,727.49	18,624,853.96
Fees for acquiring held-for-trading financial assets	-8,750.05	
Total	32,633,507.12	17,945,571.02

Other information:

None

69. Income from net exposure hedges

□ Applicable √ N/A

70. Gains from changes in fair values

√ Applicable □ N/A

In RMB

Source of gains from changes in fair values	Amount for the current period	Amount for the prior period
Held-for-trading financial assets	2,200,000.0	
Compensation for performance commitment	37,927,764.00	
Total	40,127,764.00	

Other information:

None

71. Losses of credit impairment

√ Applicable □ N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Impairment losses of notes receivable	81,038.20	-138,169.75
Impairment losses of accounts receivable	-4,920,605.15	-8,005,819.07
Impairment losses of other receivables	-481,845.13	-227,290.13
Impairment losses of long-term receivables	-1,440,479.21	-750,000.00
Impairment losses of non-current assets due within one year	-47,400.00	
Total	-6,809,291.29	-9,121,278.95

Other information:

None

72. Impairment losses of assets

√ Applicable □ N/A

In RMB

Item	Amount for the current period	Amount for the prior period
I. Bad debt losses	-140,603.54	-1,393,709.16
II. Losses of decline in value of inventories and losses of contract performance cost	-32,806,562.15	-10,196,985.27
III. Impairment losses of long-term equity investments		
IV. Impairment losses of investment properties		
V. Impairment losses of fixed assets	-329,652.40	
VI. Impairment losses of construction materials		
VII. Impairment losses of construction in progress		
VIII. Impairment losses of productive biological assets		
IX. Impairment losses of oil and gas assets		

X. Impairment losses of intangible assets	-3,669,349.86	
XI. Goodwill impairment losses		
XII. Others		
Total	-36,946,167.95	-11,590,694.43

Other information:

None

73. Gains on disposal of assets

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Gains from disposal of fixed assets	2,967,788.29	281,040.26
Total	2,967,788.29	281,040.26

Other information:

None

74. Non-operating income

Description of non-operating income

Applicable N/A

In 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			
Where: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Gains from exchange of non-monetary assets			
Donation receipts			
Government grants	51,500,000.00	1,539,340.28	51,500,000.00
Amounts not required for payment	102,168.27	275,714.05	102,168.27
Indemnity	916,875.85	2,793,056.81	916,875.85
Others	109,117.96	30,323.96	109,117.96
Total	52,628,162.08	4,638,435.10	52,628,162.08

Government grants included in profit or loss for the period

Applicable N/A

In RMB

Grant project	Amount for the current period	Amount for the prior period	Related to assets/income
Grant from Hong Kong government for the semiconductor R&D		139,340.28	Related to income

project of Hong Kong University of Science and Technology			
Enterprise Listing Financing Incentive Program of Shenzhen Nanshan District Industry and Information Technology Bureau		1,400,000.00	Related to income
Restructuring and Listing Supporting Grant for 2021 from the Service Bureau for Small- and Medium-sized Enterprises of Shenzhen	1,500,000.00		Related to income
Project Supporting Fund of Chong Liangjiang New Area Administration Commission - Head Office Relocation Supporting Fund	30,000,000.00		Related to income
Project Supporting Fund of Chong Liangjiang New Area Administration Commission - Head Office Relocation Supporting Fund	20,000,000.00		Related to income

Other information:

Applicable N/A

75. Non-operating expenses

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
External donations		593,309.76	
Losses from damage and retirement of non-current assets	1,530,253.26	1,393,161.39	1,530,253.26
Penalties and overdue fines	27,996.72	76,700.50	27,996.72
Others	234,834.67	1.31	234,834.67
Total	1,793,084.65	2,063,172.96	1,793,084.65

Other information:

None

76. Income tax expense**(1). Statement of income tax expense**

√ Applicable □ N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Income tax expense in the current period	44,120,143.66	11,910,373.50
Deferred income tax expenses	22,872,795.49	12,853,862.82
Total	66,992,939.15	24,764,236.32

(2). Reconciliation of income tax expenses to the accounting profit

√ Applicable □ N/A

In RMB

Item	Amount for the current period
Total profit	288,527,756.29
Income tax expense calculated based on statutory/applicable tax rate	43,279,163.44
Effect of different tax rates of subsidiaries operating in other jurisdictions	-8,173,947.55
Effect of income tax for the period before adjustment	694,125.80
Effect of non-taxable income	-17,700,337.40
Effect of non-deductible cost, expense and loss	1,167,899.61
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-6,122,226.54
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	38,142,008.03
Change in the balance of opening deferred tax assets caused by tax rate adjustment	35,981,277.63
Effect of additional deduction of R&D expenses	-20,275,023.87
Income tax expenses	66,992,939.15

Other information:

□ Applicable √ N/A

77. Other comprehensive income

√ Applicable □ N/A

Other comprehensive income net of tax is disclosed in VII.57 of Section X in detail.

78. Items in cash flow statement**(1). Other cash receipts relating to operating activities**

√ Applicable □ N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Interest income	16,675,246.67	10,382,950.88
Government grants	79,816,846.91	40,365,718.97
Recovery of security deposits	68,674,714.21	51,523,088.26

Funds frozen in connection with litigations		30,000,000.00
Non-operating income	1,025,993.81	1,127,368.51
Other transaction accounts	18,757,498.53	6,965,206.85
Total	184,950,300.13	140,364,333.47

Description of other cash receipts relating to operating activities:

None

(2). Other cash payments relating to operating activities

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Administrative expenses, selling expenses, and R&D expenses paid in cash	247,909,819.98	180,871,626.50
Non-operating expenses	57,390.87	670,011.57
Payment of security deposits	80,571,144.80	49,749,747.97
Service charges	1,400,128.67	1,708,675.72
Other transaction accounts	23,458,519.21	11,988,038.74
Total	353,397,003.53	244,988,100.50

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 investing activities

Applicable N/A

(5). Other cash receipts relating to financing activities

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Shareholder borrowings		19,320,000.00
Total		19,320,000.00

Description of other cash receipts relating to financing activities:

None

(6). Other cash payments relating to financing activities

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Actual lease payment	27,871,604.50	
Repayment of shareholder loans	19,399,427.00	
Total	47,271,031.50	

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

In RMB

Supplemental information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	221,534,817.14	86,657,198.57
Add: Provision for impairment of assets	36,946,167.95	11,590,694.43
Losses of credit impairment	6,809,291.29	9,121,278.95
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	108,667,338.81	99,229,686.22
Amortization of right-of-use assets	20,139,276.53	
Amortization of intangible assets	4,446,633.19	7,377,145.47
Amortization of long-term prepaid expenses	7,417,067.12	7,123,888.08
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “—”)	-2,967,788.29	-281,040.26
Losses on retirement of fixed assets (gains are indicated by “—”)	1,703,522.36	1,393,161.39
Losses on changes in fair values (gains are indicated by “—”)	-40,127,764.00	
Financial expenses (income is indicated by “—”)	18,410,475.23	17,838,776.76
Investment losses (income is indicated by “—”)	-32,633,507.12	-17,945,571.02
Decrease in deferred tax assets (increase is indicated by “-”)	22,549,119.12	12,853,862.82
Increase in deferred tax liabilities (decrease is indicated by “-”)		
Decrease in inventories (increase is indicated by “—”)	-490,401,076.50	-172,605,815.49
Decrease in receivables from operating activities (increase is indicated by “—”)	-187,600,139.59	-128,184,406.23
Increase in payables from operating activities (decrease is indicated by “—”)	289,551,990.78	96,596,705.75
Others	73,891,802.82	21,624,864.98
Net cash flow from operating activities	58,337,226.84	52,390,430.42
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		

Closing balance of cash	891,195,166.73	983,525,089.44
Less: Opening balance of cash	983,525,089.44	829,789,487.86
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-92,329,922.71	153,735,601.58

(2). Net cash paid to acquire subsidiaries for the current period

√ Applicable □ N/A

In RMB

	Amount
Cash or cash equivalents paid in the period for business combination occurring in the period	
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	
Add: Cash or cash equivalents paid in the prior period for business combination occurring in the period	11,432,903.47
Net cash paid for acquiring subsidiaries	11,432,903.47

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

In RMB

Item	Closing balance	Opening balance
I. Cash	891,195,166.73	983,525,089.44
Where: Cash on hand	5,680.24	5,858.56
Bank deposits that can be paid at any time	883,906,202.81	980,570,123.37
Other monetary funds that can be paid at any time	7,283,283.68	2,949,107.51
Deposits in the central bank that can be used for payments		
Deposits made with other banks		
Placements with banks		
II. Cash equivalents		
Where: Investments in debt securities due within three months		

