

Stock Code: 688007

Stock Short Name: Appotronics



Appotronics Corporation Limited Annual Report 2022

2023 April

本报告为深圳光峰科技股份有限公司自愿披露的《2022 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。

This is Annual Report 2022 (English version) voluntarily disclosed by Appotronics Corporation Limited. In the event of any discrepancy between the English and Chinese versions of this report, the Chinese version shall prevail.

Maintain long-term strategic focus

Dear Shareholders,

We would like to thank you all for your continued support and trust over the last year. Though various changes afflicted the global economy, Appotronics and various shareholders have tackled this difficulty jointly.

Albeit with many uncertainties, we soon made a foray into the automotive optics industry through our extensive experience. To be specific, we obtained the IATF 16949:2016 certification and provided automotive optical solutions to carmakers such as some international manufacturer, BYD Auto and Seres. In 2023, BMW's i Vision Dee stuns the world with Appotronics devices, ushering in a new era of four-window fusion displays. At the same time, our own business also rose by 36.87% year-on-year. According to the *2022 China Projector Market Review* released by IDC, our Formovie Projector gained a 8% share of the home projector market as one of the top three brands. Despite the recurring waves of COVID-19, more than 2,700 new laser light source projectors were installed in cinemas throughout China. What's more, our market share of professional displays remained ahead and our market share of engineering laser projectors ranked first. Besides, our laser projector sales got the first place too.

In 2022, I acted as Appotronics CEO again. Considering the difficulties, not any success mentioned above was made easily. First of all, I express my deepest gratitude to my team because they maintained our strategic focus and business resilience. Secondly, I would like to owe these results to our appropriate strategy. With Technology First in mind, we may create amazing possibilities in every scenario.

Though the revenue increased in 2022, our profits were affected. In operations management, a lot of problems arose. For example, there is still much room for improvement of our manufacturing capacity. Besides, our supply chain is not good enough... At the same time, we must deal with external challenges including shrinking demand, supply shocks and expectation weakening.

This year, we will continue to increase our investment in research and development because the investments in 2021 (9.47%) and 2022 (10.31%) have brought us a number of technological innovations. In 2022, we developed a pocket-sized optical module, the first commercial AR module with more than 10,000 PPI. Also, our latest ALPD®5.0 laser display technology made its debut, achieving the maximum color gamut visible to the human eye while demonstrating remarkable features such as no speckles, low cost, high efficiency and compact size.

In the first quarter of this year, our R&D investment increased by 15.49% year-on-year. Indeed, innovation is our lifeline and leading competitive edge.

Also, we will continue to improve our management and values. The inadequacy in our manufacturing capacity must be overcome. And a change in the supply chain is required. More procedures should be established and the well-established procedures should be improved. Besides, internal audit should be stricter than previously.

Last but not least, we will continue to expand our investment in automotive optical systems. At the just-concluded Shanghai Auto Show, we presented a model car with the latest immersive laser display and lights and launched the world's first automotive-grade laser headlight supporting RGB display, as well as immersive in-car digital interactive solutions such as exterior window display, in-car transparent display, in-car entertainment screen, and smart surface display. Through automotive displays, HUDs and laser headlights, we along with our partners are exploring new smart car experience for all consumers.

With fast-growing AI web platforms like ChatGPT and advancing smart cockpits, Appotronics will help bring immersive driving simulation to a new level.

As a saying goes, no great success is achieved with little effort. So, we will uphold our strategy and achieve our goal though more difficulties may lie ahead.

Thank all shareholders and friends!

Time tells everything!

LI Yi

April 2023

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.

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

Audited by Pan-China Certified Public Accountants (Special General Partnership), the Company's net profit attributable to shareholders of listed companies in 2022 was RMB119,440,773.77, the net profit realized by the parent company was RMB192,539,137.52, and the profit available for distribution by shareholders of the parent company at the end of the year was RMB579,741,763.06. The Company proposed to distribute a cash dividend of 0.54 yuan (tax inclusive) to all shareholders for every 10 shares, and as of the disclosure date of this report, the total share capital of the Company was 457,107,538 shares, after deducting the number of shares in the special securities account for repurchase of 900,000 shares, the total proposed cash dividend was RMB24,635,207.05 (tax inclusive), accounting for 20.63% of the net profit attributable to shareholders of the listed Company in 2022. This year, no capital reserve will be converted into share capital, and no bonus shares will be issued. The proposal has been deliberated and approved by the 19th meeting of the second Board of Directors and the 18th meeting of the second Board of Supervisors, and needs to be submitted to the Company's General Meeting of Shareholders for deliberation.

At the same time, according to the relevant provisions of the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No.7-Share Repurchase*, the repurchase amount of RMB19,371,239.41 (excluding stamp duty, transaction commissions and other transaction costs) implemented by the Company in 2022 is regarded as cash dividends, and the proportion of the repurchase amount to the net profit attributable to shareholders of the listed company in 2022 is 16.22%.

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)
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 Co., Ltd
Dangbei	means	Hangzhou Dangbei Network Technology Co., Ltd.
Delta Electronics, Delta	means	Delta Electronics, Inc.
Blackpine	means	Blackpine Investment Corp. Ltd.
AR	means	Augmented Reality
HUD	means	head-up display
CES	means	International Consumer Electronics Show
PPI	means	Pixels Per Inch
ODM	means	Original Design Manufacturer
EVT	means	Engineering Verification Test
DVT	means	Design Verification Test
PVT	means	Production/Process/Pilot Run verification test
MP	means	Mass Production
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, Digital Cinema Initiatives of the United States
DLP	means	Digital Light Processing
LCOS	means	Liquid Crystal on Silicon, LCD and a new reflective display technology that organically combines CMOS integrated circuits
LCD	means	Liquid Crystal Display
RGB	means	Optical Three Primary Colors, R:Red, G:Green, B:Blue
ADB	means	Adaptive Driving Beam
AI	means	Artificial Intelligence
AIGC	means	AI generated content
AIOT	means	Artificial Intelligence & Internet of Things
ChatGPT	means	Chat Generative Pre-trained Transformer, and a chatbot model published by OpenAI
Midjourney	means	AI painting tools
Micro LED	means	Micro Light Emitting Diode Display
PCT	means	Patent Cooperation Treaty
IDC	means	International Data Corporation
AVC Revo	means	Asia Vital Components Revo

Section II Company Profile and Financial Highlights

I. Company profile

Chinese name	深圳光峰科技股份有限公司
Shortname 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, 401Shenzhen 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)
Name	CHEN Yasha
Address	20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Telephone	0755-32950536
Facsimile	0755-86186299
Email	ir@appotronics.cn

III. 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
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(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	Floor 27, Fund Building, No.5999, Yitian Road, Lianhua Street, 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	2022	2021	%Change (2022v 2021)	2020
Operating income	2,541,144,635.15	2,498,228,401.78	1.72	1,948,884,176.83
Net profit attributable to shareholders of the listed company	119,440,773.77	233,364,344.09	-48.82	113,847,873.06
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	64,813,134.02	124,279,830.79	-47.85	40,289,988.80
Net cash flow from operating activities	177,350,715.69	58,337,226.84	204.01	52,390,430.42
	At the end of 2022	At the end of 2021	%Change (2022v 2021)	At the end of 2020
Net assets attributable to shareholders of the listed company	2,647,663,487.59	2,438,064,581.44	8.60	2,091,599,671.75
Total assets	4,333,350,260.15	4,097,230,955.90	5.76	3,226,204,326.69

(II) Financial highlights

Financial highlights	2022	2021	%Change (2022v 2021)	2020
Basic earnings per share (RMB/share)	0.26	0.52	-50.00	0.25
Diluted earnings per share (RMB/share)	0.26	0.51	-49.02	0.25
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.14	0.27	-48.15	0.09
Weighted average return on net assets (%)	4.73	10.26	-5.53 percentage points	5.62
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	2.57	5.46	-2.89 percentage point	1.99
Proportion of R&D investments to operating income (%)	10.31	9.47	-0.84 percentage point	10.49

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 decreased 48.82% and 47.85%, 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 50.00%, 49.02%, and 48.15%, primarily due to the following:

1. Changes in revenue structure, of which the revenue of the cinema projection service business decreased by 25.41% year-on-year;

2. Expenses increased, including a year-on-year increase of RMB81.9049 million in sales expenses and a year-on-year increase of RMB25.4062 million in R&D expenses;

3. Non-recurring profit and loss during the reporting period decreased by RMB54.4569 million year-on-year.

During the reporting period, the net cash flow generated by operating activities increased by 204.01% year-on-year, mainly due to the year-on-year increase in sales collection and the decrease in purchase payments caused by the optimization of the account 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 2022 by quarter

In RMB

	1st quarter (Jan. - Mar.)	2nd quarter (Apr. - Jun.)	3rd quarter (Jul. - Sep.)	4th quarter (Oct. - Dec.)
Operating income	525,139,870.53	744,182,331.58	606,484,116.96	665,338,316.08
Net profit attributable to shareholders of the listed company	17,858,914.53	28,107,566.57	45,389,736.02	28,084,556.65
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	550,708.61	21,454,678.31	32,170,896.11	10,636,850.99
Net cash flow from operating activities	-68,223,422.47	-10,329,937.20	89,773,197.08	166,130,878.28

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	2022	Note (if applicable)	2021	2020
Gain or loss on disposal of non-current assets	-5,668,573.43		1,437,535.03	-1,112,121.13
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)	40,229,974.94	Section X VII. 84	87,716,471.20	40,750,823.51
Profit or loss on entrusted investments or assets management	12,637,561.73	Section X VII. 68	9,776,977.44	18,624,853.96
Debt restructuring gains and losses	-912,618.35			
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises involving enterprises under common control	27,765,106.19		14,561,407.47	23,593,500.83
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	-3,120,000.00	Section X VII. 70	40,127,764.00	
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	837,824.59			
Other non-operating income and expenses	-679,415.19		865,330.69	2,429,083.25
Other gains or losses meeting the definition of non-recurring profit or loss	362,064.36		-9,823,212.01	323,003.17
Less: Effect of income taxes	4,542,972.68		7,304,758.42	9,068,330.19
Effects attributable to minority interests (after tax)	12,281,312.41		28,273,002.10	1,982,929.14
Total	54,627,639.75		109,084,513.30	73,557,884.26

For non-recurring profit and loss items defined by the Company as defined in the *Interpretive Announcement on Information Disclosure of Companies Offering Securities to the Public No.1-Non-Recurring Profit and Loss*, and the items of non-recurring profit and loss listed in the *Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public No.1-Non-Recurring Profit and Loss* that are defined as recurring profit and loss, reasons should be given.

□ Applicable ✓ N/A

X. Items at fair value
 Applicable N/A

In RMB

Item	Opening balance	Closing balance	Change	Effect on profit for the current period
Held-for-trading financial assets	417,200,000.00	352,880,000.00	-64,320,000.00	9,517,561.73
Receivables financing	244,860.00	4,279,041.00	4,034,181.00	
Investment in other equity instruments	7,075,419.38	7,075,419.38		
Total	424,520,279.38	364,234,460.38	-60,285,819.00	9,517,561.73

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:

In RMB

Item	2022	2021	Change (%)
Net profit attributable to shareholders of the listed company excluding the effect of share-based payment expenses	171,801,853.92	277,641,613.32	-38.12
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	117,175,029.32	164,481,340.03	-28.76

XII. Explanations of information suspension or exemption due to state secrets, commercial secrets, and other reasons
 Applicable N/A

Section III Discussion and Analysis of the Management

I. Analysis of business conditions during the reporting period

In 2022, in the face of the repeated epidemic and the complex and severe international and domestic environment, the Company has always adhered to the strategic principle of "core technologies+ core devices+ application scenarios" and actively responded to the challenges met in the business environment. We need to foster new opportunities amidst crises, open up new horizons on a shifting landscape. The Company firmly grasps the market opportunities brought by the steady advancement of the "core devices" strategy, continues to increase R&D investment in core technologies and growth businesses, continuously enhances the Company's core competitive advantages, and pursues the Company's high-quality growth.

During the reporting period, the Company made breakthroughs in the automotive optics and successfully created a new growth curve; the household core device business has grown rapidly, and the upstream and downstream circle of friends in the ecological chain has continued to expand; although greatly affected by the epidemic, the cinema business and professional display business as a whole have shown strong development resilience, the basic operation foundation is solid, and the overseas business has opened up a new situation. The Company's operating profit was under short-term pressure, but the overall operating situation maintained a steady development trend, achieving an operating income of RMB2.541 billion, a year-on-year increase of 1.72%.

1. Core device business

➤ Grasp the trend of automotive intelligence for embracing the new track of the automotive optics

(1) Vast automotive display market space, accumulate strength to design the three product lines

The intelligence of automobiles has become a development trend in the automotive field, and new requirements have been put forward for automotive displays by the intelligent cockpit, stimulating innovative applications of laser projection display in automotive displays, including roof screens, transparent window displays, rollable large screen projection, AR-HUD, smart surface displays, smart laser headlights, etc. The market space of the automotive optical track is broad, and with the accelerated popularization of automotive intelligence and technology, the market scale of the industry is growing rapidly.

2022 is the first year of the Company's automotive business development, and the Company is preparing to lay out three product lines: automotive display, laser headlights, and HUD. With the advantages of small volume, high brightness and non-trace display of ALPD® laser display core technology, the Company's vehicle-mounted intelligent projection display solution can turn any surface in the car into a digital interactive interface, realizing a variety of typical application scenarios, such as in-plane sunroof display, side window projection, smart surface display, and vehicle-mounted large-screen projection, so that drivers and passengers can experience the functionality or entertainment brought by ubiquitous display. The multi-scene, single-machine multi-function projection display of the Company's intelligent cockpit can provide a new visual experience for automotive customers and maximize the intelligent display value of electric vehicles. In addition, the Company's vehicle-mounted business has carried out leading technology and product portfolio in sub-fields such as HUD and laser headlights, seizing the development opportunities of the automotive optics market.

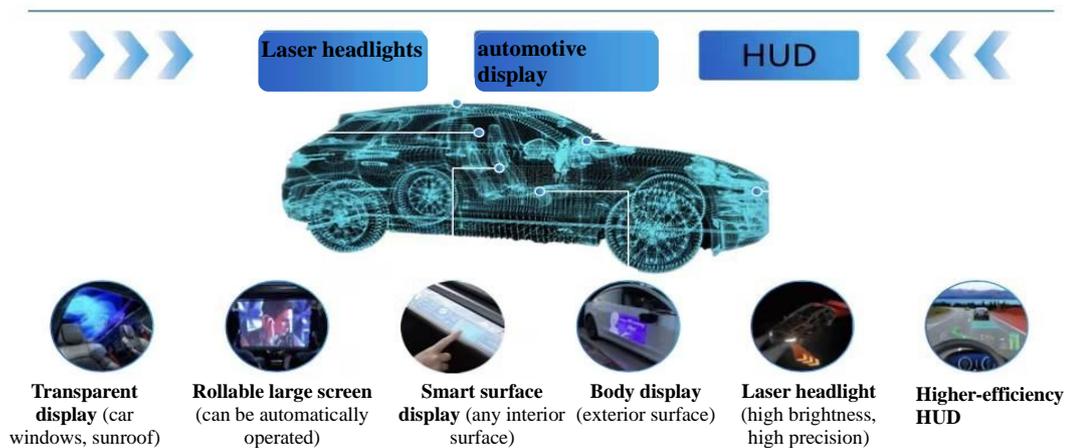


Figure 1: Appotronics's vehicle-mounted business provides a variety of application solutions

(2) It has successively obtained fixed orders from a number of automakers and continued to increase the carrying capacity of ALPD

In April 2022, the Company obtained IATF 16949:2016 quality management system certification, indicating that the design and manufacture of vehicle-mounted laser optical engines and projectors fully met the quality management system requirements of the International Automotive Working Group, and obtained an access to enter the domestic and foreign automotive supply chain.

With its profound technology accumulation in the field of optics, the Company has obtained the *Development Nomination Letter* issued by BYD, an internationally renowned brand car Company, Seres and many other well-known car companies, realizing the rapid growth of automotive optical business.

At CES 2023, automotive brand BMW unveiled the world's first concept car I Vision Dee equipped with four-window fusion display technology. The concept car Dee is equipped with the world's premiere four-window fusion display technology, making "window transparent display" an important change for the next generation of smart cars. The core device of this technology is provided by the Company, using ultra-small, high-brightness ALPD®DLP optical machine to make projection display on the surface of the side window a reality, with external display through the internal projection and internal display through the external projection, and drivers and passengers can interact with the display screen outside the car or inside the car.



Figure 2: Live display diagram of BMW I Vision Dee concept car side window display

(3) Forward arrangement of automotive optical technology patents, continuous expansion of business cooperation ecosystem

The Company attaches great importance to the patent arrangement of automotive optical technology and provide solid patent protection for the development of this business. During the reporting period, the Company produced 81 new authorizations and patents related to automotive optical technology, a year-on-year increase of 326.32%; as of December 31, 2022, the cumulative number of patents authorized and applied for related to vehicle-mounted designs was 148, a year-on-year increase of 82.72%.

At the 2022 (6th) High-tech Intelligent Vehicle Annual Conference, the Company's vehicle-mounted laser projection display technology won the 2022 Intelligent Vehicle Innovation Technology Award. Appotronics also won the vice president unit seat of Shenzhen Automotive Electronics Industry Association, aiming to promote the development of automotive electronic display and lighting electronics industry, and continuously bring new technologies and new solutions to the automotive industry.

With the growing demand for automotive intelligence and technology, the intelligence of electric vehicles has ushered in a rapid development period, and the vehicle-mounted laser track has entered a stage of rapid development. With deep technology accumulation in optics, the Company will use technology to empower diversified vehicle-mounted application scenarios, actively cooperate with excellent domestic and foreign vehicle manufacturers and upstream and downstream partners in the supply chain, and strive to build a healthy automotive optical industry ecosystem.

➤ **Rapid growth in the household core device business for gaining more powerful brand value influence**

During the reporting period, the Company accelerated the arrangement of the To C core device business,

and the household core device business achieved an overall operating income of RMB413 million, a year-on-year increase of 68.93%. Relying on the core advantages of ALPD® laser display technology, the Company continues to supply customized laser micro-projectors or laser TV optical machines and other core devices for partners such as Dangbei, Anker, and XGIMI. Among them, the laser projectors X3 and X3 Pro released by the Company and Dangbei are deeply loved by consumers and have become the hot-selling projection products in the market.

➤ **Breakthroughs have been made in innovative fields such as AR and robotics**

In May 2022, the Company announced the world's first pocket-sized AR commercial optical module developed by itself with a PPI of more than 10,000, which made a breakthrough in the underlying technical architecture and made significant progress at the high pixel density level.

Relying on the advantages of self-developed laser light machine such as high brightness, small size, excellent heat dissipation and high energy efficiency, the Company reached a strategic cooperation with Midea Group to provide projection solutions for the first generation of home service robots released by it. This strategic cooperation fully reflects the Company's ability of laser implantation to enter the mobile device field, which will help the Company cultivate and broaden the innovative application scenarios of core devices.

2. Non-core device business

➤ **C-end products are in a stage of well-grounded development, and own-brand business maintained a growing trend**

In 2022, Formovie continued to focus on its own brand and released a number of new smart projector products, and its own brand business increased by 36.87% year-on-year, accounting for 66.11% of Formovie's total revenue. In the 2022 shipment ranking of the domestic consumer projector market (that is, the home projector market), the shipments of Formovie's own brand (excluding ODM) increased by 100.4% year-on-year, and the market share reached 8%, ranking the top three (data source: IDC). During the reporting period, the overall sales volume of the sub-brand Xiaoming series projectors increased by 119.98% year-on-year, and the sales volume increased by 167.97% year-on-year.

➤ **The professional display business ranks first in the market, accelerating the arrangement of overseas markets**

In the engineering business, the Company's market share remains ahead, in the 2022 laser projection engineering market, the Company's engineering projector sales share reached 14.5%, up 2.7 percentage points year-on-year, ranking first in the market; the share of sales was 13.5%, up 3.4 percentage points year-on-year, ranking second in the market (data source: AVC Revo). The Company adhered to the innovation drive, and launched the new laser 3DLP high-brightness engineering projector G series during the reporting period to further enrich the high-brightness engineering projector product category. The Company continues to deepen customer cooperation, focusing on creating Xinjiang's first global "walking immersion" super sensory performance *All Celebrate and Dance Including Xinjiang*, Meeting the museum•Beijing 798 Hall and other influential cases with industry influence to enhance the brand influence in the engineering business market.

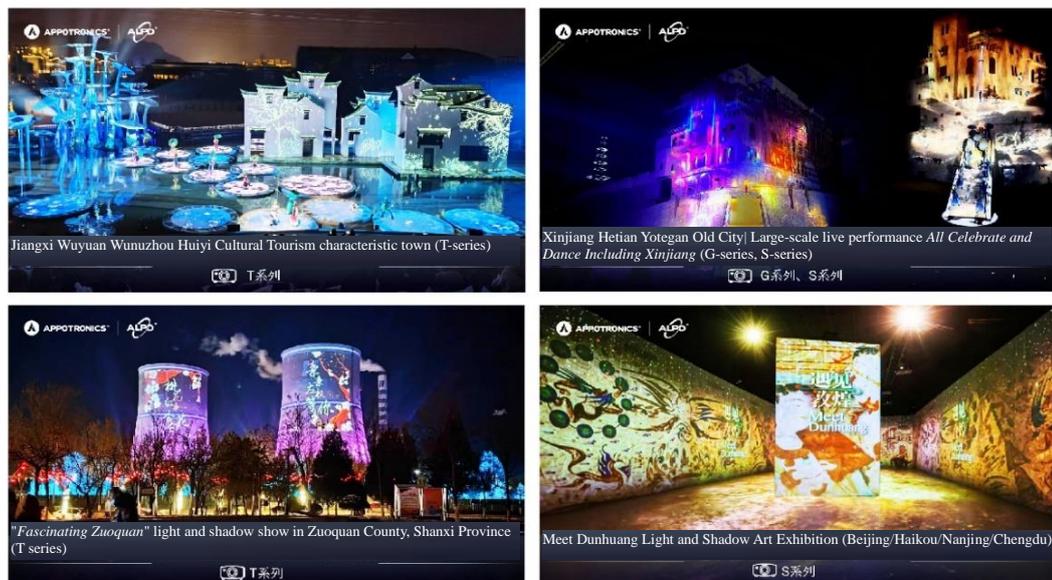


Figure 3: Case display of benchmarking projects in the engineering machinery in 2022

Under the influence of relatively weak market demand for general education, the Company accelerated

its transformation to higher vocational education, and successively won the bid for Northeastern University, Sichuan Normal University, Beijing Information Science and Technology University and other university projection program projects. In the field of business and education, the Company's shipments in the laser projection business education market ranked first in the industry in 2022 (data source: AVC Revo). Its overseas special display business field has covered some countries such as North America, East Asia, and Central Asia.

➤ **The cinema business has been significantly impacted by the epidemic, accumulating momentum to meet the market recovery**

Affected by multiple factors such as the long-term shutdown of cinemas and insufficient film sources, the Company's cinema projection service business has been affected to a certain extent. However, with years of deep cultivation and leading advantages, the Company achieved nearly 2,700 sets of new laser cinema light sources installed nationwide during the reporting period. As of the end of the reporting period, the number of ALPD® laser light source projection solutions of its subsidiary CINEAPPO installed in China has exceeded 27,700 sets. The Company also actively responds to the national "dual carbon" policy, pays attention to the energy-saving and environmental protection performance of products and reduces carbon emissions. In terms of overseas cinema market, with the rapid recovery of overseas cinema market and the boost of movie viewing demand, the Company's overseas cinema light source sales performed well.

With restrictions eased down, sufficient film sources and favorable policies in the film industry, the Company will actively seize the opportunity to promote the development of the cinema business, and drive the high-quality development of domestic and foreign markets with product advantages and channel upgrades.

II. Main business, business model, industry situation and research and development situation of the Company during the reporting period

(I) Major business, main products or services

1. The main business engaged in by the Company

The Company, as a global leading enterprise in the laser display, adheres to the market and customer demand-oriented, continues to focus on the original laser display technology and architecture as the lead, and devotes itself to researching and developing, producing and selling laser display core devices and complete machines. The Company applies laser display technology to traditional applications such as home projection, cinema projection, engineering, business and education, and successfully enters the field of the automotive optics, lays out and expands new fields such as aviation display, AR, and robotics, and is committed to providing customers with a full range of laser technology solutions.

2. The Company's main products and services

The Company's products are mainly divided into laser display core devices and complete laser display equipment according to major categories. Among them, the core devices are further divided into laser light sources (cinema light sources, engineering light sources), laser intelligent mini projectors, automotive optical core devices (automotive displays, HUDs, laser headlights) and systems, laser TV light machines, etc.; complete equipment can be further divided into intelligent mini projector, laser TV, laser movie projector, laser engineering projector, laser education projector, etc. The Company mainly provides laser cinema projection services, intelligent large-screen ecosystem Feng OS and corresponding system solutions.

(II) Main business model

According to industrial policy, industry characteristics, upstream and downstream development and customer needs, combined with the Company's development strategy, competitive advantage, service experience and other factors, the Company develops a relatively mature business model, with independent and complete R&D, procurement, production and sales system.

1. R&D mode

The Company adheres to the innovation-driven, continuously improves the R&D system that adopts the independent R&D mode, and separates technology development and product development in terms of organizational structure and development process. In terms of technology development, the Company focuses on the continuous innovation and mastery of core technologies and key technologies, and pays attention to user needs-oriented, and introduce product development after the technology is mature, so as to maintain the Company's core competitiveness in technology and leading position in the industry; in terms of product development, according to the differentiated needs of different market segments, the Company sets up product lines and teams for product planning, divides it into feasibility \EVT\DVT\PVT\MP and other stages to achieve rapid response to market demand.

2. Procurement model

The Company maintains long-term and in-depth cooperation with many suppliers, constantly strengthens

supply chain management and quality management, and always adopts diversified procurement. The procurement mode consists of front-end procurement services such as supplier selection, determination of purchase price, cooperative business system, and establishment of supplier platform, as well as back-end business such as purchase order execution and delivery.

3. Production mode

The Company implements the model of "independent production as the mainstay, supplemented by outsourced production" with an independent production system. The Company's external sales and projection services of light sources, optical core devices and core processes in the production process are completed by the Company independently; To C intelligent mini projector, laser mini projector, laser TV complete machine, etc. are mainly outsourced, and other complete products are produced by itself.

4. Sales model

(1) Product sales model

The Company's marketing service network is laid out well, matching various application market segments. It adopts the product sales model combining "direct sales, distribution and agent sales", and achieves mutual penetration and coordinated development both online and offline to respond to customer needs in a timely and rapid manner;

(2) Cinema projection service mode

The Company's holding subsidiary, CINEAPPO, provides laser film projection services to downstream cinema customers, and charges service fees according to the length of time (the fees are charged by the hour or a certain period of time) the cinema uses the light source, in this case the cinema does not need to purchase light source equipment, thereby effectively alleviating its financial pressure and reducing its labor and maintenance costs.

(3) Automotive optical business cooperation model

According to the needs of OEMs and the design of their own production lines, the Company designs and develops automotive optical products, and accepts the audit and certification of car companies at all stages until it receives mass production confirmation. The Company's specific supply process is as follows:

Before the mass production of the project, the Company obtains the project designation point and signs relevant sales contracts with the car company, stipulating the rights and obligations of both parties.

The designated-point contract usually uses the project usage within the procurement period as a reference to determine the purchased products, model specifications, supply terms, etc., and the designated-point supplier supplies and provides services according to the contract provisions, and settles and pays regularly. Regarding the Company's products, the mode of synchronous research and development with car companies is adopted, so the project progress after signing the designated-point contract is closely related to the development progress of customer models.

After the mass production of the project, car company requires the Company to conduct mass production, puts forward specific delivery arrangements, and after the car company confirms the receipt, it will pay the Company according to the price agreed by both parties.

(III) The situation of the industry

1.The development stage, basic characteristics, and main technical thresholds of the industry

(1) Industry development stage

As an emerging industry, laser display is at a stage of rapid growth, and its growth drivers mainly come from: First, technological progress has spawned emerging application fields, and laser display technology has been applied to the automotive optics and other fields, and the market has great potential for explosion; second, the "14th Five-Year Plan" listed laser display in the Ministry of Science and Technology's "New Display and Strategic Electronic Materials Key Special Project". With the support of national and industry policies, more and more domestic enterprises and scientific research institutions enter the upstream and downstream fields of the laser display industry chain, strengthen the industrial chain, actively develop and iterate technology, thus further increasing the localization rate of core components of products.

(2) Basic characteristics of the industry

In 2007, the ALPD® laser display pioneered by the Company's R&D team broke through the application bottleneck of the core devices and imaging solutions of laser display in the display field, and became the mainstream technology of the laser display industry, and has been widely used in vehicle-mounted, household, cinema, engineering, business and education and other fields.

In terms of technology, ALPD® laser display has become the mainstream technology, which can be matched with a variety of chips and technical routes, suitable for DLP, LCOS and LCD technology; in terms of market, in addition to traditional applications such as cinema, engineering, business and education,

emerging industries such as intelligent cockpit, intelligent networking, AR, and AI are booming, and gradually become a new application development focus of the laser display industry, and the overall scale of the industry continues to expand, which is expected to help to broaden the market growth space of ALPD® laser display technology.

(3) Main technical barriers

Laser display products cover optics, electronics, materials, physics, mechanical design, precision manufacturing and other fields. The key to product performance improvement lies in the core devices while the research and development and iteration of core devices are subject to high technical barriers and strong patent barriers. In terms of specific application fields, the technical barriers of the TO C market and the innovative application market lie in high efficiency, small size, and high-performance price ratio, while the technical barriers of the TO B market lie in the continuous upgrading of performance, such as brightness, color, dynamic range, etc.

It is worth mentioning that ALPD® laser display technology, as the only laser display technology that meets the requirements of automotive regulations, can solve the problem of compliance of red laser vehicle specifications in RGB light sources, and has significant technical advantages in the automotive optics.

2. Analysis of the Company's position in the industry and its changes

As a new generation of display technology, laser display is widely used in the market with its advantages of high brightness, small volume, long service life, wide color gamut, energy saving and environmental protection. In addition to the traditional display field, it can also be applied to innovative fields such as vehicle-mounted, AR, and aviation.

As a leader in the laser display industry, the Company has laid out a patent moat around the underlying technical architecture of laser phosphor display technology, which is difficult to be bypassed by companies in the industry entering the laser phosphor technology route. The Company is committed to the breakthrough and innovation of laser display technology, the development of application scenarios and the industrialization promotion, and thus forms the technical reserve and patent arrangement of the whole technology chain of laser display from key system architecture, core devices to key algorithms. With the core competitive advantage of "patent moat+ technical barriers", the Company has its voice at the upstream core device stage in the laser display industry.

3. The development and future development trend of new technologies, new industries, new formats and new models during the reporting period

(1) Accelerated development of automotive intelligence leads to considerable market potential of the automotive optics

A. Automotive intelligence

In terms of demand, the automobile consumer group is younger, and the demand for automotive intelligence will explode. According to SIC data, in 2020, the proportion of car buyers after the post-90s generation accounted for about 26%, and by 2025 this proportion will quickly increase to 38%, and more than 52% of car buyers will be the post-90s generation in 2030. As Generation Z gradually becomes the main group of car buyers, the preference for intelligent driving, high-tech and other configurations is stronger, and the demand for automotive intelligence will further improve.

In terms of supply, in recent years, blockbuster models of various new energy vehicle companies have been launched one after another, thus greatly inspiring the market enthusiasm, and more intelligent vehicles will be launched soon. In the medium and long term, in the future, China's smart electric vehicle market will present a diversified competitive pattern, with the subsequent domestic intelligent vehicle supply significantly increased, industrial development showed an accelerated trend. In order to accelerate the construction of an intelligent transportation system, China has issued a number of policies and regulations to promote the intelligent upgrade of the automotive industry. With the support of multiple policies, the transportation field of China's automobile market is developing towards intelligence and Internet connectivity.

B. Intelligent cockpit

Automotive intelligence starts first, followed by the era of intelligent cockpit. The intelligent cockpit is in a period of rapid growth with accelerated application. With the change of consumer demand, consumers' positioning of cars is gradually evolving from travel tools to the third space, and intelligent cockpits are given stronger interactive attributes. Compared with traditional cockpits, intelligent cockpits have outstanding advantages in interactive performance, sense of technology, comfort, safety and other fields, and the related hardware industry has broad growth space.

In 2030, the global automotive intelligent cockpit market will reach \$68.1 billion, of which the Chinese

market will exceed RMB160 billion; China's intelligent cockpit market share will further rise to 37%, becoming the world's leading smart cockpit consumer market (Source: IHS forecast). In the intelligent cockpit industry chain, some subdivisions have seen rapid growth opportunities:

Head-up display (HUD): W-HUD is the current mainstream program, and AR-HUD, combining virtual image and real scene, is expected to become the mainstream in the future, with more integrated display effect, richer information content. As the terminal car manufacturers accelerate the promotion of front-mounted HUD, the penetration rate of HUD continues to increase, and it is expected to further increase. In terms of market size, according to the data of Yiou Think Tank, the market size of China's automotive front-mounted HUD will reach RMB2.96 billion in 2021, and the market size is expected to reach RMB31.74 billion in 2025, with a compound annual growth rate of 81%, and the overall scale is expected to achieve rapid growth in the future.

Automotive display: As a terminal system, automotive display helps realize the human-computer interaction, and the multi-screen automotive display is in great demand. The driver enters commands on the display by voice, touch, etc., and the display uploads the command to the system and outputs. The vehicle is equipped with a central display, instrument panel display, head-up display, rearview mirror display, and front and rear entertainment screens. According to Omdia, global automotive display shipments in 2020 was 140 million, and the market size reached \$7.2 billion, and it is expected that automotive display shipments will be 230 million in 2025, with a five-year compound growth rate of 10%, and the automotive display market size will be \$12.8 billion, with a five-year compound growth rate of 12%.

Relying on the characteristics of high brightness, small size, high energy efficiency ratio, and the ability to convert any surface into a digital interactive interface, laser display has become a new display technology after LCD in the field of automotive display, and has become one of the mainstream technologies attracting car companies.

C. Automotive lighting

At first, automotive headlights are designed to meet the night visual needs, providing basic lighting for drivers driving at night and providing low and high beam. With the development of technology, greater driving safety is required at night. For example, to minimize the effect of headlight glare, which is easy to cause traffic accidents. AFS (adaptive headlight system) and ADB (adaptive high beam system) lighting systems emerge. In the third stage, automotive lamp shows the potential of rich personalization and infinite scene interaction expansion in the era of intelligent automobiles, so that the display function is introduced into the lamp, thus more interactive behavior between the lamp and driver, and a trend of display+ lighting integration, including road surface projection, pixelated signal lights, etc.

The market penetration rate of ADB headlamps in 2022 is only 3.2% while the market penetration of ADB headlamps is expected to reach 13.2% by 2026, driving the overall lamp market value to reach \$39.496 billion in 2026, with a compound annual growth rate of 4.7% from 2021 to 2026 (Source: TrendForce).

(2) Laser display is integrated with new technologies for expansion into new fields such as robots and AR

A. Artificial intelligence empowers terminal devices with more "intelligence"

With the iterative update of a new generation of artificial intelligence technologies and applications such as ChatGPT 4 and Midjourney V5 and their excellent content generation capabilities, artificial intelligence (AI) has begun to reach the general public users on the C-end, and AIGC (artificial intelligence content generation) technology is gradually changing the current content production mode and bringing new changes.

The new direction of artificial intelligence technology represented by GPT has begun to provide more and broader scene channels for potential downstream applications of electronic products, and it is expected to form a path with computing power chips→ computing power devices→ cloud-side servers →end side AIOT as the core for the hardware. With the application of artificial intelligence technology in mobile phones, smart homes, smart cameras, drones, self-driving cars and other terminals, terminal devices will be given more "intelligence".

According to qubit calculations, the domestic AIGC market size is expected to reach RMB17 billion in 2023, and from 2025, as the industrial ecology becomes more and more perfect, its application will flourish and drive the rapid growth of the industry, and starting from 2028, AIGC will develop a complete industrial chain and continue to expand and deepen commercialization scenarios, and the market size is expected to exceed RMB1 trillion by 2030.

B. Artificial intelligence accelerates the industrialization of robots

AI and robot develop independently, with the emergence of deep algorithms in 2006, robots started to be used. In March 2023, Google launched PaLM-E, the world's largest visual language model, to realize the synchronous training of robot vision and text; at the same time, Microsoft released a paper to integrate

CHATGPT into robot training, which attracted widespread attention in the industry. Multimodal's application in robots is on trend, which will further empower robots to reduce robot programming costs, improve human-computer interaction capabilities and make scenarios more vivid. Based on factors such as fault tolerance, To C-end applications are ideal scenarios, and scenarios such as home companion service robots, food delivery robots, and mobile robots will be the first to be applied. With the technical iteration and cost reduction of general AI products, it is expected to create more core scenarios in the future and achieve AI inclusiveness.

Laser display technology is one of the mainstream technical routes, which can be matched with a variety of chips and technical routes, suitable for DLP, LCOS and LCD technology. It is compatible with the latest technologies such as human-machine interaction, intelligent identification, Internet of Things, cloud platform and big data. Among them, with the rapid development of AI artificial intelligence, the Company's core device business with first-mover advantage will be more creative and imaginative. Relying on the deep technology accumulation in the field of laser display, the Company provided projection solutions for the first generation of home service robots released by Midea Group in 2022, and successfully entered the field of growing robots.

C. AR display, the mainstream display technology of the future

AR display can superimpose virtual reality in real scenes to achieve enhanced display, and therefore can be applied in industry, medical, remote communication, sports, daily information display and other aspects. With the continuous advancement of virtual display technology and the promotion of virtual personal assistants by major technology giants, glasses AR products are expected to usher in a period of rapid development.

AR glasses optical imaging systems currently use more solutions for free-form surfaces, birdbaths and optical waveguides. From the perspective of performance, optical waveguides have obvious advantages in lens thickness, field of view, light transmittance, etc., and have the highest technical barriers. In terms of display, silicon-based OLED screen is widely used, and Micro LED has also been pursued by the industry, but problems related to brightness, service life, power consumption, cost, yield and other aspects remain to be solved.