III. Closing balance of cash and cash equivalents	891,195,166.73	983,525,089.44
Where: 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

In RMB

Item	Closing balance of carrying amount	Reason
Other monetary funds	26,131,914.42	Margins
Bank deposits	40,000,000.00	Term deposits
Bank deposits	402,750.00	Interests provided
Intangible assets	292,056,499.86	Mortgage collateral
Total	358,591,164.28	/

Other information:

None

82. Foreign currency monetary items

(1). Foreign currency monetary items

Applicable N/A

In RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Cash and bank balances	-	-	93,028,168.45
Where: USD	14,292,733.81	6.3757	91,126,182.94
HKD	2,224,725.00	0.8169	1,817,377.85
GBP	365.96	8.6064	3,149.60
VND	290,921,637.00	0.0003	81,458.06
Accounts receivable	-	-	48,897,485.00
Where: USD	7,669,351.60	6.3757	48,897,485.00
Short-term borrowings	-	-	2,468.61
Where: USD	387.19	6.3757	2,468.61
Accounts payable	-	-	42,809,036.42
Where: USD	6,714,405.70	6.3757	42,809,036.42

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
Fabulus Technology Hong Kong Limited	Hong Kong	USD	Common currency
JoveAI Limited	Cayman Islands	USD	Common currency
JoveAI Innovation, Inc.	USA	USD	Local currency
TECHNOLOGY INC	USA	USD	Local currency
JoveAI Asia Company Limited	Vietnam	VND	Local currency
WEMAX LLC	USA	USD	Local currency

83. Hedge

Applicable N/A

84. Government grants**(1). Basic information of government grants**

Applicable N/A

In RMB

Category	Amount	Item presented	Amount recognized in current profit or loss
Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods	4,070,480.27	Other income	4,070,480.27
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	30,868,095.50	Other income	30,868,095.50
Government grants related to income and used for compensation of the Company's	51,500,000.00	Non-operating income	51,500,000.00

relevant costs or losses that have been incurred			
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Note: The amount refers to government grants actually received in the current period.

1) Government grants related to assets

Item	Opening deferred income	Increase	Amortization	Closing deferred income	Amortization on item presented	Description
8K Ultra High Definition Laser Display Technology Engineering Research Center	1,699,187.35		774,722.75	924,464.60	Other income	<i>Project Contract of 8K Ultra High Definition Laser Display Technology Engineering Research Center (XMHT20190101023), Development and Reform Commission of Shenzhen</i>
Subtotal	1,699,187.35		774,722.75	924,464.60		

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	Carrying forward	Closing deferred income	Carrying forward item presented	Description
Ultra-high Brightness Laser Light Source Engineering Technology Research Center	1,683,873.26		1,683,873.26		Other income	<i>Project Contract for Shenzhen Science and Technology Plan (Shen Ke Ji Chuang Xin [2019] No. 33), Science, Technology, and Innovation Commission of Shenzhen</i>
Trichromatic Laser Display Complete Equipment Production Demonstration Line	13,340,196.54	2,815,480.27	7,476,233.49	8,679,443.32	Other income	<i>Notice on the Establishment of 2018 Annual Projects for Strategic Advanced Electronic Materials in the National Key Research and Development Programs (Guo Ke Gao Fa Ji Zi [2018] No. 41), High Technology Research and Development Center, Ministry of Science and Technology</i>
Key Technology of Trichromatic Laser Display Complete Equipment Industrialization		255,000.00	255,000.00		Other income	<i>Task Statements for Research and Development Program in Key Fields of Guangdong Province (2019B010926001), Finance Bureau of Shenzhen</i>
R&D of key technologies for ultra high-		1,000,000.00	336,925.84	663,074.16	Other income	<i>Project Application for Technology Breakthrough under</i>

definition micro laser projector optical engine based on light-emitting ceramic devices						<i>Shenzhen Innovation and Entrepreneurship Plan (20201026191136001), the Science, Technology, and Innovation Commission of Shenzhen</i>
Subtotal	15,024,069.80	4,070,480.27	9,752,032.59	9,342,517.48		

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
Project Supporting Fund of Chongqing Liangjiang New Area Administration Commission - Head Office Relocation Supporting Fund	30,000,000.00	Non-operating income	<i>Investment Agreement with Chongqing Liangjiang New Area Administration Commission</i>
Project Supporting Fund of Chongqing Liangjiang New Area Administration Commission - Awards for Implementation of Project	20,000,000.00	Non-operating income	<i>Investment Agreement with Chongqing Liangjiang New Area Administration Commission</i>
Refunds of value-added taxes	5,174,354.78	Other income	<i>Announcement of the Ministry of Finance and State Taxation Administration on Tax Offsetting by VAT at the End of the Period for Certain Advanced Manufacturing (Announcement No. 84 of 2019, Ministry of Finance and State Taxation Administration), Ministry of Finance, and State Taxation Administration</i>
Incentive Program for Industrial Added Value of 2020, Nanshan Leadership Panel for Special Funds for Independent Innovation Industry Development	3,830,100.00	Other income	<i>Disclosure of the Fifth Batch of Entities that Nanshan District Independent Innovation Industry Development Special Fund Proposes to Support in 2020, Nanshan Leadership Panel for Special Funds for Independent Innovation Industry Development</i>
2020 Shunyi District Cultural and Creativity Fund Awards	3,000,000.00	Other income	<i>Notice of Shunyi Government on Promoting and Supporting Enterprise Development, People's Government of Shunyi District, Beijing</i>
2019 Funds for Supporting Development of Enterprises in Shunyi District	2,200,000.00	Other income	<i>Notice of Shunyi Government on Promoting and Supporting Enterprise Development, People's Government of Shunyi District, Beijing</i>
US salary subsidy for COVID-19	2,020,137.21	Other income	<i>Notice of Paycheck Protection Program Forgiveness Payment, Small Business Administration</i>
Patent Support Plan of Shenzhen Nanshan District	1,904,500.00	Other income	<i>Notice on Application for 2021 Support to National High-tech Enterprises in Nanshan District, Shenzhen Nanshan District Science, Technology, and Innovation Bureau</i>

Science, Technology, and Innovation Bureau			
2020 Grants for Domestic Patent for Invention and Overseas Patent for Invention of Shenzhen Administration for Market Regulation	1,807,500.00	Other income	<i>Notice on Completing Formalities for Claiming 2020 Grants for Domestic Patent for Invention and Overseas Patent for Invention, Shenzhen Administration for Market Regulation</i>
Science, Technology, and Innovation Commission of Shenzhen 2020 First Batch of Grants for Enterprise Research and Development	1,766,000.00	Other income	<i>Notice on Disclosure of the First Batch of Enterprises Proposed to be Funded and the Second Batch of Approved Enterprises under 2020 Enterprise Research and Development Subsidy Scheme, Science, Technology, and Innovation Commission of Shenzhen</i>
Restructuring and Listing Supporting Grant for 2021 from the Service Bureau for Small- and Medium-sized Enterprises of Shenzhen	1,500,000.00	Non-operating income	<i>Notice on Paying Grants for Supporting Restructuring and Listing under the Innovative Development Cultivation and Support Plan by Private and Small- and Medium-sized Enterprises of Shenzhen in 2021, Service Bureau for Small- and Medium-sized Enterprises of Shenzhen</i>
Shenzhen Nanshan District Enterprise Development Service Center Scheme for Supporting Enterprise R&D Investment & Support Scheme of Rewards for Technology	1,200,000.00	Other income	<i>Disclosure of the Fourth Batch of Entities that Nanshan District Independent Innovation Industry Development Special Fund Proposes to Support in 2021, Shenzhen Nanshan District Enterprise Development Service Center</i>
Shenzhen Nanshan District Science, Technology, and Innovation Bureau Plan for Supporting Enterprise R&D Investments	1,000,000.00	Other income	<i>Nanshan District Independent Innovation Industry Development Special Fund - Application for R&D Investment Support Plan of Science, Technology, and Innovation Funds (2020), Shenzhen Nanshan District Science, Technology, and Innovation Bureau</i>
Science, Technology, and Innovation Commission of Shenzhen 2022 High-tech Enterprise Supporting Funds	1,000,000.00	Other income	<i>Notice on Disclosure of the First Batch of Enterprises Proposed to be Funded and the Second Batch of Approved Enterprises under 2022 High-tech Enterprise Supporting Funds, Science, Technology, and Innovation Commission of Shenzhen</i>
Shenzhen Administration for Market Regulation 2021 Special Funds for Building the Intellectual Property Rights Operation and Service System of Shenzhen	700,000.00	Other income	<i>Announcement on the Supported Projects for the 2021 Special Funds for Building the Intellectual Property Rights Operation and Service System of Shenzhen, Shenzhen Administration for Market Regulation</i>
Talent Housing Rent Allowance of the Housing and Construction Bureau of Nanshan District, Shenzhen	620,000.00	Other income	<i>Supplementary Announcement on 2021 Talent Housing Rent Allowance of Nanshan District, Housing and Construction Bureau of Nanshan District, Shenzhen</i>
Shenzhen Nanshan District Science, Technology, and	600,000.00	Other income	<i>Nanshan District Independent Innovation Industry Development Special Fund - Technology Innovation Sub-funds -</i>