From the perspective of technical architecture, AR display is similar to projection-type display, and with the accumulation of technology in laser display, the Company possesses the imaging optics, illumination optics, algorithms and other technology and industrial chain resources required for AR technology research and development.

In May 2022, the Company announced the world's first self-developed AR optical module with PPI exceeding 10,000, which focused on making breakthroughs in the underlying technical architecture and making significant progress at the high pixel density level. Based on the innovation in optical, structure, algorithm and other technical fields, the Company has developed SPD (super pixel density) technology, which achieves over 10,000 PPI, 720p resolution, 40 degrees of field of view and power consumption below 200mW in a volume of 0.5cc (cubic centimeters), and the image definition is more than twice the industry average under the same volume.

(IV) Core technology and R&D progress

1. Core technology and its advancement and changes during the reporting period

The Company is committed to the breakthrough and innovation of laser display technology, the development of application scenarios and the industrialization promotion, and thus forms the technical reserve and patent arrangement of the whole technology chain of laser display from key system architecture, core devices to key algorithms. At the same time, the Company continues to invest R&D resources in laser display system miniaturization, miniaturization, light source architecture, complete machine structure, complete machine perception, thin film material preparation and processing to maintain the industry-leading level. As a Leader Level Member of the International Laser Projector Association, the Company participates in the development of international standards for laser display.

With the support of accumulated data, algorithms and design solutions, the Company has the ability to quickly provide products and solutions that meet different application scenarios such as movie screening, home entertainment, outdoor display, ultra-large area display, immersive display and so on. Meanwhile, the Company has successively made breakthroughs in the fields of automotive-grade laser optical machine, wide

color gamut high dynamic range optical machine, AR optical module and other fields, and achieved market-oriented promotion.

National Scientific and Technology Awards

Applicable N/A

Qualifications 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

In terms of cutting-edge technology, the Company officially released ALPD® 5.0 laser display technology in November 2022, which greatly improved the color gamut range by maintaining the original technical advantages of ALPD® without speckle, low cost and high luminous efficiency by way of light source control matching software algorithm, reaching 120% Rec.2020, 165% DCI-P3, 210% Rec.709 to meet the color gamut requirements of the 4K standard. It helps achieve the maximum color gamut visible to the human eye, thereby improving the visual experience.

In terms of automotive optics, the Company has developed multiple automotive-grade products such as automotive laser display, HUD PGU, and pixelated intelligent headlights that met automotive standards, and carried out mass production and research and development of automotive-grade optical machines based on the designated projects of automotive enterprises.

In terms of innovative applications, based on multiple technological innovations such as optics, structure, and algorithms, the Company has developed SPD (super pixel density) technology, and announced the world's first self-developed AR optical commercial module with PPI exceeding 10,000 in May 2022, which made a breakthrough in the underlying technical architecture and significant progress at the high pixel density level; the Company provided projection solutions for the first generation of home service robots released by Midea Group, successfully applying laser display light machine to intelligent home service robots and achieving the first mass production delivery. In addition, the "zero" post-focal optical machine solution is another technological innovation of the Company. Compared with the traditional optical machine, it has no prism, no backfocus block, thus minimizing the volume of the optical machine, and will see more development in innovative fields such as mobile phones, AR, and vehicles in the future.

(2) Complete machine

In the field of household projection, during the reporting period, Formovie Technology released a number of smart projectors, including V10 projector, S5 laser intelligent mini projector, Xiaoming Q2 and Q2 Pro intelligent projectors, enriching the projection product matrix to meet the diversified projection needs of consumers. In May 2022, Formovie Technology officially released its flagship new V10 4K ultra-high-definition projector, with a brightness of more than 2,500 lumens, achieving a leading position in its class and 3,840*2,160 resolution, 8.3 million pixels, and AI image quality enhancement function, presenting ultra-high-definition extreme vision; it pioneers the industry in the 2.1-channel speaker design.

In the field of household TV, during the reporting period, Formovie launched Formovie Theater, a full-color laser TV product with 4K resolution and BT.2020 color gamut overseas, which was the first laser TV to achieve far-field voice through Android TV 11.0 and Google. For the sound quality, the Company jointly developed and debugged with the well-known brand B&W to achieve the leading sound effect and image quality synchronization in the industry.

In the field of engineering applications, as the first enterprise in China to independently develop 3DLP high-lumen engineering machines, the Company launched a new generation of G series high-brightness engineering projectors, using high-efficiency liquid cooling system and 3DLP imaging technology to achieve 25,000 lumens of high brightness, effectively supplementing the brightness and price range of the previous generation of T series high-brightness engineering machines, and realizing wider application coverage of high-brightness engineering projectors in cultural tourism, night tourism economy and other fields.

List of intellectual property rights acquired during the reporting period

	Newly added in the current year	Total
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	Applications (pcs)	Granted (pcs)	Applications (pcs)	Granted (pcs)
Patent for invention	222	148	1,622	966
Patent for utility model	174	181	715	605
Patent for design	32	37	219	202
Software copyright	20	16	133	127
Others	136	163	1,130	980
Total	584	545	3,819	2,880

Note: 1. "Others" in the table above refer to trademarks of the Company; 2. during the reporting period, the Company filed 73 PCT international patent applications.

3. R&D investments

In RMB

	Current year	Last year	Change (%)
R&D investments expensed	262,108,405.90	236,702,224.29	10.73
R&D investments capitalized	-	-	-
Total R&D investments	262,108,405.90	236,702,224.29	10.73
Proportion of R&D investments to operating income (%)	10.31	9.47	+0.84 percentage points
Proportion of R&D investments capitalized (%)	-	-	-

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

Applicable N/A

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

Applicable N/A

4. R&D projects

√ Applicable □ N/A

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	26,082,494.49	95,703,192.76	Mass production	This project will research the industrialization of the technology of RGB trichromatic laser with phosphor to satisfy the market demands for RGB trichromatic laser display, build a mass production line for trichromatic laser display complete equipment, acquire proprietary IP, and realize large-scale application of trichromatic laser display products.	This project will greatly promote the industrial upgrading of trichromatic laser display technology, and gain international competitive edge for proprietary trichromatic laser display technology.	This project will establish a trichromatic laser display complete equipment production demonstration line.
2	Innovative projection optics applications	170,870,000.00	39,009,880.78	39,009,880.78	Pilot test	Carry out customized research and development, design and production of vehicle-mounted projection products for different models according to the requirements of automobile manufacturers; research and develop AR optical modules; provide projection solutions in the field of IoT AIoT.	Take the lead in the industry	It is used in innovative projection display scenarios such as vehicle-mounted, AR, and IoT AIoT.
3	Laser TV	102,040,000.00	30,547,199.52	85,019,675.97	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.

4	Laser cinema projector	114,640,000.00	37,483,782.58	81,073,194.57	Mass production	Research and develop low-cost, DCI-compliant laser cinema projectors for high-end home use and DCI-compliant cinema LED screens.	Take the lead in the industry, DCI standard household projector and cinema LED screen.	It is used in high-end home markets and cinema screening halls.
5	Core device light source and light generator project	100,620,000.00	28,797,886.91	55,046,595.96	Mass production	It adopts a new generation of optical machine technology to realize lower cost, wider color gamut, higher brightness, and higher energy efficiency ratio of light source optical machine.	Take the lead in the industry and make significant improvement in cost performance, color gamut, light efficiency, etc., to better meet the actual needs of customers.	It is used in the upgrading of cinema projector light source, three-color laser TV, laser mini projector and other market fields.
6	Intelligent mini projector	174,520,000.00	72,119,130.48	91,234,969.04	Mass production	Research and develop high-performance, cost-effective intelligent mini projectors, lay out different product series, make breakthroughs in technological innovation, product form innovation and quality upgrade to meet different user needs.	Take the lead in the industry	Household mini projector market
7	Professional display products (engineering+ business education)	80,040,000.00	28,068,031.14	44,303,175.89	Mass production	Develop a variety of high-brightness laser engineering projectors and cost-effective intelligent business projectors, etc according to the needs of different market users.	Take the lead in the industry	It is used in high-end engineering projection, business education and other market fields.
Total	/	845,570,000.00	262,108,405.90	491,390,684.97	/	/	/	/

Remark

Not

5. R&D staff

In RMB 0'000

Basic information		
	Amount of the current period	Previous period
Number of R&D staff (persons)	521	456
Proportion of R&D staff to total employees of the Company (%)	31.83	29.14
Total compensation of R&D staff	16,993.04	14,761.07
Average compensation of R&D staff	32.62	32.37

Academic structure of the R&D staff	
Academic category	Person in the academic category
Master and above	140
Bachelor and below	381
Age structure of the R&D staff	
Age category	Person in the age category
Below 30 (exclusive)	198
30-40 (including 30, excluding 40)	222
40 and above	101

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

Applicable N/A

6. Other information

Applicable N/A

III. Analysis of core competitiveness during the reporting period
(I) Analysis of core competitiveness

Applicable N/A

1. The R&D team is strong, accelerating the development and iteration of products

The Company adheres to innovation-driven, continues to increase R&D investment in forward-looking technology arrangement and product technology development. As a high-tech enterprise, the Company will continue to improve R&D capabilities as the main theme of the Company's core competitiveness, and continue to improve the R&D system. With Mr. LI Yi, chairman and general manager, as the core personnel of R&D, the Company has established a leading R&D team in optics and display devices, developed and innovated the laser display technology for many years, thus having accumulated profound R&D technical strength and got a deep understanding and judgment of the industry's cutting-edge technology and development trend.

The Company has set up a research institute and a research and development center to jointly coordinate technology planning, development and accumulation. The institute carries out forward-looking product technology research and product verification, develops it into a new product line, and ensures that R&D resources are advanced; the R&D center, combining the R&D and scientific research achievements of the research institute, coordinates the management of new product development until mass production and launch. With leading R&D technical resources, the Company significantly improves the efficiency of R&D planning through the cooperation of R&D center and research institute, and applies the latest R&D achievements to projection display products.

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

Based on the technical advantages of core devices and market development trends, the Company has been committed to the breakthrough and innovation of laser display technology, the development of

application scenarios and the industrialization promotion, and thus forms the technical reserve and patent arrangement of the whole technology chain of laser display from key system architecture, core devices to key algorithms, and constantly optimizes and improves the strategic arrangement of automotive display, aviation display, AR and other application fields. We promote the innovative application of core devices in new fields and new tracks, and continue to broaden the long-term growth space of core device value.

3. Build a patent moat around the underlying technical architecture

The Company takes the underlying technical architecture patent of the original laser display technology as the center, and builds a solid and interconnected intellectual property patent system, and it is difficult for competitors to fully imitate or directly by the underlying patent arrangement of the Company's laser fluorescence technology route. The Company actively responds to the national "intellectual property power strategy" and increases the proportion of high-value patents. As of December 31, 2022, the Company has applied for and authorized patents in 2,629 cases worldwide, and obtained 1,773 authorized patents worldwide, including 966 authorized invention patents.

In terms of technology leadership, the Company's original laser phosphor display has become the mainstream technology in the current laser display field, and as the underlying key architecture technology, it has been used more than 660 times by companies in the same industry, such as Philips of the Netherlands, Osram of Germany, Epson of Japan, NEC and other companies.

(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

The risk that technological innovation will fall short of expectations

The Company needs to accurately grasp the development trend of industry technology and application, and constantly develop and optimize its own technical capabilities to provide services and products that meet market demand and customer standards. If we fail to make effective judgments on the direction of technological innovation, or fail to achieve continuous technological innovation, or fail to make effective R&D investment due to financial constraints, or face risks such as the loss of core technology personnel and technology leakage, adverse effects such as weakening competitiveness may occur.

The Company will continue to timely and accurately grasp the technological development trend of the laser display industry, further strengthen technical advantages and technology development, increase investment in research and development, and consolidate its own industry position and enhance product competitiveness on the basis of maintaining existing technical advantages.

(IV) Operating risk

Applicable N/A

Risk related to the supply of important raw materials

Core suppliers may not be able to supply parts in time or guarantee both quality and quantity, resulting in a slowdown in the growth rate of the Company's related business, delayed of the shipment progress of some core devices or complete machine products, and the Company's growth rate of business performance will not meet expectations as a result.

The Company has established stable cooperative relations with existing suppliers, and pays attention to the supply and demand of important raw materials market and price changes, and ensures the supply of raw materials and controls procurement costs through measures such as early procurement, strengthening cooperation with strategic suppliers, and seeking domestic device substitution. At the same time, the

Company will improve the planning of product sales, production efficiency, and the turnover speed of core parts.

(V) Financial risk

Applicable N/A

1. Risk of impairment of accounts receivable

As of the end of the reporting period, the carrying value of the Company's accounts receivable was RMB208.2602 million, accounting for 4.81% of assets. The Company's product sales mainly adopt the method of paying before the deliver, and we leave a certain credit period to some key high-quality large customers. If a material adverse change in the customer's operating conditions occurs, there may be a risk that the accounts receivable will not be collected, which may adversely affect the Company's future performance.

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

2. Risk of impairment of inventories

As of the end of the reporting period, the carrying value of the Company's inventory was RMB865.6400 million, accounting for 19.98% of assets. The Company's inventory is mainly composed of raw materials and inventory goods. If the competitive landscape of the industry changes significantly, and there is a major innovation in laser display technology and products, the recoverable amount of inventory may be lower than its carrying value, resulting in inventory impairment, which will have a negative impact on the Company's profitability. The Company will pay close attention to the changes in supply and demand of the industrial chain, timely carry out production and marketing coordination according to the market and production conditions to reduce product inventory risks.

3. Risks of impairment of fixed assets

As of the end of the reporting period, the carrying value of the Company's fixed assets was RMB427.5397 million, accounting for 9.87% of the assets. The Company's fixed assets are mainly composed of production equipment and rental cinema projector light sources, of which cinema projector light sources account for 74.13%. If the theater is shut down due to force majeure, the light source of the cinema projector may be idle, resulting in impairment of fixed assets, which will adversely affect the Company's operation. In order to cope with the above risks, the Company will pay close attention to the status of fixed assets, strengthen communication with business departments, improve the efficiency of asset use, and reduce the risk of impairment. In the meanwhile, for assets that show signs of impairment, the Company will measure the recoverable amount and make an impairment provision for fixed assets based on the difference between the recoverable amount and the carrying value.

4. Risk of exchange rate changes

The Company's procurement and sales involve a variety of foreign currencies, of which dollar is the main foreign currency. If the exchange rate of the relevant currency fluctuates, it will have a certain impact on the Company's financial position. In this regard, in order to effectively avoid the risks of the foreign exchange market, prevent large fluctuations in the exchange rate from adversely affecting the Company's business performance, improve the efficiency of the use of foreign exchange funds, and reasonably reduce financial costs, the Company carries out foreign exchange derivatives and other businesses in a timely manner to reduce the risk of exchange rate fluctuations.

(VI) Industrial risk

Applicable N/A

Risk of increased competition in the household smart projection market

With the continuous influx of new brands and the continuous investment of domestic independent brand companies in this field, the competition of the home smart projection market has become more and more fierce. If the Company fails to update and meet the needs of the application field in terms of technology, products, costs, services and other aspects in the future, or there are mergers and acquisitions between

competitors, integration and concentration of their own advantageous resources, or market competition leads to a significant decline in product prices, the Company will face the market share decline, business performance growth slowdown or even decline in the field of home intelligent projection.

The Company needs to continue to strengthen the innovation and optimization of intelligent projection products and channels, accurately grasp the application rhythm of the terminal market, maintain the competitiveness of the Company's household projection products to maintain its leading position to ensure strong competitiveness in the market.

(VII) Risk of macro-environment

Applicable N/A

At present, the global economy is witnessing cyclical fluctuations, the domestic and foreign economic situation is complex and changeable, and the economic pattern is accelerating its restructuring. If the domestic and foreign macro economy continues to decline in the future, it may adversely affect the Company's operating conditions, and even affect the Company's profitability.

The Company will continue to strengthen the study and judgment of the macroeconomic situation, pay close attention to the political, economic and international trade environment and tariff changes of major countries, quickly assess risks and actively adjust relevant businesses to reduce the adverse impact of changes in the international trade environment.

(VIII) Risk related to depository receipts

Applicable N/A

(IX) Other significant risks

Applicable N/A

1. Risks in intellectual property rights

The Company has always attached importance to the research and development of independent intellectual property rights, but intellectual property disputes between the Company and competitors or third parties are likely to occur, and some competitors or third parties may maliciously file lawsuits against the Company. Such intellectual property disputes may adversely affect the Company's normal business activities and hinder the Company's market expansion and market competitiveness.

The Company has built a system for the creation, management, application and protection of intellectual property rights, and continuously improved key technologies and patent management and protection mechanisms. On the one hand, it actively designs the arrangement of intellectual property rights globally and implements an early warning mechanism for intellectual property risks; on the other hand, it formulates and improves measures to respond to intellectual property disputes. Multiple measures have been taken to protect the legitimate rights and interests of the Company and avoid market or economic losses caused by intellectual property disputes.

2. Risks in implementing investment projects

Affected by force majeure, the Company faces risks such as slowdown of the capacity expansion and unsatisfied construction progress of the headquarters building in the process of implementing fundraising and investment projects. The Company will strengthen the management of fundraising and investment projects, accelerate the progress of project construction, and track the progress of fundraising and investment projects in real time, but in the implementation process, it is not ruled out that the final implementation progress may be slower than planned, and the implementation plan or plan needs to be adjusted according to the development of the industry and market. In the event of the foregoing, the Company will perform decision-making procedures in accordance with relevant regulations and disclose information in a timely manner.

3. Risk related to the management of cinema light source

In the laser film projection service business, the customer pays to use the laser light source according to the duration of using the light source, and bears the daily storage, maintenance and damage compensation of the light source, but the Company still faces the asset impairment caused by the damage or loss of the light source due to poor storage of the cinema.

In order to cope with the above risks, the Company collects a light source deposit from new leasing

customers, and limits the average monthly minimum screening time of the theater to improve the efficiency of light source use. In addition, the Company realizes the linkage of screening time data between the leasing platform and the third-party platform, and timely discovers and handles theaters with risks, so as to continuously improve the quality and safety of leasing operations.

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.

There will be uncertainties about the Company's cooperation with GDC BVI regarding the procurement of cinema hardware products; since the arbitration case has not yet commenced, its impact on the Company's profit and loss cannot be determined, and the final actual impact shall be subject to the arbitral tribunal's verdict or negotiation between the parties. The Company has hired a team of professional lawyers to take relevant legal measures to protect the legitimate rights and interests of the Company and all shareholders in accordance with the law, and will fulfill its information disclosure obligations in a timely manner in accordance with relevant regulations.

V. Main business activities during the reporting period

During the reporting period, under the background of complex and changeable macro environment at home and abroad, the Company's operating profit was under pressure in the short term, but the Company actively responded to the challenges of the operating environment and achieved operating income of RMB2.541 billion, a year-on-year increase of 1.72%; the net profit attributable to shareholders of listed companies was RMB119 million, down 48.82% from the same period last year; the net profit attributable to shareholders of the listed company deducted non-recurring profits and losses was RMB65 million, down 47.85% from the same period last year. At the end of the reporting period, the Company's total assets reached RMB4.333 billion, an increase of 5.76% over the beginning of the period; the net assets attributable to shareholders of the listed company were RMB2.648 billion, an increase of 8.60% over the beginning of the period.