Innovation Bureau 2020 Rewards for Intellectual Property Supporting of Shenzhen			<i>Application for Technology Reward Supporting Scheme (2019)</i> , Shenzhen Nanshan District Science, Technology, and Innovation Bureau
One-off Grants for Post-doctoral Stations in Shenzhen (Second Batch in 2020) from Shenzhen Human Resources and Social Security Bureau	500,000.00	Other income	<i>Announcement on Candidate Entities for One-off Grants for Post-doctoral Stations in Shenzhen (Second Batch in 2020)</i> , Shenzhen Human Resources and Social Security Bureau
Shenzhen Bureau of Industry and Information Technology 2021 Third Batch of Supported Projects under the Plan of Supporting Industrial Design Development	500,000.00	Other income	<i>Notice of Shenzhen Bureau of Industry and Information Technology on the Disclosure of the Third Batch of Candidate Projects under the 2021 Plan of Supporting Industrial Design Development</i> , Shenzhen Bureau of Industry and Information Technology
Commerce Bureau of Shenzhen 2020 Central Special Funds for Foreign Trade	500,000.00	Other income	<i>Notice on the Disclosure of Projects on Matters for Supporting Foreign Trade SMEs to Expand Markets Funded by Central Special Funds for Foreign Trade in 2020</i> , Commerce Bureau of Shenzhen
Shenzhen Administration for Market Regulation 2021 Special Funds for Intellectual Property Protection	500,000.00	Other income	<i>Disclosure of the List of Candidate Projects for the 2021 Special Funds for Intellectual Property Protection</i> , Shenzhen Administration for Market Regulation
Allocation to the Standard Field of Shenzhen in 2020 from Shenzhen Administration for Market Regulation	400,000.00	Other income	<i>Notice on the Reward Scheme of Special Funds for Standard Field of Shenzhen in 2020</i> , Shenzhen Administration for Market Regulation
Guangdong Administration for Market Regulation 2021 Special Funds for Promoting High-quality Economic Development	400,000.00	Other income	<i>Announcement on 2021 Allocation Plan of Special Funds for Promoting High-quality Economic Development (Batch 2)</i> , Guangdong Administration for Market Regulation
Guangdong Administration for Market Regulation 2020 Special Funds for Promoting High-quality Economic Development	300,000.00	Other income	<i>2020 Allocation Plan of Special Funds for Promoting High-quality Economic Development (Batch 3)</i> , Guangdong Administration for Market Regulation
Subsidy for Post-doctoral Station Unit from Human Resources Bureau of Nanshan District in Shenzhen	250,000.00	Other income	<i>Application for Special Fund for Independent Innovation Industry Development in Nanshan District, Shenzhen - Post-doctoral Station Unit Project (2021)</i> , Human Resources Bureau of Nanshan District in Shenzhen
Shenzhen Bureau of Industry and Information Technology 2021 Shenzhen Industry and Information Development - Special Funds for Plan of	180,000.00	Other income	<i>Notice on 2021 Shenzhen Industry and Information Development - Special Funds for Plan of Supporting both Quality and Brand Improvement</i> , Shenzhen Bureau of Industry and Information Technology

Supporting both Quality and Brand Improvement			
Maternity Grants from Shenzhen Social Security Bureau	137,577.92	Other income	<i>Provisions of Guangdong for Maternity Insurance of Employees, Shenzhen Social Insurance Fund Administration</i>
Shenzhen Administration for Market Regulation 2020 Second Batch of Grants for PCT Patent Applications in Shenzhen	130,000.00	Other income	<i>List of Grantees for 2020 Grants for PCT Patent Application under Shenzhen Intellectual Property Special Funds, Shenzhen Administration for Market Regulation</i>
Shenzhen Administration for Market Regulation, Grant for Shenzhen Trademark Registration	70,000.00	Other income	<i>Notice on Formalities of Claiming 2020 Grants for Trademark Registration and Grants for Copyright Registration, Shenzhen Administration for Market Regulation</i>
Grants for maintaining job position	52,855.79	Other income	
Service Bureau for Small- and Medium-sized Enterprises of Shenzhen, Grants for Domestic Market Expansion under the Innovative Development Cultivation and Support Plan by Private and Small- and Medium-sized Enterprises of Shenzhen in 2021	52,783.00	Other income	<i>Notice on Grants for Domestic Market Expansion under the Innovative Development Cultivation and Support Plan by Private and Small- and Medium-sized Enterprises of Shenzhen in 2021, Service Bureau for Small- and Medium-sized Enterprises of Shenzhen</i>
Shenzhen Administration for Market Regulation, First Reported Fund for the Second Batch of Patents in 2019	30,000.00	Other income	<i>Notice of Shenzhen Administration for Market Regulation on Handling the General Subsidy Collection Procedures on Shenzhen Intellectual Property Special Fund in 2019, Shenzhen Administration for Market Regulation</i>
Refund of Unemployment Benefits from Shunyi District Social Insurance Business Management Center	17,557.70	Other income	<i>Notice on Further Improving Unemployment Insurance and Job Position Maintenance, Beijing Municipal Human Resources and Social Security Bureau</i>
Grant for social insurance	14,729.10	Other income	
Patent Promotion and Protection Funds of Shunyi	10,000.00	Other income	<i>Implementation Measures of Shunyi District on Patent Promotion and Protection, Shunyi People's Government, Beijing</i>
Subtotal	82,368,095.50		

(2). Refund of government grants

√ Applicable □ N/A

In RMB

Item	Amount	Reason
Employment Support Scheme of Hong Kong Government	4,024.86	Relevant employees left the Company
	4,024.86	

Other information:

None

85. Others

Applicable N/A

VIII. Changes in scope of consolidation

1. Business combination not involving enterprises under common control

Applicable N/A

2. Business combination involving enterprises under common control

Applicable N/A

(1). Business combinations involving enterprises under common control in the current period

Applicable N/A

(2). Combination costs

Applicable N/A

(3). Carrying amounts of assets and liabilities of the combined party at the combination date

Applicable N/A

Other information:

None

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

1. Increased scope of combination

Company	Method of obtaining equity	Time point of obtaining equity	Capital contribution	Proportion of contribution
(Chongqing) Innovative Technology Co., Ltd.	Newly established	2020.12.29	RMB 27.50 million	39.19%
Limited	Newly established	2020.11.10		39.19%
Chongqing Guangbo Ecommerce Co., Ltd.	Newly established	2021.08.20		39.19%
Chongqing Ewei Ecommerce Co., Ltd.	Newly established	2021.08.20		39.19%
Shenzhen Orange Juice Energy Technology Co., Ltd.	Newly established	2021.12.29		33.31%

2. Decreased scope of combination

Company	Method of disposing equity	Time point of disposing equity	Net assets on the disposal date	Net profits from the beginning of the period to the disposal date
Fabulus Display (Beijing) Co., Ltd.	Deregistration	2021.11.25		21,207,779.79
Fabulus Technology Hong Kong Limited	Deregistration	2021.7.30		22,180.64

6. Others

Applicable N/A

IX. Equity in other entities**1. Equity in subsidiaries****(1). Composition of enterprise group**

√ Applicable □ N/A

Subsidiaries	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Acquisition method
				Direct	Indirect	
Shenzhen Appotronics Laser Display Technology Co., Ltd.	Shenzhen	Shenzhen	R&D and sales of laser display products	100		Business combination involving enterprises under common control
Appotronics Technology (Changzhou) Co., Ltd.	Changzhou	Changzhou	Technology research and development of projection equipment, screen and electronic computer	100		Establishment
Shenzhen Appotronics Software Technology Co., Ltd.	Shenzhen	Shenzhen	Technology development and sales of computer software and hardware	100		Establishment
Shenzhen Appotronics Display Device Co., Ltd.	Shenzhen	Shenzhen	Technology development, sales, and technology services for display products; import and export business	100		Establishment
WEMAX LLC	USA	USA	Sales of laser equipment		100	Establishment
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	Shenzhen	Shenzhen	Development, consultation and transfer of laser display technology	100		Establishment
Shenzhen Appotronics Home Line Technology Co., Ltd.	Shenzhen	Shenzhen	Software development related to semiconductor optoelectronic products	100		Establishment
Shenzhen Appotronics Laser	Shenzhen	Shenzhen	Software development for semiconductor	100		Establishment

Technology Co., Ltd.			optoelectronic devices			
Tianjin Bonian Film Partnership (LP)	Tianjin	Tianjin	No specific business conducted	99	1	Business combination not involving enterprises under common control
Beijing Orient Appotronics Technology Co., Ltd.	Beijing	Beijing	Technology promotion; computer systems, application software services	59		Establishment
Qingda Appotronics (Xiamen) Technology Co., Ltd.	Shenzhen	Xiamen	Information technology consulting services	51		Establishment
(Chongqing) Innovative Technology Co., Ltd.	Chongqing	Chongqing	Technology and software development	39.19		Establishment
Fengmi (Beijing) Technology Co., Ltd.	Beijing	Beijing	Technology and software development		39.19	Establishment
Chongqing Guangbo Ecommerce Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	Establishment
Chongqing Ewei Ecommerce Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	Establishment
Shenzhen Orange Juice Energy Technology Co., Ltd.	Shenzhen	Shenzhen	Technology and software development		33.31	Establishment
Limited	Hong Kong	Hong Kong	No specific business conducted		39.19	Establishment
TECHNOLOGY INC	USA	USA	No specific business conducted		39.19	Establishment
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Beijing	Beijing	Research and development, production, technology services, sales and lease of laser cinema projection equipment	24.84	38.36	Business combination involving enterprises under common control

Appotronics Hong Kong Limited	Hong Kong	Hong Kong	Production, research, and development of semiconductor optoelectronic products, sales and consulting, investment and video content value-added services	100		Establishment
Appotronics USA, Inc.	USA	USA	R&D, manufacture and sales of semiconductor optoelectronic products		100	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	Technology research and development of projection equipment, screen and electronic computer		64.29	Establishment
Fabulus Display (Beijing) Co., Ltd.	Beijing	Beijing	Sales; technology development, consulting	90		Establishment
Fabulus Technology Hong Kong Limited	Hong Kong	Hong Kong	R&D, manufacture and sales of screens		100	Establishment

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

Fengmi (Beijing) Technology Co., Ltd., Technology Inc., Limited, Chongqing Ewei Ecommerce Co., Ltd., and Chongqing Guangbo Ecommerce Co., Ltd. are wholly-owned subsidiaries of (Chongqing) Innovative Technology Co., Ltd.; Shenzhen Orange Juice Energy Technology Co., Ltd. is a controlled subsidiary of (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 (Chongqing) Innovative Technology Co., Ltd., for which the voting rights are exercised according to the

opinions of the Company. Since the voting rights are sufficient to exercise significant influence on the resolution of the general meeting, the Company becomes the controlling shareholder of (Chongqing) Innovative Technology Co., Ltd.

Basis for holding half of the voting rights or below but still controlling the investee, and holding over half voting rights but having no control over the investee:

Fengmi (Beijing) Technology Co., Ltd., Technology Inc., Limited, Chongqing Ewei Ecommerce Co., Ltd., and Chongqing Guangbo Ecommerce Co., Ltd. are wholly-owned subsidiaries of (Chongqing) Innovative Technology Co., Ltd.; Shenzhen Orange Juice Energy Technology Co., Ltd. is a controlled subsidiary of (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 (Chongqing) Innovative Technology Co., Ltd., for which the voting rights are exercised according to the opinions of the Company. Since the voting rights are sufficient to exercise significant influence on the resolution of the general meeting, the Company becomes the controlling shareholder of (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

Subsidiaries	Shareholding ratio by minority shareholders	Profit or loss attributable to minority shareholders for the current period	Dividends declared for distribution to minority shareholders in the current period	In RMB
				Closing balance of minority interests
(Chongqing) Innovative Technology Co., Ltd.	60.81%	-49,489,469.10		34,686,328.73
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	36.80%	34,530,686.38	18,400,000.00	158,586,216.77

Description of the difference between the proportion of shareholding by minority shareholders and their proportion of voting rights in a subsidiary:

Applicable N/A

Fengmi (Beijing) Technology Co., Ltd. completed business combination involving enterprises under

common control on April 1, 2021, and became a subsidiary of (Chongqing) Innovative Technology Co., Ltd.; therefore, Fengmi (Beijing) Technology Co., Ltd. is not disclosed for the current period, while (Chongqing) Innovative Technology Co., Ltd. is disclosed.

Other information:

Applicable N/A

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

√ Applicable □ N/A

In RMB

Subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
(Chongqing) Innovative Technology Co., Ltd.	923,415,138.40	42,178,494.73	965,593,633.13	735,633,264.62	172,919,867.39	908,553,132.01	602,519,123.96	16,903,557.91	619,422,681.87	692,707,201.11	4,763,026.34	697,470,227.45
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	231,461,535.13	738,260,940.26	969,722,475.39	377,533,503.17	161,248,165.77	538,781,668.94	218,942,342.82	712,358,020.45	931,300,363.27	509,106,720.26	43,613,620.72	552,720,340.98

Subsidiaries	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
(Chongqing) Innovative Technology Co., Ltd.	1,138,441,956.97	-81,383,767.63	-81,383,767.63	-171,445,331.62				
CINEAPPO Laser Cinema	477,001,950.71	93,833,386.89	93,833,386.89	101,026,487.30	288,699,197.97	3,358,107.97	3,358,107.97	85,283,246.66

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

None

(4). Significant limitations on use of the group assets and pay off 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

Subsidiaries	Date of change	Shareholding ratio prior to change	Shareholding ratio after change
(Chongqing) Innovative Technology Co., Ltd.	2021.03.16	100%	55%
(Chongqing) Innovative Technology Co., Ltd.	2021.04.06	55%	52.25%
(Chongqing) Innovative Technology Co., Ltd.	2021.05.06	52.25%	44.79%
(Chongqing) Innovative Technology Co., Ltd.	2021.05.25	44.79%	39.19%

(2). Impact of the transaction on minority interests and owners' interests attributable to owners of the parent company

Applicable N/A

In RMB

	(Chongqing) Innovative Technology Co., Ltd.
Acquisition cost/disposal consideration	
-- Cash	202,631,582.00
-- Fair value of non-cash assets	
Total acquisition cost/disposal consideration	202,631,582.00
Less: Share of net assets of subsidiaries calculated based on the acquired/disposed shareholding ratio	110,009,334.25
Difference	92,622,247.75
Where: Adjustment to capital reserves	92,622,247.75
Adjustment to surplus reserves	
Adjustment to undistributed profits	

Other information

Applicable N/A

3. Equity in joint ventures or associates

√ Applicable □ N/A

(1). Significant joint ventures or associates

√ Applicable □ N/A

In RMB

Joint ventures or associates	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
GDC Technology Limited (BVI)	Asia and North America	British Virgin Islands	R&D, production, and sales of digital cinema servers and cinema management system		44.00	Accounting for under equity method

Description of the difference between the proportion of shareholding and the proportion of voting rights in joint ventures or associates:

None

Basis that the company owns less than 20% voting rights but may exercise major impact, or that the company owns 20% or over voting rights but does not has major impact:

None

On July 15, 2021, the Company's subsidiary Appotronics HK acquired 8% shares as the compensation of GDC Technology Limited (BVI) in accordance with the *Supplementary Agreement*, and therefore the shareholding ratio changed from 36% to 44%.

(2). Major financial information of significant joint ventures

□ Applicable √ N/A

(3). Major financial information of significant associates

√ Applicable □ N/A

In 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	648,413,809.69	553,504,350.37
Non-current assets	53,380,720.39	72,596,748.61
Total assets	701,794,530.08	626,101,098.98
Current liabilities	458,123,239.33	379,295,268.80
Non-current liabilities	25,008,058.43	41,349,472.31
Total liabilities	483,131,297.76	420,644,741.11
Minority interests		
Interests attributable to shareholders of the parent company	218,663,232.32	205,456,357.87

Share of net assets calculated based on shareholding ratio	96,211,822.22	73,964,288.83
Adjustment	76,520,776.40	62,044,191.37
--Goodwill	77,772,341.43	62,560,946.33
--Unrealized profits for insider transactions	-1,251,565.03	-516,754.96
--Others		
Carrying amount of equity investments in associates	166,676,657.87	131,338,347.84
Fair values of equity investments in associates having publicly quoted prices		
Operating income	299,867,319.42	251,049,184.00
Net profit	55,000,205.18	6,256,577.59
Net profit of discontinued operations		
Other comprehensive income	1,876,677.39	26,383,768.27
Total comprehensive income	56,876,882.57	32,640,345.86
Dividends received from associates in the current year		

Other information

None

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

Applicable N/A

In RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the prior period
Joint ventures:		
Total carrying amount of investments		
Total amounts calculated based on shareholding proportions		
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associates:		
Total carrying amount of investments	126,924,427.40	131,406,424.64
Total amounts calculated based on shareholding proportions		
--Net profit	1,632,357.09	-1,179,972.05
--Other comprehensive income	-3,043,782.40	-5,001,459.87
--Total comprehensive income	-1,411,425.31	-6,181,431.92

Other information

None

(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 ventures 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 counterparty.