(I) Analysis of main business

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

In RMB

Item	Amount of the current period	Amount of the prior period	Change ratio (%)
Operating income	2,541,144,635.15	2,498,228,401.78	1.72
Operating costs	1,711,732,842.88	1,651,089,557.25	3.67
Selling expenses	334,758,958.86	252,854,103.31	32.39
Administrative expenses	193,554,776.41	187,933,417.27	2.99
R&D expenses	-9,162,605.79	1,300,380.36	-804.61
Financial expenses	262,108,405.90	236,702,224.29	10.73
Net cash flow from operating activities	177,350,715.69	58,337,226.84	204.01
Net cash flows from investment activities	47,917,226.22	-444,906,406.98	Not Applicable
Net cash flows from financing activities	116,013,055.07	295,570,009.05	-60.75

Reasons for the change in sales expenses: In 2022, sales expenses accumulated to RMB334.759 million, an increase of 32.39% year-on-year, mainly due to the Company's increased investment in its own brands, year-on-year increased marketing expenses and increased staff salary;

Reasons for the change in financial expenses: In 2022, the cumulative financial expenses incurred were -RMB9.1626 million, a year-on-year decrease of RMB10.463 million, mainly due to exchange gains caused by exchange rate changes;

Reasons for the change in net cash flow from operating activities: Net cash flow from operating activities was RMB177.3507 million, an increase of RMB119.0135 million over the same period of the previous year,

mainly due to the increase in sales collection and the decrease in purchase payments caused by the optimization of the account period;

Reasons for the change in net cash flow from investment activities: net cash flow from investment activities was RMB47.9172 million, an increase of RMB492.8236 million over the same period of the previous year, mainly due to the decrease in the structured wealth management purchased in the current period compared with the same period of the previous year and the disposal of the equity recovery investment funds of the shareholding company Cinionic in the current period;

Reasons for the change in net cash flow from financing activities: Net cash flow from financing activities was RMB116.0131 million, a decrease of RMB179.557 million from the same period of the previous year, mainly due to the introduction of strategic investment by the Company's subsidiaries in the same period of the previous year.

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 2.541 billion, increased by 1.72% 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
Laser display	254,114.46	171,173.28	32.64	1.72	3.67	-1.27 percentage points
Main business byproduct						
Product	Operating income	Operating costs	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
1. Sales	225,924.34	157,009.04	30.50	6.60	4.96	+1.09 percentage points
(1) Light source and light machine	52,028.14	29,582.96	43.14	80.14	105.15	-6.93percentage points
(2) Complete laser projector	151,966.54	109,619.82	27.87	-11.03	-12.80	+1.46percentage points
Laser cinema projector	3,085.79	1,817.15	41.11	-50.65	-46.97	-4.08percentage points
Laser TV	40,940.28	25,989.79	36.52	-27.13	-34.24	+6.86percentage points
Professional display projector	43,386.12	25,369.13	41.53	-15.19	-14.58	-0.42percentage points
Smart mini projector	64,554.35	56,443.75	12.56	12.84	6.38	+5.31percentage points
(3) Other products	21,929.66	17,806.26	18.80	79.05	88.23	-3.96percentage points
2. Cinema projection service	26,898.39	13,741.61	48.91	-25.41	-3.99	-11.40percentage points
3. Other business	1,291.73	422.63	67.28	-29.31	-64.99	+33.33percentage 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	212,026.97	147,173.87	30.59	-8.55	-5.29	-2.39percentage points
Overseas	42,087.49	23,999.41	42.98	134.23	146.95	-2.94percentage points
Main business by sales mode						
Sales mode	Operating income	Operating costs	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
Direct sales	157,493.60	112,145.62	28.79	2.11	-0.05	+1.54percentage points
Distribution	69,644.52	45,241.22	35.04	19.90	21.21	-0.70percentage points
Commissioned sales	77.95	44.83	42.49	-94.58	-96.47	+30.75percentage points
Projection services	26,898.39	13,741.61	48.91	-25.41	-3.99	-11.40percentage points

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

1. Description of sub-products: The Company's main business consists of products sale and projection services, and the operating income during the reporting period was RMB2.541 billion, a year-on-year increase of 1.72%, of which the operating income of light source and optical machine was RMB520.2814 million, a year-on-year increase of 80.14%, mainly due to the increase in sales of laser micro-projectors.
2. Description of the situation by region: The Company's export operating income in the reporting period was RMB420.8749 million, a year-on-year increase of 134.23%, mainly due to the growth of overseas e-commerce business and the recovery of sales growth in overseas cinema markets.
3. Description of the sales model: The Company's sales model is divided into product sales and screening services, and product sales are mainly supplemented by direct sales and distribution, of which the sales revenue is RMB0.7795 million, down 94.58% year-on-year, mainly due to the change of the Company's sales strategy, and conversion of part of the sales business to self-developed business.

(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	628,861.00	568,696.00	154,288.00	19.99	24.48	63.92

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.

During the reporting period, the Company's production and sales increased year-on-year, due to the increased stocking and inventory of micro-projectors in peak season, and the inventory increased by 63.92% year-on-year.

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

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		171,173.28	100.00	165,108.96	100.00	3.67	
Costs byproduct							
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	141,494.05	90.12	134,461.73	89.89	5.23	
	Direct labor	4,866.31	3.10	4,054.86	2.71	20.01	
	Indirect expenses	10,648.68	6.78	11,072.43	7.40	-3.83	
	Subtotal	157,009.04	100.00	149,589.02	100.00	4.96	
2. Cinema projection business	Depreciation of light source	8,522.20	62.02	7,665.61	53.56	11.17	
	Software license fee	1,048.06	7.63	1,439.08	10.05	-27.17	
	Technical service fee	3,565.57	25.95	4,434.46	30.98	-19.59	
	Labor cost	605.78	4.41	773.73	5.41	-21.71	
	Subtotal	13,741.61	100.00	14,312.88	100.00	-3.99	
3. Other business		422.63	100.00	1,207.06	100.00	-64.99	
Total		171,173.28	100.00	165,108.96	100.00	3.67	

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 90.12%.

2. For the leasing service business, variable cost items such as technical service fees, software usage fees, and labor costs decreased year-on-year, mainly due to the decrease in theater screening time; the depreciation of the light source is calculated adopting the average life method whether it is used or not, and the increase in the current period is mainly caused by the increase in assets.

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

√ Applicable □ N/A

Increased consolidation scope:

Company name	Acquisition of shares	The day on which the equity was acquired	Amount of capital contribution	Percentage of capital contribution
Weiwoqi Trading Co.,Ltd	Business combinations that are not under common control	2022.06.15		33.31%
Hongkong Orange Juice Energy Technology Co., Limited	Found	2022.03.15		33.31%
Wemax INC	Found	2022.03.19		33.31%
Yaoyouguang (Chongqing) Technology Co., Ltd.	Found	2022.10.28		39.19%
Appotronics International Limited	Found	2022.04.26		100.00%
Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd.	Found	2022.08.17		100.00%

(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
 Applicable N/A

The sales to top 5 customers were RMB 1,003.4696 million, representing 39.49% of the total annual sales, of which the sales to related parties were RMB 487.4308 million, representing 19.18% 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	39,314.98	15.47	Yes
2	Customer 2	19,274.84	7.59	No
3	Customer 3	18,344.38	7.22	No
4	Customer 4	18,175.59	7.15	No
5	Customer 5	5,237.17	2.06	No
Total	-	100,346.96	39.49	/

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 dependence on a small number of customers during the reporting period
 Applicable N/A

Customer 5 is the top five new customers

B. Information on major suppliers of the Company
 Applicable N/A

The procurement amount of the top five suppliers was RMB792.8062 million, accounting for 36.98% of the total annual procurement; among the top five suppliers, the purchase amount of related parties was RMB146.6225 million, accounting for 6.84% of the total annual procurement.

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	22,386.91	10.44	No
2	Supplier 2	19,123.39	8.92	No
3	Supplier 3	17,129.12	7.99	No
4	Supplier 4	14,662.25	6.84	Yes
5	Supplier 5	5,978.95	2.79	No
Total	/	79,280.62	36.98	/

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 dependence on a small number of suppliers during the reporting period
 Applicable N/A

3. Expenses
 Applicable N/A

Unit: In RMB

Item	Amount of the current period	Amount of the prior period	% Change
Selling expenses	334,758,958.86	252,854,103.31	32.39
Administrative expenses	193,554,776.41	187,933,417.27	2.99
R&D expenses	262,108,405.90	236,702,224.29	10.73
Financial expenses	-9,162,605.79	1,300,380.36	-804.61

(1) In 2022, the sales expenses accumulated to RMB334.7590 million, an increase of 32.39% year-on-year, mainly due to the Company's increased investment in its own brands, year-on-year increased marketing expenses and increase in sales staff compensation;

(2) The cumulative financial expenses incurred in 2022 were -RMB9.1626 million, a year-on-year decrease of RMB10.463 million, mainly due to exchange gains caused by exchange rate changes.

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	177,350,715.69	58,337,226.84	204.01
Net cash flows from investment activities	47,917,226.22	-444,906,406.98	N/A
Net cash flows from financing activities	116,013,055.06	295,570,009.05	-60.75

Reasons for the change in net cash flow from operating activities: Net cash flow from operating activities was RMB177.3507 million, an increase of RMB119.0135 million over the same period of the previous year, mainly due to the increase in sales collection and the decrease in purchase payments caused by the optimization of the account period;

Reasons for the change in net cash flow from investment activities: net cash flow from investment activities was RMB47.9172 million, an increase of RMB492.8236 million over the same period of the previous year, mainly due to the decrease in the structured wealth management purchased in the current period compared with the same period of the previous year and the disposal of the equity recovery investment funds of the shareholding company Cinionic in the current period;

Reasons for the change in net cash flow from financing activities: Net cash flow from financing activities was RMB116.0131 million, a decrease of RMB179.557 million from the same period of the previous year, mainly due to the introduction of strategic investment by the Company's subsidiaries in the same period of the previous year.

(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 the end of the period	Balance as at December 31, 2021	% of total Assets as at December 31, 2021	% Change in amount	Explanation
Monetary capital	1,355,882,208.63	31.29	957,729,831.15	23.38	41.57	Primarily due to the increase in receivables and bank borrowings in the current period
Notes receivable	2,234,687.77	0.05	5,256,603.03	0.13	-57.49	Primarily due to the collection of notes receivable at maturity in the current period
Accounts receivable	208,260,235.79	4.81	403,134,471.87	9.84	-48.34	Primarily due to an increase in recoverables

						for the current period
Receivables financing	4,279,041.00	0.10	244,860.00	0.01	1,647.55	Primarily due to the collection of matured bank acceptance bills
Prepayments	48,445,976.86	1.12	98,116,970.83	2.39	-50.62	Primarily due to the decrease in procurement requirements in the current period and the corresponding decrease in advance payments
Contract assets	1,061,581.35	0.02	3,903,859.23	0.10	-72.81	Primarily due to the collection of customer payments in the current period
Non-current assets due within one year	13,431,554.82	0.31	3,473,049.18	0.08	286.74	Primarily due to the Reclassification of long-term receivables due within one year
Other current assets	106,502,611.79	2.46	52,761,820.83	1.29	101.86	Primarily due to the increase in the input VAT to be deducted
Long-term accounts receivable	11,524,193.80	0.27	5,793,552.74	0.14	98.91	Primarily due to the increase in the Company's installment collection business
Long-term equity investment	162,394,917.57	3.75	293,601,085.27	7.17	-44.69	Primarily due to the disposal of the equity interest in Cinionic, a shareholding company, in the current period
Construction in progress	278,978,057.73	6.44	148,620,511.35	3.63	87.71	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	62,255,670.29	1.44	26,803,910.76	0.65	132.26	Primarily due to the impact of implementing the New Lease Standard
Long-term prepaid expenses	5,990,984.03	0.14	10,126,164.82	0.25	-40.84	Primarily due to the amortization of expenses such as renovation of the Company
Short-term borrowings	129,589,634.03	2.99	5,570,878.11	0.14	2,226.20	Primarily due to the new bank borrowings and intra-group bankers' acceptance bill discounting in the current period
Notes payable	201,299,388.57	4.65	134,378,967.61	3.28	49.80	Primarily due to the increase in the proportion of bankers' acceptances issued during the period to pay the price due
Accounts payable	276,845,321.28	6.39	419,966,567.27	10.25	-34.08	Primarily due to a decrease in purchases in the current period and an increase in bankers' acceptances payable
Taxes payable	8,272,768.90	0.19	19,546,190.23	0.48	-57.68	Primarily due to the decrease in the amount of corporate income tax

						payable accrued
Other current liabilities	28,383,608.37	0.66	19,561,104.12	0.48	45.10	Primarily due to the increase in rebates payable for the period
Leasing liabilities	34,319,284.23	0.79	10,789,352.69	0.26	218.08	Primarily due to the impact of implementing the New Lease Standard
Estimated liabilities	56,463,882.87	1.30	36,428,688.94	0.89	55.00	Primarily due to the increase in the cost of three guarantees accrued in the current period

Other information

None

2. Overseas assets

Applicable N/A

(1) Size of assets

The overseas assets were RMB 560.6319 million, representing 12.94% 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	Carrying value at the end of the period	Reasons for limitation
Other monetary funds	60,141,839.19	Cash deposit
Bank deposits	40,000,000.00	Fixed term deposit
Bank deposits	1,111,250.50	Accounts with restricted payments
Bank deposits	46,710.53	Accrue of interest
Bank deposits	5.29	Accounts not handling for a long time
Intangible assets	281,035,499.82	Mortgage guarantee
Total	382,335,305.33	

4. Other information

Applicable N/A

(IV) Analysis of operation information of the industry

Applicable N/A

For details of the analysis of industry operating information during the reporting period, please refer to (II) Main business, business model, industry situation and research and development situation of the Company during the reporting period of Section III Discussion and Analysis of the Management.

(V) Analysis of investments
Overall analysis of external equity investments
 Applicable N/A

In RMB

Investment in the reporting period (in RMB)	Investment in the same period of last year (in RMB)	Range of change
162,394,917.57	293,601,085.27	-44.69%

Note: The main reasons for the changes during the reporting period are described in (V), (VI) of Section III.

1. Material equity investments
 Applicable N/A

2. Material non-equity investments
 Applicable N/A

3. Financial assets at fair value
 Applicable N/A

In RMB

Asset category	Amount at the beginning of the period	Gain or loss on changes in fair value for the period	Cumulative fair value changes included in equity	Impairment of the current period	The purchase amount for the current period	Sale/redemption for the current period	Other changes	Amount at the end of the period
Shares	16,200,000.00	-3,320,000.00						12,880,000.00
Others	408,320,279.38		-4,900,000.00			56,965,819.00		351,354,460.38
Total	424,520,279.38	-3,320,000.00	-4,900,000.00			56,965,819.00		364,234,460.38

Note: Other investments are mainly structured deposits and other equity instruments, as detailed in Section X and Section XI.

Description of securities investment

 Applicable N/A

In RMB

Security type	Security code	Abbreviation of securities	Initial investment cost	Capital source	Carrying value at the beginning of the period	Gain or loss on changes in fair value for the period	Cumulative fair value changes included in equity	Purchase amount for the current period	Sale for the current period	Disposal of profit and loss	Carrying value at the end of the period	Accounting items
Domestic and foreign shares	835438	Gabrielle	14,000,000.00	Self-owned capital	16,200,000.00	-3,320,000.00					12,880,000.00	Tradable financial assets
Total	-	-	14,000,000.00	-	16,200,000.00	-3,320,000.00					12,880,000.00	-

Private equity investment

 Applicable N/A

Derivatives investment

 Applicable N/A

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

To further optimize the Company's asset structure and effectively integrate the Company's resources based on Company's operation and development, during the reporting period, the Company transferred its 20% equity interest in Cinionic Limited to the transferee, Barco Visual Electronics Company Limited for \$20 million, and the transaction was completed. Upon completion of the transaction, the Company will no longer hold equity interest in Cinionic Limited. Due to the difference in conversion caused by exchange rate fluctuations, the Company recognized a gain or loss on disposal of -\$704,670.16 (equivalent to -RMB4,700,290.90).

(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%	85,120.11	42,873.59	33,682.91	1,153.46
Formovie (Chongqing)	R&D and sale of household display products	7,017.54	39.19%	94,209.96	-7,927.15	115,933.32	-14,217.05
Appotronics HK	R&D and sale of laser light source	30,116.15	100.00%	48,935.32	36,605.30	19,090.82	-1,205.54

(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

In terms of the automotive optics business, the industry is in the stage from 0 to 1, enjoying a promising future. According to data from the China Association of Automobile Manufacturers, China's annual sales of new energy vehicles in 2022 will be 6.887 million units, a year-on-year increase of 93.4%, maintaining the world's first place for eight consecutive years.

With the acceleration of vehicle electrification, intelligent process, and the upgrading and strengthening of user experience, new requirements are put forward for vehicle displays, stimulating innovative applications of laser projection displays in vehicle displays. Potential application scenarios include roof screens, transparent window displays, rollable large screen projection, AR-HUD, smart surface display, smart lights, etc., and the market size is expected to exceed RMB100 billion.

In terms of cinema projection service business, the industry has gone through a difficult time and is expected to embrace a promising future. In 2022, the domestic film market was seriously impacted due to force majeure, and 40% of cinemas were closed for nearly 100 days, and film projection was stopped then. According to the public information of the National Film Administration, the total box office of China's film market in 2022 was RMB30.067 billion, a year-on-year decrease of 36%, and the national cinema industry is under great pressure.

Due to multiple favorable factors such as the optimization and adjustment of prevention and control policies, the gradual recovery of offline entertainment consumption, and the continuous release of high-quality films, it is expected that the national film projection market will start to develop in 2023, and the upgrading of cinemas will be improved, accelerating the pace of industry recovery.

In terms of professional display business, the market is gradually recovering. The engineering market industry is becoming more and more concentrated, the cultural tourism in various provinces has resumed its construction, and the digitization of visits in various places remains the focus of promoting market recovery. It is predicted that the average annual compound growth rate of the laser projection engineering market in 2022~2025 will be 14.6% (data source: AVC Revo).

With the obvious recovery trend of offline consumption, business market demand is expected to recover as well, and the average annual compound growth rate of the laser projection business market in 2022~2025 will be 17.6% (data source: AVC Revo). In terms of the education market, under the background of domestic film procurement, although domestic head brands have development opportunities, they are still facing long-term growth pressure, and the average annual compound growth rate of the laser projection education market in 2022~2025 will be 2.4% (data source: AVC Revo).

In terms of smart projection business, mass consumption investment is more cautiously conducted, and high-cost performance will be one of the main themes of market growth in 2023. In 2023, mass consumption investment will be more cautiously conducted. When choosing products, consumers may use a more positive attitude than ever to compare prices, judge trends from a more professional perspective, and confirm their needs more rationally, so the high-cost performance of products will be one of the main themes of market growth in 2023. At the same time, there will still be an influx of new brands into the projection track in 2023, causing the competition between projection brands to intensify, which requires major projection manufacturers to improve their core competitive advantages and actively compete for market share in the fierce market competition. In 2022, China's smart projection market sales will increase by 28.6% year-on-year, and at the same time, it is predicted that China's smart projection market sales will increase by 19% year-on-year in 2023, and the growth rate of this market will gradually slow down from a high-speed growth state (Source: RUNTO).