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 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 characteristics, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

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

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

2) The qualitative criterion includes, inter alia, adverse material changes in business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations, and an actual or expected significant adverse change in the technological, market, economic, or legal environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

(2) Definition of defaulted or credit-impaired assets

A financial asset is defined as defaulted when the financial instrument meets one or more conditions stated as below, and the criterion of defining defaulted asset is consistent with that of defining credit-impaired asset:

- 1) significant financial difficulty of the debtor;
- 2) a breach of contract terms with binding force by the debtor;
- 3) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of ECL

Key parameters to measure ECL include the probability of default, loss given default and the exposure at default. The Company established models of the probability of default, loss given default and the exposure at default on the basis of quantitative analysis on historical statistical data (such as counterparty ranking, guarantee methods, collateral category, and repayment way) and forward-looking information.

3. The reconciliation of the opening balance and the closing balance of the provision for impairment of financial instruments is described in detail in VII.4, VII.5, VII.6, VII.8, VII.10, and VII.16 of Section X.

4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily from cash and bank balances and receivables. In order to control the risks associated with aforementioned items, the Company has taken the following measures.

(1) Cash and bank balances

The credit risk of the Company is limited because the Company has deposited bank deposits and other monetary funds in banks with high credit ratings.

(2) Receivables

The Company regularly evaluates the creditworthiness of its customers with deals on credit, and selects to deal with approved and creditworthy customers subject to the results of the credit assessment

with monitoring the balance of its receivables, so as to ensure that the Company is not exposed to significant risk of bad debt.

No collaterals are required since the Company only deals with third parties that are approved and creditworthy. The concentrated credit risks are managed by customers. As of December 31, 2021, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 67.07% of the total balance of accounts receivable (December 31, 2020: 86.37%). The Company held no collateral or other credit ranking measures for the balance of accounts receivable.

The maximum exposure to the Company is the carrying amount of each financial asset in the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk that the Company is in shortage of funds in performing obligations that are settled by delivering cash or another financial asset. Liquidity risk may arise from an inability to sell a financial asset at fair value as soon as possible, a counterparty's inability to pay its contractual liabilities, the accelerated maturity of liabilities, or an inability to generate expected cash flows.

In order to control this risk, the Company balances the continuity and flexibility of financing by using various financing measures such as notes settlement and bank loans comprehensively and adopting both long-term and short-term financing methods to optimize the financing structure. The Company has received credit facilities from a number of commercial banks to satisfy its working capital requirements and capital expenditures.

Financial liabilities classified by remaining maturity dates

Item	Closing balance				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	509,637,141.27	565,968,031.25	161,844,102.83	335,211,636.92	68,912,291.50
Notes payable	144,456,001.87	144,456,001.87	144,456,001.87		
Accounts payable	409,889,533.01	409,889,533.01	409,889,533.01		
Other payables	54,115,784.80	54,115,784.80	54,115,784.80		
Lease liabilities	29,560,179.86	30,987,424.69	19,686,637.60	10,725,062.82	575,724.27
Subtotal	1,147,658,640.81	1,205,416,775.62	789,992,060.11	345,936,699.74	69,488,015.77

(Continued to above table)

Item	Closing of last year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	335,041,546.85	347,893,031.23	281,565,349.76	66,327,681.47	
Notes payable	116,822,674.67	116,822,674.67	116,822,674.67		

Item	Closing of last year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Accounts payable	226,494,815.90	226,494,815.90	226,494,815.90		
Other payables	59,848,053.83	59,848,053.83	59,848,053.83		
Long-term payables	3,262,450.00	3,572,382.75		3,572,382.75	
Subtotal	741,469,541.25	754,630,958.38	684,730,894.16	69,900,064.22	

(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 flow 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 December 31, 2021, the principal of the Company's floating-rate interest-bearing bank borrowings amounted to RMB 509,637,141.27 (December 31, 2020: RMB 334,317,535.43). On the basis of the assumption that the interest rate has changed 50 basic points, where all other variables are held constant, it will bring no material impacts on the Company's total profits and shareholders' equity.

2. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with the Company's monetary assets and liabilities dominated in foreign currencies. If the monetary assets and liabilities dominated in foreign currencies are imbalanced in a short time, the Company will purchase and sell foreign currencies at the market exchange rate to keep the net risk exposure acceptable.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies is 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

In RMB

Item	Closing balance of fair value			
	Level 1	Level 2	Level 3	Total

I. Continuous fair value measurement				
(I) Held-for-trading financial assets		16,200,000.00	401,000,000.00	417,200,000.00
1. Financial assets at fair value through profit or loss		16,200,000.00	401,000,000.00	417,200,000.00
(1) Investment in debt instrument				
(2) Investment in equity instrument		16,200,000.00	30,000,000.00	46,200,000.00
(3) Derivative financial assets				
(4) Structural deposits			371,000,000.00	371,000,000.00
2. Designated as financial assets at fair value through profit or loss				
(1) Investment in debt instrument				
(2) Investment in equity instrument				
(II) Other debt investments				
(III) Other equity instrument investments			7,075,419.38	7,075,419.38
(IV) Investment properties				
1. Land use right for leasing purpose				
2. Buildings leased				
3. Land use right held for the purpose of transfer after value appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
Receivables financing			244,860.00	244,860.00
Total assets continuously measured at fair value		16,200,000.00	408,320,279.38	424,520,279.38
(VI) Held-for-trading financial liabilities				
1. Financial liabilities at fair value through profit or loss				
Where: Held-for-trading bonds issued				
Derivative financial liabilities				
Others				

2. Designated as financial liabilities at fair value through profit or loss				
Total liabilities continuously measured at fair value				
II. Non-continuous fair value measurement				
(I) Held-for-sale assets				
Total assets that are not continuously measured at fair value				
Total liabilities that are not continuously measured at fair value				

2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

Applicable N/A

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

Applicable N/A

The equity instrument investment presented stocks subscribed on the New Third Board: considering the factors including the level of activity for trading of stocks on the New Third Board, the Company classified stocks on the New Third Board as level 2 for the measurement of fair value, where the fair value is determined according to the average closing price of the previous 20 trading days.

4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

Applicable N/A

No public market is available for equity instrument investments, structural deposits, receivables financing, and investment in other equity instruments, hence the fair value of the foregoing are measured at cost.

5. Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

Applicable N/A

6. Where transfers among levels occurred in the period, transfer reasons and policies for determining transfer time point for continuous fair value measurement items

Applicable N/A

7. Changes in valuation techniques in the period and reasons for changes

Applicable N/A

8. Fair value of financial assets and financial liabilities not measured at fair value

Applicable N/A

9. Others

Applicable N/A

XII. Related-party relationships and transactions**1. Parent of the Company**

Applicable N/A

In RMB 0'000

Parent company	Registration place	Business nature	Registered capital	Proportion of the Company's shares held by the parent company (%)	Proportion of the Company's voting right held by the parent company (%)
Shenzhen Appotronics Holdings Limited	Shenzhen	R&D and sales of semiconductor products	1,000	17.62	17.62

Description of the parent company of the Company

None

The ultimate controlling party of the Company is LI Yi.

Other information:

None

2. Subsidiaries of the Company

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

Applicable N/A

Refer to the description in IX.1 of Section X for details about the subsidiaries of the Company

3. Joint ventures and associates of the Company

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

Applicable N/A

Refer to the description in IX.1 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

Other information

Applicable N/A

4. Other related parties of the Company

Applicable N/A

Other related party	Relationship between other related party and the Company
Beijing Donview Education Technology Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
Shenzhen YLX Technology Development Co., Ltd.	Controlled by the same de facto controller
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates

CFEC and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
WeCast and its affiliates	Enterprise in which the actual controller holds the post of director
Shenzhen Bevix Technology Co., Ltd.	Holding more than 5% of shares in the company

Other information

None

5. Related-party transactions

(1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods/receipt of services

√ Applicable □ N/A

In RMB

Related party	Subject matter	Amount for the current period	Amount for the prior period
GDC Technology Limited (BVI) and its affiliates	Electronic components and services	5,723,460.99	8,703,704.00
Beijing Donview Education Technology Co., Ltd. and its affiliates	Service	14,070.79	36,371.68
Shenzhen YLX Technology Development Co., Ltd.	Electronic components and services	1,160,549.59	
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Electronic components and services	244,815,868.46	205,885,065.38
CFEC and its affiliates	Power supply, water cooling and services	47,318,159.54	27,172,641.25
WeCast and its affiliates	Service	241,371.26	
Subtotal		299,273,480.63	241,797,782.31

Sales of goods/rendering of services

√ Applicable □ N/A

In RMB

Related party	Subject matter	Amount for the current period	Amount for the prior period
GDC Technology Limited (BVI) and its affiliates	Cinema projector, spare parts, and software	9,973,463.25	3,740,484.98
WeCast and its affiliates	Laser TV, smart mini projector	17,132,902.25	
Beijing Donview Education Technology Co., Ltd. and its affiliates	Laser business education projector	4,536,140.66	26,233,035.11
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Laser TV, smart mini projector	592,774,055.44	650,541,969.04
CFEC and its affiliates	Laser digital cinema projector, laser light source, lease services	74,259,971.78	92,512,007.78
Shenzhen Bevix Technology Co., Ltd.	Service		4,508.85

CINIONIC and its affiliates	Laser light source	32,361,780.86	35,706,691.15
Subtotal		731,038,314.24	808,738,696.91

Description of sales and purchase of goods, rendering and receipt of services

Applicable N/A

(2). Details of trust/contracting and trust management/contract-issuing with related parties

Details of trust/contracting where a group entity is the trustor/main contractor:

Applicable N/A

Description of trust/contracting with related parties

Applicable N/A

Details of trust management/contract-issuing where a group entity is the trustor/main contractor

Applicable N/A

Description of trust 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

In RMB

Lessor	Type of leased assets	Lease fees recognized in the current period	Lease fees recognized in the prior period
CFEC and its affiliates	Property lease	1,981,168.69	1,794,184.41

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

In RMB

Related party	Borrowing amount	Start date	Expiry date	Description
Borrowing				
CFEC and its affiliates	19,320,000.00	2020.07.06	2021.07.05	Repaid on January 26, 2021

(6). Assets transfer/debt restructuring with related parties

Applicable N/A

(7). Compensation for key management personnel

Applicable N/A

In RMB 0'000

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	1,234.62	1,463.12

(8). Other related-party transactions

Applicable N/A

6. Amounts due from/to related parties**(1). Amounts due from related parties**

Applicable N/A

In RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	CINIONIC and its affiliates	26,592,355.61	1,329,617.78	452,175.57	22,608.78
	GDC Technology Limited (BVI) and its affiliates	5,159,950.72	257,997.54	2,283,483.24	114,174.16
	WeCast and its affiliates	20,597,638.81	1,029,881.92		
	Beijing Donview Education Technology Co., Ltd. and its affiliates	912,982.89	45,649.14	3,017.00	150.85
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	132,000,017.31	6,600,000.87	248,915,862.75	12,445,793.14
	CFEC and its affiliates	1,019,071.79	51,248.40	6,125,422.64	306,402.16
Subtotal		186,282,017.13	9,314,395.65	257,779,961.20	12,889,129.09
Prepayments	CFEC and its affiliates	1,369,286.22		3,107,696.59	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	40,000.00			
	GDC Technology Limited (BVI) and its affiliates			2,883,384.53	
Subtotal		1,409,286.22		5,991,081.12	
Other receivables	CFEC and its affiliates	229,355.00	11,467.75	296,435.00	14,821.75
	GDC Technology Limited (BVI) and its affiliates	20,286,601.00	383,135.75		

	Xiaomi Communications Technologies Co., Ltd. and its affiliates			100,000.00	5,000.00
Subtotal		20,515,956.00	394,603.50	396,435.00	19,821.75

(2). Amounts due to related parties

√ Applicable □ N/A

In RMB

Item	Related party	Closing balance of carrying amount	Opening balance of carrying amount
Accounts payable	GDC Technology Limited (BVI) and its affiliates	5,593.76	
	Shenzhen YLX Technology Development Co., Ltd.	1,147,275.29	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	65,042,097.29	
	CFEC and its affiliates	17,315,868.17	
Subtotal		83,510,834.51	
Notes payable	CFEC and its affiliates	5,049,000.17	
Subtotal		5,049,000.17	
Advance from customers	CFEC and its affiliates	11,025,498.93	14,032,071.28
Subtotal		11,025,498.93	14,032,071.28
Contract liabilities	GDC Technology Limited (BVI) and its affiliates	3,469.81	15,108.32
	CFEC and its affiliates	4,396,474.85	1,384,955.75
Subtotal		4,399,944.66	1,400,064.07
Other payables	Beijing Donview Education Technology Co., Ltd. and its affiliates	10,800.00	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	1,976.10	101,668.48
	CFEC and its affiliates		19,343,613.33
Subtotal		12,776.10	19,445,281.81
Other current liabilities	Xiaomi Communications Technologies Co., Ltd. and its affiliates	16,804,816.23	
Subtotal		16,804,816.23	

7. Related party commitments

□ Applicable √ N/A

8. Others

□ Applicable √ N/A

XIII. Share-based payments**1. Summary of share-based payments**

√ Applicable □ N/A

Item	Company	Unit: Share, RMB (Chongqing) Innovative Technology Co., Ltd.
Total number of the Company's equity instruments granted during the period	26,150,000	1,550,500
Total number of the Company's equity instruments executed during the period		1,000,000
Total number of the Company's equity instruments lapsed during the period	4,022,025.00	
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	Grant date: October 14, 2019; grant price: RMB 17.37/share; 10 months Grant date: October 13, 2020; grant price: RMB 17.37/share; 10 months Grant date: January 1, 2021; grant price: RMB 4.30/share; 12 months Grant date: April 22, 2021; grant price: RMB 20.945/share; 27 months Grant date: April 22, 2021; grant price: RMB 18.445/share; 27 months Grant date: April 22, 2021; grant price: RMB 17.445/share; 27 months Grant date: December 7, 2021; grant price: RMB 20.00/share; 35 months Grant date: December 7, 2021; grant price: RMB 23.00/share; 35 months	Grant date: December 31, 2021; grant price: RMB 1/share; 54 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

Item	Company	In RMB Chongqing
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	81,144,459.30	10,403,484.60
Total expenses recognized arising from equity-settled share-based payments in the current period	52,961,562.89	10,403,484.60

Other information

All restricted shares granted by the Company are Type II restricted shares, while the registered capital granted by Chongqing 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

Significant external commitments, and nature and amount thereof as of the balance sheet date

Significant lease contracts which the Company has entered into or will perform and their financial impacts are disclosed in the following table:

No.	Rent address	Rent area (square meters)	Rent purpose	Rent period	Rent expense/year
1	20/F, 21/F, 22/F, United Headquarter Building, High-Tech Zone, No. 63 Xuefu Road, Nanshan District, Shenzhen	6,143.79	Research and development, office administration	2022.1.1-2026.12.31	5,310,893.71
2	Yaochuan Industrial Zone, Tangwei Community, Fuhai Street, Bao'an District, Shenzhen	23,765.57	Plant	2018.12.1-2022.11.30	12,319,285.88

2. Contingencies

(1). Significant contingencies as of the balance sheet date

Applicable N/A
Pending litigation

1. Civil litigation and arbitration where the Company acted as the plaintiff

As of December 31, 2021, there are 23 civil litigation cases where the Company acted as a plaintiff, specifically including:

Case No.	Cause of action	Plaintiff/Appellant	Defendant/Appellee	Patents involved	Amount	Progress
(2019) Yue 03 Min Chu No. 2943 (2021) Zui Gao Fa Zhi Min Zhong No. 1582	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	200810065225.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.	200810065225.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	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 151,399.40; (2) Both the plaintiff and defendant in the trial of the first instance appealed; 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
19-cv-00466-RGD-LRL	Correcting the inventor of the patent	Appotronics Corporation Limited	Defendant: Delta Electronics, Inc.	Patent No. 9,024,241	N/A	Accepted but not tried

(2021) Yue 03 Min Chu No. 2295	Dispute over the ownership of patent right	Appotronics Corporation Limited, HU Fei, LI Yi	Defendant: Delta Electronics, Inc., ZHANG Kesu, HUA Jianhao, WANG Bo	ZL201610387831.8	RMB 0.30 million	Case accepted for trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1335	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200880107739.5	RMB 3.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1336	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200880107739.5	RMB 6.50 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1337	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Projection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200880107739.5	RMB 2.50 million and right protection expenses of RMB 0.50 million	In trial of the first instance