Compared fierce competition between major entities in China, the overseas projection market is still dominated by traditional projection, the intelligent projection market is still at the early stage of development, and the penetration rate of intelligent micro-projection products is not as good as that of China. In 2022, China exported 9.382 million projectors, with an export value of RMB12.35 billion (data source: the General Administration of Customs). With the gradual improvement of overseas consumers' awareness of smart mini projectors, the overseas smart projection market is expected to further expand.

(II) Development strategy of the Company Applicable N/A

In the future, the Company plans to drive the display industry, with the mission and vision of "New light, New life", and the development strategy of "core technologies+ core devices+ application scenarios", and continues to promote the breakthrough and innovation of laser display technology, accelerate the development of application scenarios and promote the deep industrialization of laser display technology, aiming to expand and strengthen the laser display industry ecology.

(III) Business plan Applicable N/A

In 2023, the Company will continue to adhere to the development strategy of "core technologies+ core devices+ application scenarios", continue to increase R&D investment in growth businesses such as automotive optics taking the market and customer needs as the guide to realize the combination of customer needs and technological innovation, create a new growth pole of the Company's performance, and go all out to pursue the Company's high-quality growth.

In terms of the automotive optics business, the Company will continue to develop vehicle display, lighting system and AR-HUD; adhering to the development route of leading customers and the goal of obtaining more high-quality fixed-point cooperation, we will carry out multi-level and all-round cooperation with excellent domestic and foreign vehicle manufacturers.

In terms of cinema projection service business, the Company will continue to optimize the brightness, color, dynamic range and other aspects of core products, give full play to the advantages of product energy conservation and environmental protection, continue to expand the scale of light source upgrading and transformation business and upgrade customer and equipment maintenance systems to bring customers a better service experience. With the boost of overseas cinema market demand, the Company will give full play to the core competitiveness of products, vigorously carry out overseas light source transformation business, and increase the market share of overseas markets.

In terms of professional display business, the Company continues to strengthen the arrangement of laser highlighting products, increase the arrangement in lighting, cultural tourism, large-scale venue performing arts market, etc., as well as accelerate the transformation of education business to higher vocational education, and actively develop the overseas professional display market to further expand the coverage of overseas markets.

In terms of intelligent projection, the Company will strengthen the core technology competitiveness through technology iteration and product power improvement, accelerate the overseas arrangement while deeply cultivating the domestic projection market, and jointly expand and strengthen the laser display industry. The subsidiary Formovie Technology will deepen the cost-effective product route, enrich the categories of its own brand intelligent projection products, and continue to focus on the construction of its own brand.

In terms of other innovative businesses, the Company increases its core competitive advantages, deepens the strategic arrangement of cutting-edge application fields, and accelerates the commercialization of innovative technologies such as AR optics and ALPD®5.0 laser display technology with display products.

(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

During the reporting period, in accordance with the requirements of laws and regulations such as the *Company Law*, the *Securities Law*, the *Rules for the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange*, the *Self-Regulatory Guidelines for Listed Companies on the Science and Technology Innovation Board of the Shanghai Stock Exchange* and the *Articles of Association*, and in combination with the actual operating conditions of the Company, the Company continuously improved the corporate governance structure, continued to improve the Company's internal governance and control system, and the Company's standard operation level and governance level. During the reporting period, the actual status of corporate governance met the requirements of the relevant regulatory documents on the governance of listed companies.

(I) About the Company and its controlling shareholders

During the reporting period, the controlling shareholders and actual controllers of the Company regulated their own behavior, exercised their shareholder rights and fulfilled their obligations in strict accordance with the *Governance Guidelines for Listed Companies*, the *Rules for the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange*, and the *Self-Regulatory Guidelines for Listed Companies on the Science and Technology Innovation Board of the Shanghai Stock Exchange*. The Company's major decisions are subject to the corresponding approval procedures in accordance with the *Articles of Association*, etc., and the controlling shareholders and actual controllers have no right to directly or indirectly interfere in the Company's decision-making and business activities beyond the shareholders' general meeting. In the Company, controlling shareholder cannot occupy the Company's funds or provide guarantees for other controlling shareholders; the Company has an independent and complete business system and independent operation ability.

(II) Shareholders and the General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. During the reporting period, the Company held a total of 4 general meetings of shareholders; the convening, convening, voting, information disclosure, etc. of the shareholders' general meeting are strictly carried out in accordance with provisions and requirements of relevant laws and regulations, normative documents and Company rules and regulations such as the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the General Meeting of Shareholders*, and the content of the resolution is legal and valid, and the witness lawyer shall witness the scene and issue a legal opinion. The Company treats all shareholders equally, allows more shareholders to participate in the shareholders' meeting through legal and effective methods such as on-site and online, fully protects the equal rights of all shareholders, especially small and medium-sized shareholders, ensuring that each shareholder has the right to know and participate in the Company's affairs in accordance with the law, and fully exercise the right to vote.

(III) Directors and the Board of Directors

The Board of Directors is the permanent decision-making and management body of the Company. During the reporting period, the Company held a total of 11 meetings of the Board of Directors; the convocation and convening of the Board of Directors are legal and compliant, and the Company strictly complies with provisions and requirements of relevant laws and regulations, normative documents and Company rules and regulations such as the *Articles of Association* and the *Rules of Procedure of the Board of Directors*. The second Board of Directors of the Company has 7 directors, including 3 independent directors, and the composition of the Board of Directors and the qualifications of the Board of Directors meet the requirements of laws and regulations, and all of them have the professional knowledge, skills and quality necessary for directors. All directors carry out their work in accordance with regulations and requirements, attend the Board of Directors, special committees and shareholders' meetings on time, perform their duties and obligations diligently and conscientiously, and actively safeguard the overall interests of the Company and shareholders; at the same time, they can actively participate in relevant training and be familiar with relevant laws and regulations.

The Board of Directors has four special committees: Audit Committee, Remuneration and Assessment Committee, Strategy Committee and Nomination Committee, whose personnel composition and qualifications meet the requirements of laws and regulations and the *Articles of Association*, and the members of the Committee are diligent and conscientious to provide full protection for the Board of Directors to make scientific decisions on the Company.

(IV) Supervisors and the Board of Supervisor

The Board of Supervisors is the supervisory body of the Company. During the reporting period, the Company held a total of 11 supervisory meetings; the convocation and convening of the Board of Supervisors are legally compliant, and the Company strictly complies with the relevant laws and regulations, normative documents and provisions and requirements of the Company's rules and regulations such as the *Articles of Association* and the *Rules of Procedure of the Board of Supervisors*. The second Board of Supervisors of the Company is composed of 3 supervisors, including 1 employee representative supervisor, the composition of the Board of Supervisors and the qualifications of the members of the Board of Supervisors meet the requirements of laws and regulations, and they all have professional knowledge and work experience. All supervisors can independently and effectively perform their duties of supervising and inspecting major matters and financial status of the Company, as well as directors and senior management, and actively safeguard the legitimate rights and interests of the Company and all shareholders.

(V) Information disclosure and investor relations management

During the reporting period, the Company further improved the information disclosure management, in accordance with relevant laws and regulations, the *Information Disclosure Management System* and *Investor Relations Management System* and other relevant requirements, the Company's disclosed information is true, accurate, complete, timely and fair, the disclosure content is concise and easy to understand, and fully reveals risks to facilitates all shareholders to consult. The designated website for the Company's information disclosure is the Shanghai Stock Exchange website (www.sse.com.cn), and the designated newspapers for information disclosure are *China Securities News*, *Shanghai Securities News*, *Securities Daily* and *Securities Times* to ensure that the shareholders of the Company can obtain the Company's information fairly.

The Company attaches importance to investor relations management, enables investors to learn about the Company's operation through field research, investor hotline (0755-32950536), investor email (IR@appotronics.cn), online performance briefing, Shanghai Stock Exchange "E Interactive" platform and WeChat public account (Appotronics) and other channels to ensure active communication with investors, to protect investors' right to know and participate, effectively safeguard the legitimate rights and interests of investors, especially small and medium-sized investors, and improve the smooth information exchange between investors and the Company.

(VI) Registration of insiders

During the reporting period, in accordance with laws and regulations and the relevant requirements of the *Insider Information Management System* on insider management, the Company registered and filed relevant personnel involved in insider information in the regular reporting, repurchase of shares and other relevant major events; during the trading window period, the Company reminded the Company's directors, supervisors, senior management, core technical personnel and other information insiders. At the same time, the Company's directors, supervisors, senior management and related personnel have continuously strengthened the publicity and study of laws and regulations related to the prevention and control of insider trading, strengthened the awareness of confidentiality, and no cases of information insiders illegally using insider information to buy and sell the Company's stocks have been found.

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 2022	March 29,2022	www.sse.com.cn	March 30,2022	All proposals are reviewed and passed.
2 nd extraordinary general meeting of shareholders in 2022	April 22,2022	www.sse.com.cn	April 23,2022	
Annual general meeting of shareholders in 2021	May 25,2022	www.sse.com.cn	May 26,2022	
3 rd extraordinary general meeting of shareholders in 2022	September 6,2022	www.sse.com.cn	September 7,2022	

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, 2021	Number of shares held as at December 31, 2021	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	Male	52	July 18, 2018	August 2, 2024	0	0	-	-	308.77	No
	General Manager			December 31, 2021							
	key technical staff			-							
YU Zhuoping	Director	Male	62	March 29, 2022	August 2, 2024	0	0	-	-	10.86	No
ZHANG Wei	Director	Male	47	August 3, 2021	August 2, 2024	0	0	-	-	225.83	No
	Deputy General Manager			December 31, 2021							
NING Xiangdong	Independent director	Male	57	July 18, 2018	August 2, 2024	0	0	-	-	18	No
TANG Guliang	Independent director	Male	60	July 18, 2018	August 2, 2024	0	0	-	-	18	No
CHEN Youchun	Independent director	Male	46	August 3, 2021	August 2, 2024	0	0	-	-	18	No
WANG Yingxia	Director on behalf of the staff and workers	Female	41	July 15, 2021	August 2, 2024	6,000	78,124	72,124	Equity incentives	77.07	No
	Financial Director			August 3, 2021							
GAO Lijing	Chairperson of the Board of Supervisors	Female	42	July 18, 2018	August 2, 2024	0	0	-	-	71.59	No
SUN Hongdeng	Supervisor	Male	41	August 3, 2021	August 2, 2024	3,000	3,000	-	-	68	No

WANG Yanyun	Director on behalf of the staff and workers	Female	46	July 18, 2018	August 2,2024	0	0	-	-	42.35	No
Chen Yasha	Board Secretary	Female	32	April 29,2022	August 2,2024	0	18,750	18,750	Equity incentives	30.98	No
HU Fei	Key technical staff	Male	42	-	-	30,000	190,316	160,316	Equity incentives	137.71	No
YU Xin	Key technical staff	Male	42	-	-	15,000	103,752	88,752	Equity incentives	134.15	No
WANG Lin	Key technical staff	Male	41	-	-	13,000	101,752	88,752	Equity incentives	84.95	No
WANG Zeqin	Key technical staff	Male	45	August 23, 2021	-	0	90,752	90,752	Equity incentives	89.32	No
GUO Zuqiang	Key technical staff	Male	32	-	-	0	76,052	76,052	Equity incentives	69.45	No
BO Lianming	Director (retired)	Male	60	July 18, 2018	March 11, 2022	30,000	30,000	-	-	-	No
LIANG Guanning	Deputy General Manager(retired)	Male	43	December 31, 2021	July 1,2022	0	0	-	-	110.62	No
YAN Li	Board Secretary(retired)	Female	39	May 19, 2020	April 29,2022	15,000	15,000	-	-	19.79	No
Total	-	-	-	-	-	112,000	707,498	595,498	-	1,535.43	/

Note:

(1) As of the end of the reporting period, LI Yi indirectly holds the Company's shares through Shenzhen Appotronics Holdings Limited, Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP), Shenzhen Appotronics Daye Investment Partnership (LP), Shenzhen Appotronics Hongye Investment Partnership (LP), Shenzhen Jinleijing Investment Limited Partnership(LP) and Shenzhen Appotronics Chengye Consulting Partnership(LP); WANG Yingxia, GAO Lijing, WANG Yanyun, HU Fei, YU Xin, GUO Zuqiang, WANG Lin, etc. indirectly hold the Company's shares through the shareholding platforms Shenzhen Appotronics Hongye Investment Partnership (LP) and Shenzhen Appotronics Daye Investment Partnership (LP); YU Xin and GUO Zuqiang indirectly hold the Company's shares through the shareholding platform Shenzhen Appotronics Daye Investment Partnership (LP); WANG Lin indirectly holds Company's shares through the shareholding platform Shenzhen Appotronics Hongye Investment Partnership (LP). The aforesaid indirect shareholding has not changed during the reporting period;

(2) The Company held the eighth meeting of the second session of the Board of Directors on March 11, 2022 and March 29, 2022, and the first extraordinary General Meeting of Shareholders in 2022 respectively, and elected Mr. YU Zhuoping as the director of the second Board of Directors of the Company, and the above disclosed remuneration is his total pre-tax remuneration obtained from the Company from May 2022 to the end of the reporting period;

The Company held the 12th meeting of the second session of the Board of Directors on April 29, 2022, and appointed Ms. CHEN Yasha as the secretary of the second session of the Board of Directors of the Company, and the above disclosed remuneration was her total amount of pre-tax remuneration received from the Company from April 2022 to the end of the reporting period.

(3) Mr. LIANG Guanning, the former deputy general manager of the Company, resigned from the position of Deputy General Manager of the Company on July 1, 2022 due to personal reasons, and the above disclosed remuneration is his total pre-tax remuneration received from the Company from January 1, 2022 to June 30, 2022; Ms. YAN Li, the former secretary of the Board of Directors of the Company, resigned as the secretary of the Board of Directors of the Company on April 29, 2022 due to family and physical reasons, and the above disclosed remuneration is the total amount of pre-tax remuneration received by her from the Company from January 1, 2022 to April 29, 2022.

Name	Main work experience
LI Yi	LI Yi, male, Chinese, received a bachelor's degree from Tsinghua University and a master's and doctoral degree from the University of Rochester. He founded the Company in October 2006 and served as the chairman of the Company since December 2010, and won the honors of "2020 Shenzhen Science and Technology Award Mayor Award" and "2021 Quality Development Leader".
YU Zhuoping	YU Zhuoping, male, born in January 1960, Chinese, with no right of permanent residence abroad, obtained a bachelor's degree and a master's degree in mechanical engineering from Tongji University, and a doctorate degree in automotive engineering from Tsinghua University. He is currently a professor at Tongji University, director of the National Intelligent New Energy Vehicle Collaborative Innovation Center, vice chairman of the Society of Automotive Engineers of China, vice chairman and director of the Expert Committee of China Hydrogen Energy Alliance, chairman of Tongji Automobile Design and Research Institute Co., Ltd., chairman of Nanchang Jiling New Energy Technology Co., Ltd., director of Shanghai Motor Vehicle Testing and Certification Technology Research Center Co., Ltd., director of Beijing Guohydrogen Zhonglian Hydrogen Technology Research Institute Co., Ltd., chairman of Shanghai Intelligent New Energy Vehicle Technology Innovation Platform Co., Ltd., director of Appotronics Corporation Limited, non-executive director of Huazhong In-Vehicle Holdings Co., Ltd., independent director of Weichai Power Co., Ltd., independent director of Huayu Automotive Systems Co., Ltd., independent director of Shanghai Highly (Group) Co., Ltd., independent director of Ningbo Shenglong Automotive Powertrain System Co., Ltd., and independent director of Jiangling Motors Co., Ltd.
ZHANG Wei	ZHANG Wei, male, born in November 1975, Chinese, received a doctorate degree from Indiana University, and is a practicing lawyer in the State of New York. He is currently the director and deputy general manager of Appotronics Corporation Limited, and has served as the legal director of Legend Holdings Co., Ltd., the general manager of the legal department of China Vanke Co., Ltd., the vice president of Qifei International Development Co., Ltd., the vice president of Tianjin Qisi Technology Co., Ltd., and the independent director of Appotronics Corporation Limited.
WANG Yingxia	WANG Yingxia, female, born in September 1982, Chinese, with no right of permanent residence abroad, got the bachelor degree. She is currently the director and financial director of Appotronics Corporation Limited, and has successively served as the financial director and financial manager of YLX Incorporated, and the deputy director of the finance department of Appotronics Corporation Limited.
NING Xiangdong	NING Xiangdong, male, born in May 1965, Chinese, with no right of permanent residence abroad, got the Ph.D. of Tsinghua University. He is currently a professor, doctoral supervisor of the School of Economics and Management of Tsinghua University, and an independent director of Appotronics Corporation Limited, an independent director of Sinopec Marketing Co., Ltd., an independent director of Sinochem Energy Co., Ltd., an independent director of MH Robot & Automation Co., Ltd., an independent director of Xiamen Bank Co., Ltd., an external director of Shandong Heavy Industry Group Co., Ltd., a supervisor of Beijing Xiaoheiban Edu & Tech Co., Ltd., and a former teaching assistant, lecturer and associate professor of Tsinghua University, executive deputy director of China Center for Economic Research, Tsinghua University.
TANG Guliang	TANG Guliang, male, born in August 1962, Chinese, with no right of permanent residence abroad, received a doctorate degree from the Institute of Fiscal Science, Ministry of Finance. He is currently a professor and doctoral supervisor of the International Business School of the University of International Business and Economics, an independent director of Appotronics Corporation Limited, an independent director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., an independent director of Jointown Pharmaceutical Group Co., Ltd., an independent director of Chongqing Changan Automobile Co., Ltd., an independent director of Jic Leasing Co., Ltd., an independent director of Three Gorges Capital Holdings Co., Ltd., and was the dean and professor of the School of Accountancy of Beijing Technology and Business University (formerly Beijing Business School).
CHEN Youchun	CHEN Youchun, male, born in April 1976, Chinese, with no right of permanent residence abroad, obtained a bachelor's degree from Southwest University of Political Science and Law and Northumbria University in the United Kingdom, a master's degree from Wuhan University, and a doctorate degree from Southwest University of Political Science and Law. He is currently a partner of Beijing JunZeJun (Shenzhen) Law Firm, and an independent director of Appotronics Corporation Limited, an independent director of Nuode New Materials Co., Ltd., an independent director of ValueHD Corporation, and an independent director of Joy Wing Mau Fruit Technology Co., Ltd.
GAO Lijing	GAO Lijing, female, born in June 1980, Chinese, with no right of permanent residence abroad, master's degree student at Chinese University of Hong Kong, obtained legal professional qualification certificate through the national judicial examination. She is currently the chairman of the supervisory board and the deputy