(2020) Yue 73 Zhi Min Chu No. 1338	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200880107739.5	RMB 2.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1340	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Projection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200880107739.5	RMB 6.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1341	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200880107739.5	RMB 14.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1361	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd. Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Guangdong Jianye Display Information Technology Co., Ltd.	ZL200880107739.5	RMB 0.75 million and right protection expenses of RMB 0.50 million	In trial of the first instance

			Defendant 5: Guangzhou Jianye Network Technology Co., Ltd.			
(2020) Yue 73 Zhi Min Chu No. 1339	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd. Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 5: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 0.75 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1353	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 14.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1355	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Projection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 6.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance

(2020) Yue 73 Zhi Min Chu No. 1356	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 6.50 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1357	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Projection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 2.50 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1358	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 2.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2020) Yue 73 Zhi Min Chu No. 1359	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Delta Electronics (Shanghai) Co., Ltd. Defendant 5: Guangdong Jianye Display	ZL200810065225.X	RMB 3.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance

			Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.			
(2020) Yue 73 Zhi Min Chu No. 1360	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Video Display System (Wujiang) Limited Defendant 2: WANG Yuhai Defendant 3: Hunan Dehao Cultural and Creative Co., Ltd. Defendant 4: Digital Projection (Beijing) Electronics Technology Co., Ltd. Defendant 5: Guangdong Jianye Display Information Technology Co., Ltd. Defendant 6: Guangzhou Jianye Network Technology Co., Ltd.	ZL200810065225.X	RMB 3.00 million and right protection expenses of RMB 0.50 million	In trial of the first instance
(2021) Yue 73 Zhi Min Chu No. 1860	Maliciously initiate an intellectual property litigation	Appotronics Corporation Limited	Defendant: Delta Electronics, Inc.	N/A	RMB 10.00 million	In trial of the first instance

2. Civil litigation and arbitration where the Company acted as the defendant

As of December 31, 2021, there are 7 civil litigation cases where the Company was a defendant, specifically including:

Case No.	Cause of action	Plaintiff	Defendant	Patents involved	Amount involved	Progress
(2019) Yue 73 Zhi Min Chu No. 662	Infringement on patent for invention	Delta Electronics, Inc.	Appotronics Corporation Limited; Futian SPN Projector & Video System Firm of Shenzhen	ZL201610387831.8	Loss compensation of RMB 16.00 million + litigation costs of RMB 145,343	In trial of the first instance

Case No.	Cause of action	Plaintiff	Defendant	Patents involved	Amount involved	Progress
(2019) Jing 73 Min Chu No. 1275			Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201410249663.7	Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	The judgment of the first instance in January 2022 held that no infringement is constituted
(2019) Jing 73 Min Chu No. 1276			Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201610387831.8	Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	The judgment of the first instance in January 2022 held that no infringement is constituted
(2021) Hu 73 Zhi Min Chu No. 1070			Appotronics Corporation Limited and Shanghai Haichi Digital Technology Co., Ltd.	ZL201110041436.1	Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	In trial of the first instance
(2021) Chuan 01 Zhi Min Chu No. 684			Appotronics Corporation Limited Chengdu Jinxi Guangxian Information Technology Co., Ltd.	ZL201410249663.7	Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	In trial of the first instance
(2021) Chuan 01 Zhi Min Chu No. 685		ZL201610387831.8		Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	In trial of the first instance	
(2021) Chuan 01 Zhi Min Chu No. 686		ZL201110041436.1		Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	In trial of the first instance	

(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

In 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			
Significant external investments			
Significant debt restructuring			
Natural disaster			
Significant change in foreign exchange rate			
Arbitration	In January 2022, GDC Cayman proposed to terminate several important equity provisions, including the veto right of Appotronics HK with respect to GDC BVI, on the ground of getting listed. GDC Cayman and GDC BVI raised arbitration claims to the American Arbitration Association against the Company and Appotronics HK on the ground that the Company failed to assist them in getting listed, hence constituting		According to professional opinions of attorneys, the claims raised by GDC Cayman and GDC BVI in the arbitration request are not supported by fact. 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. Since this case was just accepted and the trial has not been started, the impact of such case on the profit or

	<p>violation of agreement, requesting compensation in the amount of USD 38.00 million.</p> <p>The Company disagreed with the termination of the important equity provisions, including the veto right of Appotronics HK with respect to GDC BVI, and raised counter-claims against GDC BVI and the actual controller ZHANG Wanneng and the management team thereof on the ground that GDC Cayman, GDC BVI, Mr. ZHANG Wanneng, and the management team violated the provisions of the Shareholders' Agreement and Settlement Agreement, requesting the compensation of no less than USD 40.00 million for the Company and Appotronics HK.</p> <p>As of the date when the financial statements are approved for</p>		<p>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.</p>
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	release, this case is in the stage of appeal initiated by the plaintiffs.		
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2. Profit distribution

Applicable N/A

	In RMB
Proposed distributions of profits or dividends	47,539,474.61
Profits or dividends declared for distribution upon discussion and approval	

3. Sales return

Applicable N/A

4. Description of other events after the balance sheet date

Applicable N/A

XVI. Other significant events**1. Corrections of prior period errors****(1). Retrospective application**

Applicable N/A

(2). Prospective application

Applicable N/A

2. Debt restructuring

Applicable N/A

3. Asset swap**(1). Exchange of non-monetary assets**

Applicable N/A

(2). Other asset swap

Applicable N/A

4. Annuity plan

Applicable N/A

5. Discontinued operations

Applicable N/A

6. Segment reporting**(1). Determination basis and accounting policies of reporting segments**

Applicable N/A

(2). Financial information of reporting segments

Applicable N/A

(3). If the Company has no reporting segments, or cannot disclose the total assets and liabilities of reporting segments, specify the reasons

Applicable N/A

The Company has no reporting segments due to absence of diversified operations. A breakdown of the Company's principal activity incomes and costs categorized by businesses, products and regions is disclosed as below:

Categorized by businesses and products:

In RMB 0'000

Item	Amount of the current period		Amount of the prior period	
	Principal activity income	Principal activity cost	Principal activity income	Principal activity cost
Sales	211,933.18	149,589.02	174,412.33	128,143.43
Projection services	36,062.20	14,312.88	17,173.26	10,775.31
Other businesses	1,827.46	1,207.06	3,302.83	388.76
Subtotal	249,822.84	165,108.96	194,888.42	139,307.50

Categorized by regions:

In RMB 0'000

Item	Amount of the current period		Amount of the prior period	
	Principal activity income	Principal activity cost	Principal activity income	Principal activity cost
Domestic	231,854.75	155,390.51	185,561.99	135,605.70
Overseas	17,968.09	9,718.45	9,326.43	3,701.80
Subtotal	249,822.84	165,108.96	194,888.42	139,307.50

(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

1. The Company as the lessee

(1) Right-of-use assets are described in detail in VII.25 of Section X;

(2) The accounting policies of the Company with respect to short-term leases and low-value assets leases are described in detail in V.42 of Section X. The table below shows the amounts of expenses related to short-term leases and expenses related to low-value assets leases that are recognized in the profit or loss for the current period:

Item	Amount of the current period	Amount of the prior period
Expenses related to short-term leases	8,445,152.88	
Expenses related to low-value assets leases (except for short-term leases)	390,717.29	
Total	8,835,870.17	

(3) Profit or loss and cash flow for the current period related to leases

Item	Amount of the current period	Amount of the prior period
Interest expenses of lease liabilities	1,670,889.26	
Total cash outflow for leases	32,622,777.04	23,680,875.05

(4) For the maturity analysis of lease liabilities and corresponding liquidity risk management, refer to the description in X.(II) of Section X.

(5) Nature of leasing activities

Categories of leased assets	Number	Lease Term	With option for renewal of lease or not
Property	35	Within 5 years	No
Computer	426	Within one year	No

2. The Company as the lessor

(1) Operating lease

1) Lease incomes

Item	Amount of the current period	Amount of the prior period
Income from projection services	360,622,008.82	171,732,614.66
Where: Income related to variable lease payments not recognized as lease payments		

2) Assets of operating leases

Item	Closing balance	Closing of last year
Fixed assets	367,726,844.90	364,423,283.10
Subtotal	367,726,844.90	364,423,283.10

Fixed assets leased out under operating leases are described in detail in VII.21 of Section X.