	general manager of the legal center of Appotronics Corporation Limited, and has worked in the South China Intellectual Property Office of Foxconn Technology Group Co., Ltd. and the Intellectual Property and Legal Affairs Center of Netac Technology Co., Ltd.
SUN Hongden	SUN Hongdeng, male, born in January 1981, Chinese, with no right of permanent residence abroad, a Master of Arts from Hong Kong Metropolitan University. He is currently a supervisor and director of the audit department of Appotronics Corporation Limited, and once worked for Huawei Technologies Co., Ltd.
WANG Yanyun	WANG Yanyun, female, born in April 1977, Chinese, with no right of permanent residence abroad, obtained a bachelor degree. She is currently a supervisor and deputy director of public affairs of Appotronics Corporation Limited, and joined the Company in July 2013.
Chen Yasha	CHEN Yasha, female, born in January 1990, Chinese, no right of permanent residence abroad, obtained the master's degree in finance, and the qualification certificate of board secretary of the science and technology innovation board and the qualification certificate of board secretary of the new third board. She joined the Company's board office in September 2018 and is currently the secretary of the Board of Directors of Appotronics Corporation Limited.
HU Fei	HU Fei, male, born in March 1980, Chinese, with no right of permanent residence abroad, received bachelor's, master's and doctoral degrees from Tsinghua University, and master's degree from Renslill Institute of Technology. He is currently the core technical personnel and general manager of the product technology research and development center (II) of Appotronics Corporation Limited., successively served as a software engineer of Optical Research Associates, the vice president of research and development of YLX Incorporated and Shenzhen Appotronics Optoelectronic Technology Co., Ltd., and the chief technology officer and deputy general manager of Appotronics Corporation Limited.
YU Xin	YU Xin, male, born in February 1980, Chinese, with no right of permanent residence abroad, received a doctorate from Tsinghua University. He is currently the core technical personnel and vice president of Appotronics Corporation Limited., and has successively served as a senior software engineer at Schlumberger Technologies Co., Ltd., a senior researcher at Shenzhen Zhongguang Industrial Technology Research Institute, a senior researcher at Appotronics Corporation Limited., a general manager of the Cinema Solutions Business Unit, and the general manager of the Innovation Center and Cinema Business Division.
WANG Lin	WANG Lin, male, born in September 1981, Chinese, with no right of permanent residence abroad, obtained a bachelor's degree from the University of Science and Technology of China, a master's degree from Tsinghua University, and a doctorate degree from the Polytechnic University of Madrid, Spain. He is currently the core technical personnel of Appotronics Corporation Limited., the deputy general manager of the product technology research and development center (II), and has successively served as a senior optical engineer of Shanghai Philips Lighting (China) Investment Co., Ltd., and a senior optical researcher of Appotronics Corporation Limited.
WANG Zeqin	WANG Zeqin, male, born in December 1977, Chinese, with no right of permanent residence abroad, obtained a bachelor's degree from Jilin University, majoring in optoelectronic technology. He is currently the core technical personnel and the person in charge of the product technology R&D center (I) of Appotronics Corporation Limited., successively served as R&D engineer and R&D expert of O-Net Information Technology (Shenzhen) Co., Ltd., researcher of Shenzhen YLX Incorporated, R&D director of R&D center of Appotronics Corporation Limited., person in charge of core device R&D center and complete machine R&D center.
GUO Zuqiang	GUO Zuqiang, male, born in April 1990, Chinese, with no right of permanent residence abroad, received a master's degree from Tsinghua University. He is currently the core technical personnel and the person in charge of the core device R&D center of Appotronics Corporation Limited., and has successively served as an optical engineer of YLX Incorporated and the R&D manager of Appotronics Corporation Limited.

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	Director	January 2014	-
	Shenzhen Appotronics Daye Investment Partnership (LP)	Representative of Managing Partner	October 2016	-
	Shenzhen Appotronics Hongye Investment Partnership (LP)	Representative of Managing Partner	December 2015	-
	Shenzhen Jinleijing Investment Limited Partnership (LP)	Representative of Managing Partner	October 2016	-
	Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	Representative of Managing Partner	June 2016	-
	Shenzhen Appotronics Chengye Consulting Partnership (LP)	Representative of Managing Partner	July 2017	-
	Blackpine Investment Corp. Limited	Director	September 2018	-
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 YLX Technology Development Co., Ltd.	Chairman	January 2007	-
	Shenzhen Guangfeng Optoelectronic Technology Development Co., Ltd	Director and General Manager	October 2017	-
	Shenzhen Appotronics Deye Consulting Partnership (LP)	Representative of Managing Partner	May 2018	-
	Shenzhen Qingda Yifeng Investment Consulting Partnership (LP)	Representative of Managing Partner	October 2016	-
	YLX (HONG KONG) Limited	Director	June 2008	-
	APEX Fund Managed Limited	Director	November 2013	-
	Long Pine Investment Ltd.	Director	September 2016	-
	Atria Light Ltd.	Director	April 2018	-
	Atria Light Hong Kong Limited	Director	April 2018	-
	Longpines Financial Investment Ltd.	Director	May 2018	-
YU Zhuoping	Tongji University	professor	1985	-
	National Intelligent New Energy Vehicle Collaborative Innovation Center	Director	2012	-
	Tongji Automotive Design and Research Institute Co., Ltd.	Director	December 2017	-
	Shanghai AINEV Innovative Platform Co., Ltd.	Director	March 2018	-

	Huazhong In-Vehicle Holdings Co., Ltd.	Non-executive Director	August 2019	-
	Weichai Power Co., Ltd.	Independent director	July 2020	-
	Nanchang Jiling New Energy Technology Co., Ltd.	Director	August 2020	-
	Shanghai Highly (Group) Co., Ltd.	Independent director	September 2020	-
	Ningbo Shenglong Automotive Powertrain System Co., Ltd.	Independent director	October 2020	-
	Beijing Guoqing Zhonglian Hydrogen Energy Technology Research Institute Co., Ltd.	Director	October 2020	-
	Shanghai Motor Vehicle Inspection Certification & Tech Innovation Center Co., Ltd.	Director	April 2021	-
	Huayu Automotive Systems Co., Ltd.	Independent director	July 2021	-
	Jiangling Motors Corporation Limited	Independent director	October 2021	-
	ZHANG Wei	GDC Technology Limited	Director	November 2022
AVIC Vanke Co., Ltd.		Director	January 2018	-
Hengqin Vanke Cloudland Commercial Services Co., Ltd.		Director & General Manager	May 2017	-
Lijiang Banyan Tree International Travel Agency Co., Ltd.		Director	March 2018	-
Lijiang Banyan Tree Property Services Co., Ltd.		Director	May 2018	-
Lijiang Angsana Real Estate Development Co., Ltd.		Director	July 2018	-
Yangshuo Banyan Tree Hotel Co., Ltd.		Director	September 2018	-
Huangshan Banyan Tree Property Management Co., Ltd.		Director	September 2018	-
Huangshan Banyan Tree Tourism Development Co., Ltd.		Director	September 2018	-
Zhenro Services Group Co., Ltd.		Director	June 2020	-
WANG Yingxia	Hangzhou Qifei Huachuang Technology Co., Ltd.	Director	January 2021	-
	Shenzhen Tiwu Technology Co., Ltd	Supervisor	January 2018	-
NING Xiangdong	Tsinghua University	Professor & Doctoral Tutor	1990	-
	Sinopec Sales Co., Ltd.	Independent director	December 2018	-
	Shandong Heavy Industry Group Co., Ltd.	External director	December 2019	-
	Xiamen Bank Co., Ltd.	Independent director	October 2017	-
	Sinochem Energy Co., Ltd.	Independent director	August 2018	-
	Beijing Shengge Education Technology Co., Ltd	Supervisor	January 2021	-
	MH Robot & Automation Co., Ltd.	Independent director	December 2022	-
TANG Guliang	University of International Business and Economics	Professor & Doctoral Tutor	March 2006	-
	China JIC Leasing Co., Ltd.	Independent director	April 2017	-
	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Independent director	December 2019	-
	Three Gorges Capital Holdings Co., Ltd.	Independent director	July 2019	-
	Jointown Pharmaceutical Group Co., Ltd.	Independent director	November 2020	-
CHEN Youchun	Chongqing Chang'an Automobile Co., Ltd	Independent director	June 2022	-
	Beijing Junzejun (Shenzhen) Law Firm	Partner	July 2004	-

	Nord New Materials Co., Ltd	Independent director	February 2018	-
	Shenzhen Weihai De Technology Co., Ltd	Independent director	July 2020	-
	Xinrongmao Fruit Industry Technology Group Co., Ltd	Independent director	October 2019	-
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	<p>According to the <i>Articles of Association</i>, the remuneration of directors is submitted to the Board of Directors and the General Meeting of Shareholders respectively after deliberation by the remuneration and evaluation committee of the Board of Directors, the remuneration matters of supervisors are deliberated by the Board of Supervisors and submitted to the General Meeting of Shareholders for deliberation, and the remuneration matters of executives are submitted to the Board of Directors for deliberation after deliberation by the remuneration and evaluation committee.</p>
Basis for determining the remunerations of directors, supervisors and senior officers	<p>For directors, supervisors and senior management who receive remuneration in the Company, their remuneration shall be determined in accordance with the relevant provisions of the <i>Articles of Association</i> and other relevant provisions, taking into account the market, industry level and personal ability, and the degree of contribution to the Company; non-independent directors who do not receive remuneration in the Company receive directors' allowances in accordance with the remuneration package approved by the general meeting; independent directors receive independent director allowance in accordance with the remuneration package approved by the General Meeting of Shareholders.</p> <p>The Board of Directors of the Company has established a Remuneration and Appraisal Committee, which is responsible for evaluating the performance of the Company's directors and senior management, as well as formulating and reviewing remuneration policies and plans.</p>
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	1,535.43
Total remunerations paid to key technical staff as of the end of the reporting period	824.35

Note: Dr. LI Yi, Chairman of the Company, 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
YU Zhuoping	Director	Elected	After the deliberation and approval of the Company's eighth meeting of the second Board of Directors and the first extraordinary General Meeting of Shareholders in 2022, Mr. YU Zhuoping was elected as a director of the second Board of Directors of the Company.
Chen Yasha	Secretary of the Board of Directors	Recruited	After the deliberation and approval of the Company's 12th meeting of the second Board of Directors, Ms.CHEN Yasha was appointed as the secretary of the second Board of Directors of the Company.
BO Lianming	Director	Left the Company	Resigned as a director of the second term of the Board and a member of the Strategy Committee of the second term of the Board of Directors due to personal health matters.
LIANG Guanning	Deputy General Manager	Left the Company	Resigned as the deputy general manager of the Company due to personal reasons.
YAN Li	Secretary of the Board of Directors	Left the Company	Resigned as the secretary of the Company's second Board of Directors due to personal, family and physical reasons.

(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
8th meeting of the second Board of Directors	March 11,2022	The meeting deliberated and approved 6 proposals, including <i>Proposal on Electing Mr. YU Zhuoping as a Non-Independent Director of the Company</i> and the <i>Proposal on the Estimated Comprehensive Credit Line and Guarantee Line of the Company and its Subsidiaries in 2022</i> .
9th meeting of the second Board of Directors	March 18,2022	The meeting deliberated and approved 2 proposals, including <i>Proposal on the Extension of Some Fundraising and Investment Projects</i> and the <i>Proposal on the Plan of Repurchasing the Company's Shares by Centralized Bidding Transaction</i> .
10th meeting of the second Board of Directors	April 6,2022	The meeting deliberated and approved 3 proposals, including the <i>Proposal on the Company's Shareholder Return Plan for the Next Three Years (2022-2024)</i> and the <i>Proposal on the New Special Account for Over-raised Funds</i> .
11th meeting of the second Board of Directors	April 25,2022	The meeting deliberated and approved 17 proposals including the <i>Proposals on the Company's <2021 Annual Report of the Board of Directors></i> and the <i>Proposal on the Company's <2021 Annual General Manager Work Report></i> .
12th meeting of the second Board of Directors	April 29,2022	The meeting deliberated and approved 4 proposals, including the <i>Proposal on the Company's <2022 Restricted Stock</i>

nd Board of Directors		<i>Incentive Plan (Draft)> and Summary Thereof, and the Proposal on the Company's <2022 Restricted Stock Incentive Plan Implementation Assessment Management Measures>.</i>
13th meeting of the second Board of Directors	May 25,2022	The meeting deliberated and approved the <i>Proposal on the Initial Grant of Restricted Shares to Incentive Recipients.</i>
14th meeting of the second Board of Directors	June 29,2022	The meeting deliberated and approved 5 proposals, including the <i>Proposal on the Use of Temporarily Idle Raised Funds for Cash Management</i> and the <i>Proposal on Adjusting the Internal Investment Structure of Some Fundraising and Investment Projects.</i>
15th meeting of the second Board of Directors	August 18,2022	The meeting deliberated and approved 6 proposals, including the <i>Full Text of the 2022 Semi-annual Report and Summary Thereof</i> , and the <i>2022 Semi-annual Special Report on the Deposit and Use of Raised Funds.</i>
16th meeting of the second Board of Directors	October 28,2022	The meeting deliberated and approved 3 proposals, including the <i>Third Quarter Report of 2022</i> and <i>Proposal on Carrying out Foreign Exchange Derivatives Trading Business.</i>
17th meeting of the second Board of Directors	November 14,2022	The meeting deliberated and approved 2 proposals, including the <i>Proposal on the Cancellation of Partially Granted 2019 Restricted Stocks</i> and <i>The Third Vesting Period of the Initial Granted Part of the 2019 Restricted Stock Incentive Plan and the Second Vesting Period of the Reserved Granted Part Meet the Vesting Conditions.</i>
18th meeting of the second Board of Directors	December 27,2022	The meeting deliberated and approved 2 proposals, including <i>Proposal on Granting Reserved Restricted Shares to Incentive Recipients of the 2022 Restricted Stock Incentive Plan</i> and the <i>Proposal on Changing the Registered Capital and Amendment<Articles of Association> and Granting Part of the Second Vesting Period to Meet the Vesting Conditions.</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	4
YU Zhuoping	NO	9	9	7	0	0	No	3
ZHANG Wei	NO	11	11	9	0	0	No	4
WANG Yingxia	NO	11	11	9	0	0	No	4
NING Xiangdong	Yes	11	11	9	0	0	No	4
TANG Guliang	Yes	11	11	9	0	0	No	4
CHEN Youchun	Yes	11	11	9	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 2012	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), YU Zhuoping, NING Xiangdong

(2). The Audit Committee held 7 meetings during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
April 3,2022	The meeting deliberated and approved the <i>Proposal on the Company's Shareholder Return Plan for the Next Three Years (2022-2024)</i>	All proposals are reviewed and passed.	None
April 13,2022	Report on the audit implementation stage of the 2021 financial statements.		
April 15,2022	The meeting deliberated and approved 8 proposals, including the <i>Proposal on the Company's < Report on the Performance of Duties of the Audit Committee of the Board of Directors in 2021></i> and the <i>Proposal on the Company's <2021 Annual Financial Final Report></i> .		
April 25,2022	Report on the completion of the audit of the 2021 financial statements.		
August 15,2022	The meeting deliberated and approved 2 proposals, including the <i>Full Text of the 2022 Semi-annual Report and Summary Thereof</i> and the <i>Proposal on the Expected Situation of New Daily Related Party Transactions in 2022</i> .		
October 28,2022	The meeting deliberated and approved 3 proposals, including the <i>Third Quarter Report of 2022</i> and the <i>Proposal on Carrying out Foreign Exchange Derivatives Trading Business</i> .		
December 23,2022	Report on the audit plan for the 2022 financial statements.		

(3). The Nomination Committee held 2 meetings during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
March 8,2022	The meeting deliberated and approved the <i>Proposal on Electing Mr. YU Zhuoping as a Non-Independent Director of the Company</i>	All proposals are reviewed and passed.	None
April 27,2022	The meeting deliberated and approved the <i>Proposal on the Appointment of the Secretary of the Board of Directors of the Company.</i>		

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

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
April 15,2022	The meeting deliberated and approved 2 proposals, including <i>Proposal on the Company's Directors in 2021 and 2022 Remuneration Plan</i> and the <i>Proposal on the Company's Senior Management's 2021 Remuneration and 2022 Annual Remuneration Plan.</i>	All proposals are reviewed and passed.	None
April 27,2022	The meeting deliberated and approved 2 proposals, including <i>Proposal on the Company's < 2022 Restricted Stock Incentive Plan (Draft) and Summary Thereof></i> and the <i>Proposal on the <Implementation Assessment Management Measures for the Company's 2022 Restricted Stock Incentive Plan>.</i>		
June 27,2022	The meeting deliberated and approved 2 proposals, including <i>Proposal on the Cancellation of Partially Granted 2021 Restricted Stocks</i> and the <i>Third Vesting Period of the Initial Granted Part of the 2021 Restricted Stock Incentive Plan and the Second Vesting Period of the Reserved Granted Part Meet the Vesting Conditions.</i>		
November 13,2022	The meeting deliberated and approved 2 proposals, including the <i>Proposal on the Cancellation of Partially Granted 2019 Restricted Stocks</i> and <i>The Third Vesting Period of the Initial Granted Part of the 2019 Restricted Stock Incentive Plan and the Second Vesting Period of the Reserved Granted Part Meet the Vesting Conditions.</i>		

(5). The Strategy Committee held 1 meeting during the reporting period

Date of meeting	Content of meeting	Major opinions and suggestions	Performance of other duties
October 28,2022	The meeting deliberated and approved 2 proposals, including the <i>Proposal on Carrying out Foreign Exchange Derivatives Trading Business and Management System for Foreign Exchange Derivatives Trading Business.</i>	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	1,200
Number of active employees of major subsidiaries	437
Total number of active employees	1,637
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	688
Sales staff	230
Technology staff	521
Financial staff	41
Management staff and administrative staff	157
Total	1,637
Education	
Level of education	Number
Master and above	192
Undergraduate	734
College or below	711
Total	1,637

(II) Compensation policy
 Applicable N/A

During the reporting period, the Company continued to take "distributing according to work, prioritizing efficiency and stressing equity and sustainable development" as the basic principles of salary management, combined with the Company's development strategy, annual business objectives, economic benefits, and continuously improved the salary performance management system with reference to market and industry conditions. The Company's employee salary depends on Company's economic benefits and the completion of personal post responsibility goals, and the structural salary distribution form of "determining the salary by post, determining the level by ability, and determining the award by performance". The salary is composed of basic salary, welfare allowance, performance bonus, etc., and assessment and incentive plans for employees in different positions according to job classification are formulated to mobilize the enthusiasm of employees in different positions.

For directors, supervisors and senior management who receive remuneration in the Company, the Company determines their remuneration in accordance with provisions of the *Articles of Association* and other relevant provisions, taking into account the market, industry level and personal ability, and the degree of contribution to the Company; for employees in other positions, the Company determines their basic salary based on the international and local laws and regulations, combining the market, industry level, job differentiation, ability and work experience and other factors, and determines their performance pay according to the actual assessment situation.

(III) Training programs
 Applicable N/A

Adhering to the talent concept of "gathering top talents, working with excellent people, and achieving more talents" and considering the Company's strategic development goals and actual needs of business development, the Company continues to improve the talent training system, strengthen training management

to improve the business ability of employees and grow together with the Company, providing solid support for the Company's strategic development.

During the reporting period, the Company continued to focus on promoting organizational performance improvement as the core purpose, conducting training and product development targeting problems to empower core key talents to solve practical problems on the one hand, and develop various professional knowledge/skills courses for key elites in various professional fields of the organization on the other hand. Moreover, the Company is committed to creating a sustainable talent training system, and continuously improves the course system by introducing professional training at home and abroad and hiring well-known lecturers in the industry to teach in-house products, technology, management, employee development and other professional courses. In order to promote employees' diversified and comprehensive development, the Company actively builds an internal lecturer team, encourages employees to continuously improve their professionalism and professional skills, and stimulates their professional innovation and development.

(IV) Outsourced workers

Applicable N/A

Total man-hours of outsourced workers	213,211 hours
Total remunerations paid to outsourced workers	RMB 5,120,958.64

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:

In April 2022, the Company's Board of Directors formulated the *Shareholder Return Plan for the Next Three Years* in accordance with relevant laws and regulations and the *Articles of Association*, and established a clear profit distribution mechanism on the basis of actively rewarding shareholders and sustainable development of the Company.

2. Implementation of cash dividend policy:

The Company held the 11th meeting of the second session of the Board of Directors on April 25, 2022 and the 2021 Annual General Meeting on May 25, 2022, and deliberated and approved the *Proposal on the Company's 2021 Annual Profit Distribution Plan*, the specific plan was: based on the total share capital registered on the record date of the implementation of equity distribution after deducting the shares in the Company's special securities account for repurchase, a cash dividend of 1.05 yuan (tax inclusive) will be distributed to all shareholders for every 10 shares, and the total amount of cash dividends will be RMB47,539,474.61 (tax inclusive). The distributed profit will not be converted into capital reserve funds, and bonus shares will not be given. The Company disclosed the *2021 Annual Equity Distribution Implementation Announcement* on June 22, 2022, the equity registration date for this dividend distribution is June 28, 2022, and the ex-dividend date is June 29, 2022. The Company's 2021 equity distribution plan has been implemented.

(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 ed 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

(IV) Profit distribution and conversion of capital reserve into equity capital during the reporting period

Applicable N/A

In RMB

Number of bonus shares per 10 shares (in share)	0
Dividend per 10 shares (in RMB) (tax inclusive)	0.54
Conversion amount per 10 shares (in share)	-
Cash dividend amount (tax inclusive)	24,635,207.05
Net profit attributable to common shareholders of the listed company in the annual consolidated statements of dividends	119,440,773.77
Percentage of net profit attributable to common shareholders of listed companies in the consolidated statements (%)	20.63
The amount of cash dividends included in the repurchase of shares in cash	19,371,239.41
Total dividend amount (tax inclusive)	44,006,446.46
Total dividend amount as a percentage of net profit attributable to common shareholders of the listed company in the consolidated statements (%)	36.85

Audited by Pan-China Certified Public Accountants (Special General Partnership), the Company's net profit attributable to shareholders of listed companies in 2022 was RMB119.4408 million, the net profit realized by the parent company was RMB192.5391 million, and the profit available for distribution by shareholders of the parent company at the end of the year was RMB579.7418 million.

The Company intended to distribute a cash dividend of 0.54 yuan (tax inclusive) to all shareholders for every 10 shares, and as of the disclosure date of this report, the total share capital of the Company was 457,107,538 shares, after deducting the number of shares in the special securities account for repurchase of 900,000 shares, the total proposed cash dividend was RMB24,635,207.05 (tax inclusive), accounting for 20.63% of the net profit attributable to shareholders of the listed Company in 2022. This year, no capital reserve will be converted into share capital, and no bonus shares will be issued.

At the same time, according to the relevant provisions of the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No.7-Share Repurchase*, the repurchase amount of RMB19,371,239.41 (excluding stamp duty, transaction commissions and other transaction costs) implemented by the Company in 2022 was regarded as cash dividends, and the proportion of the repurchase amount to the net profit attributable to shareholders of the listed company in 2022 was 16.22%. The proposal has been deliberated and approved by the 19th meeting of the second Board of Directors, and needed to be submitted to the Company's General Meeting of Shareholders for deliberation.

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	1.20	206	12.58	17.265
2021 Restricted Share Incentive Plan	Type II restricted shares	18,500,000	4.05	242	14.78	17.34、18.34、20.84
2021 Second Restricted Share Incentive Plan	Type II restricted shares	10,500,000	2.30	64	3.91	19.895、22.895
2022 Restricted	Type II	10,500,000	2.30	107	6.54	15.395

Share Incentive Plan	restricted shares					
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Note: (1) The proportion of the number of incentive recipients refers to the proportion of the number of incentive targets to the number of companies at the end of this reporting period;

(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

Unit: share

Name of plan	Number of equity incentives granted at the beginning of the year	Number of new equity incentives granted during the reporting period	Number of vested/exercised/unlocked during the reporting period	Number of vested/exercised/unlocked during the reporting period	Grant Price/Exercise Price (in RMB)	Number of equity incentives granted at the end of the period	Number of shares vested/exercised/unlocked at the end of the period
2019 Restricted Share Incentive Plan	1,829,600	-	1,493,140	1,469,140	17.265	0	1,469,140
2021 Restricted Share Incentive Plan	17,100,000	1,400,000	4,084,700	2,881,497	17.34、18.34	8,529,528	2,881,497
2021 Second Restricted Share Incentive Plan	8,400,000	2,100,000	-	-	19.895、22.895	10,500,000	-
2022 Restricted Share Incentive Plan	-	8,648,080	-	-	15.395	8,648,080	-

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

√ Applicable □ N/A

In RMB 0'000

Name of plan	Completion of company-level assessment indicators during the reporting period	Share payment recognized during the reporting period
2019 Restricted Share Incentive Plan	N/A	363.71
2021 Restricted Share Incentive Plan	Not up to standard	815.93
2021 Second Restricted Share Incentive Plan	Up to standard	3,533.50
2022 Restricted Share Incentive Plan	Up to standard	813.48
Total	-	5,526.62

(II) Incentives already disclosed in the interim announcements about which no new information is available

√ Applicable □ N/A

Overview of Matters	Reference
On March 11, 2022 and March 29, 2022, the Company held the eighth meeting of the second session of the Board of Directors, the seventh meeting of the second session of the Board of Supervisors and the first extraordinary General Meeting of Shareholders in 2022, respectively, and the <i>Proposal on Adjusting the Grant Price of Restricted Shares under the 2021 Restricted Stock Incentive Plan and the Proposal on Granting Reserved Restricted Stock to the Incentive Recipients of the 2021 Restricted Stock Incentive Plan and Proposal on Granting Reserved Restricted Stock to Incentive Recipients of the Second Restricted Stock Incentive Plan in 2021</i> and other related proposals have been deliberated and approved.	For details, please refer to the relevant announcements disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on March 14, 2022 and March 30, 2022 respectively.
On April 29, 2022, the Company held the 12th meeting of the second session of the Board of Directors and the 11th meeting of the second session of the Board of Supervisors, and the <i>Proposal on the Company's <2022 Restricted Stock Incentive Plan (Draft)> and Summary Thereof</i> and other relevant proposals have been deliberated and approved.	For details, please refer to the relevant announcement disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on

	April 30, 2022.
The Company held the 2021 Annual General Meeting on May 25, 2022, and the <i>Proposal on the Company's <2022 Restricted Stock Incentive Plan (Draft) > and Summary Thereof</i> and other relevant proposals have been deliberated and approved.	For details, please refer to the relevant announcement disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on May 26, 2022.
On May 25, 2022, the Company held the 13th meeting of the second session of the Board of Directors and the 12th meeting of the second session of the Board of Supervisors, and the <i>Proposal on the Initial Grant of Restricted Shares to Incentive Recipients</i> has been deliberated and approved.	
On June 29, 2022, the Company held the 14th meeting of the second session of the Board of Directors and the 13th meeting of the second session of the Board of Supervisors, and deliberated and approved the <i>Proposal on the Cancellation of Partially Granted 2021 Restricted Stocks</i> , the <i>Proposal on Adjusting the Grant Price of the Company's Restricted Stock Incentive Plan</i> , and the <i>Proposal on the Initial Grant of the Company's 2021 Restricted Stock Incentive Plan to Meet the Vesting Conditions for the Initial Vesting Period</i> and other relevant proposals.	For details, please refer to the relevant announcement disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on June 30, 2022.
On November 14, 2022, the Company held the 17th meeting of the second session of the Board of Directors and the 16th meeting of the second session of the Board of Supervisors, and deliberated and approved <i>The Third Vesting Period of the Initial Granted Part of the 2019 Restricted Stock Incentive Plan</i> and the <i>Second Vesting Period of the Reserved Granted Part Meet the Vesting Conditions</i> and <i>Proposal on the Cancellation of Partially Granted Restricted Stocks</i> and other relevant proposals.	For details, please refer to the relevant announcement disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on November 15, 2022.
On December 27, 2022, the Company held the 18th meeting of the second session of the Board of Directors and the 17th meeting of the second session of the Board of Supervisors, and deliberated and approved the <i>Proposal on Granting Reserved Restricted Shares to Incentive Recipients of the 2022 Restricted Stock Incentive Plan</i> and other proposals.	For details, please refer to the relevant announcement disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on December 29, 2022.

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	3,500,000	0	15.395	1,203,160	0	3,500,000	24.86
Zhang Wei	Director and Deputy General	0	700,000	15.395	0	0	700,000	24.86

	Manager							
Wang Yingxia	Director, Financial Director	370,560	100,000	15.395	72,124	72,124	470,560	24.86
Chen Yasha	Board Secretary	222,750	210,000	15.395	18,750	18,750	432,750	24.86
HU Fei	Key technical staff	390,000	150,000	15.395	160,316	160,316	540,000	24.86
YU Xin	Key technical staff	520,000	550,000	15.395	88,752	88,752	1,070,000	24.86
WANG Lin	Key technical staff	420,000	210,000	15.395	88,752	88,752	630,000	24.86
WANG Zeqin	Key technical staff	422,000	210,000	15.395	90,752	90,752	632,000	24.86
GUO Zuqiang	Key technical staff	416,000	210,000	15.395	84,752	84,752	626,000	24.86
Total	-	6,261,310	2,340,000	-	1,807,358	604,198	8,601,310	-

(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 Board of Directors of the Company has established a Remuneration and Appraisal Committee, which is responsible for evaluating the performance of the Company's directors and senior management, as well as formulating and reviewing remuneration policies and plans. The Company has established and continuously improved the employee performance evaluation system and salary system, formulated employee assessment and incentive programs for different job levels and responsibilities according to job classification, and then motivated the work enthusiasm of employees in different positions. During the reporting period, the Company's senior management personnel performed their duties diligently and conscientiously in accordance with relevant regulations; the remuneration of senior management shall consist of basic salary and incentive bonus, etc., and shall be deliberated and approved by the Board of Directors.

In addition, in order to further improve the Company's long-term incentive mechanism, motivate core personnel who play an important role in the Company's new growth curve in the future, and motivate the enthusiasm of targeting employees, the Company has successively launched restricted stock incentive plans to ensure the realization of the Company's development strategy and business objectives.

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

Applicable N/A

(1) Internal control construction

During the reporting period, the Company carried out end-to-end business process audits in accordance with the *Basic Standards for Enterprise Internal Control*, relevant guidelines and internal control regulatory requirements, and the priority of the Company's operational business, identified risks in the existing business processes through a deep understanding of business logic, the objectives of business process design, and multi-dimensional verification of actual business data, and led the business responsible units to carry out timely rectification of process risks. Through circular audit and evaluation activities, we continue to improve the internal control awareness of business personnel, drive business units to independently identify and improve process risks, and improve the overall ability of internal control and governance of the Company. On the other hand, we strengthen the exercise of supervision power under the leadership of the audit committee of the Board of Directors, strengthen the supervision of internal audit on the Company's internal control risk assessment, explore the root cause of risk problems, and ensure a thorough closed loop of internal control risk issues.

(2) Internal control supervision and evaluation

During the reporting period, the Company organized and carried out the internal control evaluation in 2022 in accordance with the procedures stipulated in the Company's internal control standard system and the

Company's internal control evaluation method. According to the identification of material deficiencies in the Company's internal control, the Company does not have material and important deficiencies in internal control over financial reporting and non-financial reporting. The Board of Directors of the Company believes that the internal control of financial reporting and non-financial reporting in all major business aspects has been effectively conducted in accordance with the requirements of the enterprise's internal control standard system and relevant regulations. For details, please refer to the *2022 Annual Internal Control Evaluation Report* disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on April 28, 2023.

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 manages its stable operation of its subsidiaries in accordance with laws and regulations, the *Articles of Association*, and the *Internal Control Management System*. It has realized the supervision and risk assessment coverage of the internal audit on the legal compliance, asset safety, the authenticity and integrity of financial reports and related information of the subsidiary's operation and management, and optimized and adapted the business process in combination with the actual business scenario through participation in the event to achieve standardized and efficient business operation. During the reporting period, the Company's subsidiaries operated normally, there were no undisclosed matters that should be disclosed, no major defects or omissions affecting the Company's business development, and the control was effective.

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

Applicable N/A

For details, please refer to the *2022 Annual Internal Control Evaluation Report* disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on April 28, 2023.

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

not have

XVIII. Others

Applicable N/A

Section V Environment, Social Responsibility, and Other Corporate Governance

I. Statement of the Board of Directors on ESG

Since its listing on the Science and Technology Innovation Board in July 2019, the Company has voluntarily disclosed independent ESG reports (social responsibility reports) for the fourth consecutive year, actively assumed its social responsibilities as a corporate citizen, and continuously improved the transparency of the Company's ESG information disclosure. During the reporting period, the Company's ESG work was rated Wind ESG A, and at the same time, it was honored and recognized by the CaiLian News Social Responsibility Pioneer Enterprise Award and the Daily Economic News Qingxin 2022 Green Practice Pioneer Shortlisted Project.

In order to promote the effective implementation of the Company's ESG work, the Company has established and continuously improved the linked ESG management communication and coordination mechanism. As the first responsible person for ESG, the Chairman is responsible for reviewing and making decisions on the strategy and goals of the Company's ESG work; functional departments, business units and subsidiaries are responsible for formulating corresponding ESG goals and plans, implementing corporate strategies, and maintaining communication with internal and external stakeholders. The Company's informal ESG working group is responsible for ESG information collection and report preparation, and regularly reports ESG matters to the management, forming a work promotion mode of deliberation and decision-making, overall supervision and step-by-step implementation.

1. Sustainable R&D and innovation

As the world's leading laser display technology enterprise, the Company has always placed scientific and technological innovation at the core of the overall development, promoted high-quality development with scientific and technological innovation, and focused on the transformation of R&D achievements, improved the level of industrialization, and made full use of its scientific and technological achievements to positively influence the industry. During the reporting period, the Company's R&D investment reached RMB262 million, made R&D breakthroughs in the automotive optics, AR optical modules, and ALPD® 5.0, and was awarded "National Intellectual Property Demonstration Enterprise" in terms of intellectual property rights.

By the end of the reporting period, the Company's ALPD® laser light source projection solution had exceeded 27,700 sets installed in China, with a total operating time of about 236 million hours, saving about 425 million kWh of electricity and reducing CO₂ emissions by about 186 million cubic meters, setting an industry model to help achieve the national dual carbon goal.

2. Reliable environment and climate management

Referring to the TCFD's *Recommendations of the Working Group on Climate-related Financial Information Disclosure*, the Company has completed the identification of climate risks and opportunities it faces, and strictly promoted green production. During the reporting period, the Company's factory in Fuyong, Shenzhen, has an average annual water consumption decreased by 56.67% per product, an average electricity consumption decreased by 29.39% year-on-year, and achieved zero complaints about environmental protection problems. After professional testing by qualified third-party environmental testing institutions, disposal of wastewater, waste gas and noise meet the requirements of national and regional laws and regulations.

In daily operations, the Company and its subsidiaries advocate green office, encourage employees to recycle office supplies, and reduce the use of paper through an efficient online work platform system.

3. Diversified corporate governance structure

The Company is committed to building an open and diversified governance system, improving the corporate governance structure, and steadily improving corporate governance. The second Board of Directors of the Company has 7 directors, including 3 independent directors and 1 employee representative director. The Board of Directors has set four special committees: Audit Committee, Remuneration and Assessment Committee, Strategy Committee and Nomination Committee, and the members of the Board of Directors are diligent and conscientious to provide full guarantee for the Board's scientific decision-making of the Company.

The second Board of Supervisors of the Company is composed of 3 supervisors, including 1 employee representative supervisor, the composition of the Board of Supervisors and the qualifications of the members of the Board of Supervisors meet the requirements of laws and regulations, and they all have professional knowledge and work experience.

During the reporting period, the Company held 4 general meetings of shareholders, 11 meetings of the Board of Directors, 11 meetings of the Board of Supervisors and 14 special committees of the Board of

Directors to deliberate on regular reports, repurchase matters, equity incentive plans and other matters, standardize the operation system of the three meetings, and improve the internal governance.

4. Actively assume social responsibility

As a leader in the laser display industry, the Company works with global partners to improve the product quality and service quality of projection display products, applies international advanced standardization work experience, so as to lead and promote the healthy and sustainable development of the industry. By the end of the reporting period, the Company had participated in the formulation of 10 international standards, 9 national standards and 22 industry standards, released 8 group standards with industry associations and enterprises in the industry, and won 6 Shenzhen standard honors. The Company always follows the value concept of "people-oriented", adheres to equal employment, and deepens the communication mechanism to ensure that employees' voices are heard and provide the support and help they need. During the reporting period, the Company organized activities such as *CEO Face-to-face Communication Meeting* and *Fresh Graduates Communication Meeting* to establish a transparent, fair and interactive corporate culture, encourage employees to participate in enterprise management, and protect employees' right to know and participate.

As an enterprise enthusiastically participating in public welfare undertakings, the Company is committed to the fulfillment of social responsibility and the promotion of public welfare undertakings. During the reporting period, in order to pay tribute to the anti-epidemic Company, a batch of laser projectors were donated to the Shenzhen Municipal Health Commission through the Shenzhen Red Cross Society for the family education of the children of anti-epidemic medical workers, and initiated a series of actions in Qianxi, Guizhou to nurture talents and help farmers prosper, and won "Chunhui Action Contribution Award" of the Organization Department of the Guizhou Province.

For details, please refer to the *2022 Environmental, Social and Governance (ESG) Report* disclosed on the Shanghai Stock Exchange website (www.sse.com.cn) on the same day.

II. Environment

Whether mechanisms related to environmental protection have been established	YES
Investment in environmental protection funds during the reporting period (unit:RMB 0'000)	21.06

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

Yes No

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, as the world's leading laser display technology enterprise, takes ALPD® laser display technology and architecture as the lead, researches, develops, produces and sells laser display core devices and machines, applied laser display technology to different scenarios, causing low-energy consumption. In the Company's daily production and operation activities, it mainly consumes electricity, water and other resources, and the main emissions are waste gas, waste water and solid waste. During the reporting period, the Company has entrusted qualified third-party environmental testing institutions to conduct testing, and the disposal of wastewater and waste gas meets the requirements of national and regional laws and regulations.

1. Green-house gas emission

√ Applicable □ N/A

During the Company's daily production activities, carbon dioxide, methane and other greenhouse gases are not directly emitted, but electricity, water and other resources which belong to the greenhouse gas equivalent emissions will be consumed. The Company continues to promote emission reduction, carry out low-carbon technology research and development with its own technology research and development advantages, accelerate the process improvement in each production and manufacturing link, increase the use of renewable energy and reduce carbon emissions.