3) According to the lease contract with the lessee, undiscounted lease payments that will be received in the future for irrevocable leases

Remaining period	Closing balance
Within 1 year	10,144,456.99
Total	10,144,456.99

(3) Other information

Nature of leasing activities

Category of assets leased out	Number	Lease Term	With option for renewal of lease or not
Light source and device	20,584	N/A	No

XVII. Notes to key items in the parent company's financial statements**1. Accounts receivable****(1). Disclosure by aging**

√ Applicable □ N/A

In RMB

Aging	Closing balance of carrying amount
Within 1 year	
Where: Subitems within 1 year	
Subtotal of items within 1 year	604,865,151.23
1 to 2 years	12,611,059.16
2 to 3 years	2,802,495.00
Over 3 years	1,420,575.02
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	621,699,280.41

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

√ Applicable □ N/A

In RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually										
Where:										
Provision for bad debts made by group	621,699,280.41	100	5,483,110.45	0.88	616,216,169.96	569,449,754.94	100.00	1,910,248.15	0.34	567,539,506.79
Where:										
Total	621,699,280.41	100	5,483,110.45	0.88	616,216,169.96	569,449,754.94	100.00	1,910,248.15	0.34	567,539,506.79

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

In RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Group of aging	109,178,209.03	5,483,110.45	5.02
Group of receivables from related parties in the scope of consolidation	512,521,071.38		
Total	621,699,280.41	5,483,110.45	0.88

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

Applicable N/A

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

Applicable N/A

(3). Provision for bad debts

Applicable N/A

In 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	1,910,248.15	3,653,392.48		80,530.18		5,483,110.45
Total	1,910,248.15	3,653,392.48		80,530.18		5,483,110.45

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

In RMB

Item	Cancellation amount
Accounts receivable actually canceled	80,530.18

In which significant amounts canceled are described as below:

Applicable N/A

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

Applicable N/A

In RMB

Entity	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of bad debt provision
Fengmi (Beijing) Technology Co., Ltd.	344,220,587.60	55.37	
Appotronics Hong Kong Limited	79,483,856.31	12.78	
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	56,716,137.48	9.12	
Guangdong SACA Precision Manufacturing Co., Ltd. and its affiliates	31,829,748.05	5.12	1,591,487.40
Appotronics Technology (Changzhou) Co., Ltd.	24,393,777.25	3.92	
Total	536,644,106.69	86.31	1,591,487.40

Other information

None

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

Applicable N/A

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

Applicable N/A

Other information:

Applicable N/A

2. Other receivables

Presented by items

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	6,645,181.15	71,654,117.57
Total	6,645,181.15	71,654,117.57

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). Dividend 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****(1). Disclosure by aging** Applicable N/A

In RMB

Aging	Closing balance of carrying amount
Within 1 year	
Where: Subitems within 1 year	
Subtotal of items within 1 year	856,692.16
1 to 2 years	1,338,752.05
2 to 3 years	3,625,218.00
Over 3 years	1,155,006.40
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	6,975,668.61

(2). Categories by the nature of other receivables Applicable N/A

In RMB

Nature of other receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	5,855,101.09	5,911,673.21
Receivables from related parties in the scope of consolidation	912,569.02	62,284,074.96
Temporary receivables	207,998.50	374,249.92
Compensation receivable		3,577,279.61
Total	6,975,668.61	72,147,277.70

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

In RMB

Bad debt provision	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	493,160.13			493,160.13

January 1, 2021				
Balance as at January 1, 2021 in the current period				
--transferred to Stage II	-6,833.12	6,833.12		
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	-190,005.15	27,332.48		-162,672.67
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at December 31, 2021	296,321.86	34,165.60		330,487.46

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 bad debt provisions and evaluating whether the credit risk of financial instruments has been increased significantly in the current period:

Applicable N/A

(4). Provision for bad debts

Applicable N/A

In 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	493,160.13	-162,672.67				330,487.46
Total	493,160.13	-162,672.67				330,487.46

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

Applicable N/A

(5). Other receivables actually canceled in the current period

Applicable N/A

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

Applicable N/A

In RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion to the total closing balance of other receivables (%)	Closing balance of bad debt provision
Shenzhen Meisheng Industry Co., Ltd.	Deposits/margins/petty cash	3,574,618.00	Over 3 years	51.24	178,730.90
Shenzhen High-tech Industry Promotion Center	Deposits/margins/petty cash	1,257,075.20	1-2 years, 2-3 years, over 3 years	18.02	62,853.76
Fengmi (Beijing) Technology Co., Ltd.	Receivables from related parties in the scope of consolidation	537,139.29	Within 1 year	7.70	
Qingdao Haier Multimedia Co., Ltd.	Deposits/margins/petty cash	500,000.00	1-2 years	7.17	25,000.00
Qingda Appotronics (Xiamen) Technology Co., Ltd.	Receivables from related parties in the scope of consolidation	375,429.73	Within 1 year, 1-2 years	5.38	
Total		6,244,262.22		89.51	266,584.66

(7). Accounts receivable involving government grants

Applicable N/A

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

Applicable N/A

(9). 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

In RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value

Investments in subsidiaries	453,386,804.91	12,827,792.79	440,559,012.12	467,533,569.26	45,885,284.27	421,648,284.99
Investments in associates and joint ventures						
Total	453,386,804.91	12,827,792.79	440,559,012.12	467,533,569.26	45,885,284.27	421,648,284.99

(1). Investments in subsidiaries

√ Applicable □ N/A

In RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of provision for impairment
Fabulus Display (Beijing) Co., Ltd.	27,000,000.00		27,000,000.00			
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	32,576,902.46	7,446,995.43		40,023,897.89		
Shenzhen Appotronics Software Technology Co., Ltd.	1,647,962.22	115,737.79		1,763,700.01		
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.	30,014,636.09	770,901.41	27,500,000.00	3,285,537.50		
Qingda Appotronics (Xiamen) Technology Co., Ltd.	5,100,000.00			5,100,000.00		827,792.79
Shenzhen Appotronics	18,966,857.26			18,966,857.26		

Laser Display Technology Co., Ltd.						
Appotronics Hong Kong Limited	301,668,683.52	1,376,533.50		303,045,217.02		
JOVE AI Innovation	619,184.90	150,593.50		769,778.40		
Appotronics Technology (Changzhou) Co., Ltd.	2,000,000.00			2,000,000.00		
Shenzhen Appotronics Display Device Co., Ltd.	3,000,000.00			3,000,000.00		
WEMAX LLC	24,349.32	-24,349.32				
Appotronics USA, Inc.	60,873.29	338,726.72		399,600.01		
Tianjin Bonian Film Partnership (LP)	26,954,120.20			26,954,120.20		
(Chongqing) Innovative Technology Co., Ltd.		30,178,096.62		30,178,096.62		
Total	467,533,569.26	40,353,235.65	54,500,000.00	453,386,804.91		12,827,792.79

(2). Investments in associates and joint ventures

Applicable N/A

Other information:

None

4. Operating income and operating costs**(1). Description of operating income and operating costs**

Applicable N/A

In RMB

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main business	1,445,208,597.94	951,761,428.41	1,064,149,969.51	720,452,860.84
Other businesses				
Total	1,445,208,597.94	951,761,428.41	1,064,149,969.51	720,452,860.84

(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

In RMB

Item	Amount for the current period	Amount for the prior period
Gains from long-term equity investment accounted for using the cost method	18,477,491.48	
Investment income from disposal of long-term equity investments	3.00	
Investment income from disposal of held-for-trading financial assets	8,780,960.36	18,624,853.96
Fees for acquiring held-for-trading financial assets	-8,750.05	
Total	27,249,704.79	18,624,853.96

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

In RMB

Item	Amount	Description
Gain or loss on disposal of non-current assets	1,437,535.03	
Tax refunds or reductions with ultra vires approval or without official approval documents		
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	87,716,471.20	
Income earned from lending funds to non-financial institutions and recognized in profit or loss		
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures		

Profit or loss on exchange of non-monetary assets		
Profit or loss on entrusted investments or assets management	9,776,977.44	
Impairment losses on assets due to force majeure events, e.g. natural disasters		
Profit or loss on debt restructuring		
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.		
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction		
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 involving enterprises under common control	14,561,407.47	
Profit or loss arising from contingencies other than those related to normal operating business		
Profit or loss on changes in the fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, other than those used in the effective hedging activities relating to normal operating business	40,127,764.00	
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually		
Profit or loss on entrusted loans		
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model		
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of laws and regulations in respect of tax, accounting, etc.		
Custodian fees earned from entrusted operation		
Other non-operating income and expenses	865,330.69	
Other gains or losses meeting the definition of non-recurring profit or loss	-9,823,212.01	
Less: Effect of income taxes	7,304,758.42	
Effect of minority interests	28,273,002.10	
Total	109,084,513.30	

It is required to specify the reason for defining items as non-recurring profit or loss items according to *Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities*

- *Non-recurring Profit or Loss*, and reasons for defining non-recurring profit or loss items illustrated in *Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities*

- *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	10.26	0.52	0.51
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	5.46	0.27	0.27

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: April 25, 2022

Revision information

Applicable N/A