2. Energy and resource consumption

√ Applicable □ N/A

Under the principle of green production, the Company continuously optimizes the production process, adopts advanced energy-saving technology to ensure minimized impact on the environment in the production process and sustainable development and environmental protection. During the reporting period, the Company did not receive any environmental complaints from environmental protection departments, relevant organizations and other companies, and there were no individual or unit complaints, no environmental pollution incidents, at the same time, the Company's annual average water consumption per product decreased by 56.67% year-on-year, and the average electricity consumption decreased by 29.39% year-on-year.

3. Emission of wastes and pollutants

√ Applicable □ N/A

1. Wastewater

The domestic wastewater generated by the Company's office is uniformly dealt with by the office building and industrial park property, and discharged into the municipal sewage pipe network after its pre-treatment meets the standard. During the reporting period, the third-party institution tested the wastewater generated by the Company's production activities in accordance with the *Guangdong Province Local Standard Water Pollutant Discharge Limit*, and the test results all met the discharge standards.

2. Exhaust gas

The Company's production activities produce less waste gas, mainly tin-containing waste gas and non-methane total hydrocarbons, which are treated through UV photolysis, activated carbon adsorption device, air purification equipment, etc., and the exhaust emission concentration after treatment reaches the environmental protection standard *Air Pollutant Emission Limit* (DB44/27-2001 secondary standard) where the production and operation entity is located, and a third-party testing agency is entrusted to test, and the test results all meet the discharge standards.

3. Waste

The Company's waste is mainly divided into three categories: recyclable, non-recyclable and hazardous waste, which are collected separately and transferred to the renewable resources company for compliance treatment. The Company checks the business qualifications of renewable resources companies every year, and signs relevant recycling contracts with them; in addition, the Company pays the management fee to the property every month to ensure that the waste generated by the Company does not have an impact on the environment.

Management regulations of the Company for environment protection

√ Applicable □ N/A

The Company has formulated the *Chemical Dangerous Goods Control Procedures* in accordance with relevant regulations, instructed employees to manage chemicals, and confirmed on site that the management, transfer and recycling of chemicals meet the requirements for designated special areas for the storage of chemicals. At the same time, the Company formulates the relevant *Emergency Plan* and *Emergency Preparedness and Response Control Procedures* involving chemicals, fires and other emergencies, and at the same time arrange safety officers to carry out daily safety inspections, combined with department inspections, the Company also conducts training and publicity of fire protection knowledge for employees, and makes emergency plans for fire accidents. On-site inspections show that the management meets relevant requirements.

Additionally, the Company formulates the *Energy Resource Consumption Control Procedure* and related environmental objectives, guides and supervises the Company's employees to control the energy resource consumption, and the administration department makes monthly statistics on the Company's monthly water use, electricity consumption and office paper, warning employees to save water and electricity and eliminate waste.

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

Whether carbon reduction measures are in place	Yes
Reduction of CO ₂ equivalent emissions (in tons)	365,500
Types of carbon reduction measures (e.g., using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that contribute to carbon reduction, etc.)	The Company's ALPD® laser light source projection solution has exceeded 27,700 sets installed in China, with a total operating time of about 236 million hours, saving about 425 million kWh of electricity and reducing carbon dioxide emissions by about 186 million cubic meters.

Specific instructions
 Applicable N/A

As of the end of the reporting period, the Company had a total operating time of 236 million hours of all ALPD® laser light source solutions in China. Compared with xenon lamps, the average power saving per hour is about 1.8 degrees, which means that 425 million kWh can be saved after conversion. According to the generation of one kilowatt-hour of electricity to produce 0.86kg of carbon dioxide, and the volume of one ton of CO₂ is 509m³, the volume of CO₂ produced by one kilowatt-hour of electricity is 0.48 m³, so the power saving of about 425 million kWh helps reduce emissions by about 186 million cubic meters.

(V) New technologies, new products, and new services for carbon emission reduction
 Applicable N/A

Laser is currently the world's brightest and purest artificial light source, enjoying incomparable advantages among traditional display technologies, such as eye protection, great color performance, large screen, and energy saving. The Company makes full use of advantages in light source and technology, and constantly improves product energy efficiency. In R&D and design process, the Company pays special attention to environmental protection, energy saving, low carbon and other concepts. In November 2022, the Company released ALPD®5.0 laser display technology with an energy efficiency of more than 20lm/W, about 100% higher than other light sources, significantly reducing energy consumption and improving brightness. At the same time, diffuse reflection imaging of household projection products can avoid direct light exposure and harmful blue light, thus reducing visual fatigue, and effectively protecting human eye health.

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

The Company vigorously promotes digital construction, establishes an online work platform system to realize online approval of office service contracts, and introduces Anyin electronic signature service, and carries out data linkage with ERP procurement contracts and CRM sales contracts, avoiding a large number of procurement contract printing and sealing, which helps to improve the Company's overall office efficiency and reduce paper consumption.

III. Performance of social responsibilities
(I) Social contributions of the main business and industry key indicators

The Company, as a global leading enterprise in the field of laser display technology, adheres to the market and customer demand-oriented, continues to focus on the original laser display technology and architecture as the lead, research and development, production and sales of laser display core devices and complete machines, applies laser display technology to household display, cinema projection, business education, engineering and other application scenarios, and successfully expands to new fields such as automotive display, aviation display, AR, etc., to provide customers with a full range of laser display solutions and technical support.

The Company created the first ALPD® laser display technology in the world in 2007, enjoying advantages of volume, weight, brightness and energy efficiency that other display technologies don't have, and obvious advantages in industrialization. The Company's original laser phosphor display has become the mainstream technology in the current laser display field, and as the underlying key architecture technology, it has been used more than 660 times by companies such as Philips of the Netherlands, Osram of Germany, Epson of Japan, NEC.

In terms of industry development, the Company's ALPD® laser display technology ensures the leading position in the international scope of Chinese technology. The Company focuses on the needs of national strategic development, serves as the leader of major national scientific research projects, actively participates in the exhibition of scientific and technological innovation achievements and professional forums, conferences and other activities held by authoritative institutions at home and abroad, takes the initiative to undertake national topics, formulates domestic and foreign standards, applies for international awards, etc., facilitating high-quality development of the laser display industry. In 2022, the Company participated in the drafting of the first domestic laser TV industry standard and formulation of the *White Paper on the Development of Laser Display Technology and Intellectual Property*, and obtained the Shenzhen standard certification of intelligent display terminal products.

(II) Types of and contributions for public charity activities

Type	Sum	Remark
External donations	125.97	
Where: Funds (RMB 0'000)		
Value of materials (RMB 0'000)	125.97	Through the Shenzhen Red Cross Society, a batch of ultra-short throw laser projectors were donated to the Shenzhen Municipal Health Commission for family education of the children of anti-epidemic medical workers.
Rural revitalization	9.8	
Where: Funds (RMB 0'000)	8	Purchasing thousands of agricultural products from Qianxi, Guizhou, to help rural revitalization with practical actions.
Value of materials (RMB 0'000)	1.8	Donated smart screens to Liulin Village, Bailiu Village and Pingfeng Village in Badu Yao Nationality Township, Tianlin County, Guangxi, to help revitalize rural culture.

1. Specific information about public charity activities

Applicable N/A

In order to pay tribute to the frontline anti-epidemic medical workers, the Company donated a total of 300 ultra-short throw laser projectors with a total value of RMB1.2597 million to the Shenzhen Municipal Health Commission through the Shenzhen Red Cross Society, which were distributed by the Shenzhen Municipal Health Commission to 29 medical units, including the Shenzhen CDC and Shenzhen Emergency Center, for the family education of the children of anti-epidemic medical workers.

The Company continues to support Shenzhen's urban strategy of building a "Child-friendly City", and has been awarded the title of "Nanshan District Science Popularization Base", which has become an important measure for the Company to practice social responsibility, promote scientific and technological innovation and sustainable development, promote the popularization of science and technology and talent training, and enhance the connection and cooperation between enterprises and society. In 2022, the Company's science popularization base received a total of 6 children's science popularization public welfare visits, with a total of about 100 children.

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

Applicable N/A

The Company actively practices social responsibility, and contributes to the cause of rural revitalization by purchasing and supporting farmers with science and technology responding to the call for rural revitalization. During the reporting period, after understanding the difficulties in agricultural product sales in Gantang Town and Huaxi Township, Qianxi, Guizhou Province, the Company established the "2022 Mid-Autumn Festival Public Welfare Agricultural Assistance Action" project to help poor areas to sell agricultural products.

Recommended by the Youth League Committee of Guizhou Qianxi, the Company won the red-headed document commendation of the "Chunhui Action Contribution Award" of the Organization Department of the Guizhou Provincial Party Committee due to a series of actions to revitalize talents and help farmers in Qianxi, Guizhou.

During the reporting period, the Company and the China Aerospace Science and Cultural Innovation (CASCI) launched the "Radiance Project - Science and Technology to Help Rural Revitalization, Walk with Light to Build Dreams of Aerospace" series activities, and sent intelligent screens to Liulin Village, Bailiu Village and Pingfeng Village, Badu Yao Nationality Township, Tianlin County, Guangxi. Through the smart

screen, villagers can carry out daily village affairs, training and learning, hold festival activities, etc. more conveniently and efficiently, thus promoting the revitalization of rural culture.

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

The Company has established a diversified governance structure, fully mobilized resources from all parties to promote synergy with the aim to improve the corporate governance. The Company carries out its work in accordance with provisions and requirements of the *Company Law*, the *Securities Law*, the *Governance Guidelines for Listed Companies*, the relevant laws, regulations and normative documents of the China Securities Regulatory Commission and the Shanghai Stock Exchange. The Board of Directors is the permanent decision-making and management body of the Company with four special committees: Strategy Committee, Remuneration and Appraisal Committee, Nomination Committee and Audit Committee. Moreover, we have formed a corporate governance structure with clear rights and responsibilities between the shareholders' meeting, the Board of Directors, the Board of Supervisors and managers, each performing its own duties with effective checks and balances, scientific decision-making and coordinated operation. We continuously improve the corporate governance structure, optimize the "three meetings and one layer" operation mechanism, and promote the continuous optimization of corporate governance efficiency.

(IV) Protection of the rights and interests of employees

The Company actively advocates the value concept of "people-oriented", has formulated comprehensive human resource management norms to ensure that the rights and interests of employees are protected, and continues to improve the employee management system. The Company attaches great importance to the welfare of employees, competitive salary and benefits, and high-quality training opportunities. The Company is committed to providing a humanized working environment for employees to ensure that their work and quality of life are improved. The Company deepens the communication mechanism, listens to the thoughts of employees, and provides them with the support and help they need.

During the reporting period, the Company organized activities such as *CEO Face-to-face Communication Meeting* and *Fresh Graduates Communication Meeting* to establish a transparent, fair and interactive corporate culture, encourage employees to participate in enterprise management, and protect employees' right to know and participate.

In order to encourage employees to communicate and learn from each other after work, enhance mutual understanding and trust, improve teamwork ability and work efficiency, the Company organized *African Drum Learning Activities*, *Qixi Festival Poetry Competition*, *Basketball Competition*, *Single Club Movie Viewing Activities* and other team building activities, at the same time, the Company's labor union opened and operated yoga, dance, badminton, reading and other association clubs.

The Company is concerned about employees in difficulty. To help them, we launch a help plan, and formulate the *Measures for the Management of Trade Union Love Help Fund*, and the Company's labor union will issue relief funds as appropriate to employees who are hospitalized due to illness, or suffer sudden accidental injuries, natural disasters and man-made disasters that cause difficulties to employees' families. Since the implementation of the measures, the Company has helped nearly 10 employees and families.

In terms of personal growth and career development of employees, the Company has built a series of talent training systems for Aurora, Sharp Light, Xuguang and Starlight, and created all-round training plans for fresh graduates, reserve cadres, grassroots managers and middle managers. As of December 31, 2022, the Company has launched six phases of the Starlight Program, cultivating nearly 220 trainees, and the total training hours of the Company's employees have reached 17,600 hours.

In addition, the Company continues to innovate and implement safety management measures, fulfill the statutory responsibility for safe production, strengthen the due diligence supervision of safe production, and carry out in-depth investigation of potential safety hazards and safe operation guarantee, so as to strengthen the safety defense line and provide a solid guarantee for the steady growth and development of the Company.

Employee share ownership

Number of employees owning shares (persons)	224
Ratio of employees owning shares to the total number of employees (%)	13.68
Number of shares owned by employees (0'000 shares)	3,384.67
Ratio of shares owned by employees to the total share capital (%)	7.41

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

The Company attaches importance to cooperation with suppliers and strategic partners. Based on clean procurement and responsible procurement guidelines, we select and purchase environmentally friendly raw materials, and actively lay out the core areas and links of the industrial chain, taking it as an important part of the Company's production and operation. The Company continues to strengthen the corporate responsibility management of suppliers, standardize procurement transactions, improve the sustainable competitiveness of the supply chain, work with suppliers to develop together and build a responsible value chain. During the reporting period, the proportion of corporate responsible procurement was 100%. The Company is committed to providing high-quality products and excellent services, focusing on customer needs and experience. In terms of product marketing, we actively explore marketing strategies and adopt multi-channel and diversified sales channel development strategies, which will enhance the stickiness between brands and users. At the same time, the Company pays attention to marketing compliance, adopts active marketing strategies to develop the market under the baseline of compliance with relevant regulations and standards.

In addition, the Company stresses the protection of customer privacy, encrypts all information related to customer privacy in accordance with relevant laws and regulations, adopts safe and reliable storage methods to prevent information leakage, and conducts strict training and management for internal employees to ensure that they fully recognize the importance of customer privacy and master relevant protection skills.

(VI) Product safety

The Company attaches great importance to the quality management of products, always takes high standards, high quality, high efficiency as the goal. The Company passed the ISO 9001 quality management system certification in 2006, and began to introduce IATF 16949 quality management system in 2021. Furthermore, the Company has formulated a series of normative documents to guide the strengthening of quality management, promote the construction of quality culture concept, system& process construction, laboratory system construction, quality monitoring system construction to achieve quality management in the whole process.

In addition, the Company has created a "zero-defect" quality culture of Appotronics, pursued production monitoring, aging time, and 5S visualization in the whole process system, and conducted quality monitoring in every link of production management. Through strengthening quality management, the Company's products can meet the Company's high-end core devices, household laser intelligent projection, laser film projection equipment, laser engineering machines, laser business and education products, laser TV and other multi-line display solutions, and have been highly recognized by leading users in the industry. At the same time, the Company attaches importance to product quality training to achieve 100% coverage of product quality training for all employees.

(VII) Other information about the performance of social responsibilities

√ Applicable □ N/A

The Company takes promoting the integration of science and technology and culture as its own responsibility, and promotes the dissemination of traditional culture through large-scale cultural tourism, theatrical performances, landscape lighting, night tour light shows and other ways. During the reporting period, the Company's G series engineering projectors helped create Xinjiang's first global immersion performance *All celebrate and dance including Xinjiang*, which combined new light and shadow technology with historical and cultural stories, bringing unprecedented sensory experience and emotional resonance to the audience; the Company's engineering T series enabled Jiangxi Wuyuan Cultural Tourism Town to create a magnificent "big lake show" in the real scene show, with huge images covering the three major scenes of Hui school architecture, sacred tree sculpture and water curtain, and achieved the Mapping projection show on the 59-meter-high jade tower, telling historical legends to audiences. In the future, the Company will continue to explore the integration of science and technology and culture, launch more innovative products, inject new vitality into the cultural and creative industry, and promote the upgrading and development of the cultural industry.

As a leader in the laser display industry, the Company works with global partners to improve the quality and service quality of laser display products, improve human health and safety, protect the environment and promote sustainable development. What's more, the Company applies international advanced standardization work experience to lead and promote the healthy and sustainable development of the industry. As of December 31, 2022, the Company has participated in the formulation of 10 international standards, 9 national standards, 22 industry standards, and 8 group standards, and has won 4 national enterprise standard "leader" honors and 6 Shenzhen standard honors.

The Company actively improves the positive social influence of products, starting from product design that reduces the cost of use, integrating advanced technology functions, and also pays attention to humanized design to meet the needs and expectations of consumers and ensure the convenience and comfort when using the product. In addition, the Company also actively promotes scientific and technological knowledge, so that more people can feel the charm of laser display technology.

IV. Other corporate governance

(I) Investor relation and protection

Type	Times	Remark
Convening performance briefings	2	In May 2022 and August 2022, two performance briefing meetings were held in the form of video and text, with the Chairman as the keynote speaker, to help investors gain an in-depth understanding of the Company's business performance and respond to hot issues.
Conduct investor relation management activities through new media	27	The main information release channel for investors is the "Appotronics" public account, which synchronizes the Company's financial reports and other major matters, and at the same time short videos are released through the "Appotronics Technology" video account to provide investors with three-dimensional and comprehensive company information.
Column of investor relation on the official website	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	For details of the visible content, please refer to the investor relations page of the Company's official website: https://www.appotronics.com/investor_team.html

Specific information about investor relation management and investor protection

Applicable N/A

During the reporting period, the Company conducted over 260 roadshows, including road shows, anti-road shows, online and offline strategy meetings, investor open days (excluding daily short telephone communication) involving over 600 buyer investors and efficient conversion. The Company answered over 700 IR hotlines, regularly replied to about 100 investor inquiries on the open communication platform, aiming to convey the Company's value, effectively protect the rights and interests of investors, and establish an image of good capital market.

In addition, as a member unit of Shenzhen Association of Listed Companies, the Company actively participates in experience exchange meetings and seminars organized by the association, establishes and improves the professional work system of investment and customs, spread regulatory policies and information related to investment work, provides policy suggestions for regulatory authorities, and participates in the construction of the integrity evaluation system of listed companies and the construction of professional talent pool.

Explanation about communication with investors by other means

Applicable N/A

During the reporting period, research institutions such as Huaxi Securities, Guosen Securities, Huachuang Securities, and Great Wall Securities issued a total of 69 research reports on the Company; among them, 17 in-depth research reports and 52 update/review research reports can help investors better understand the Company's business and value.

(II) Transparency of information disclosure

Applicable N/A

During the reporting period, the Company further improved the information disclosure management, in accordance with relevant laws and regulations and the *Information Disclosure Management System* and other relevant requirements, the Company's information disclosure is true, accurate, complete, timely and fair. We actively and repeatedly carried out voluntary information disclosure, issued ESG reports and letters to shareholders, and guided investors to pay attention to corporate responsibility and the Company's long-term development strategy; we disclosed that the Company has obtained the nomination letter of well-known car companies at home and abroad, timely reflected the progress of the Company's automotive business to help investors make decisions; we disclosed the English version of the regular report to allow overseas investors to fully understand the Company's development, etc.

(III) Protection of intellectual property rights and information security Applicable N/A

Focusing on ALPD® laser display technology, the Company continues to lay out globally intellectual property rights, establishes a sound domestic and foreign intellectual property protection system and intellectual property system, guarantees research and development achievements, protects intellectual property rights from infringement, and ensure the effective development of the Company's various production and business activities. At the same time, the Company respects the intellectual property rights of others, cooperates with an open attitude, and promotes the healthy development of the laser display industry.

As of December 31, 2022, the Company has applied for and authorized patents in 2,629 cases worldwide, and obtained 1,773 authorized patents worldwide, including 966 authorized invention patents. Moreover, the Company won the 9th Guangdong Patent Excellence Award, the 22nd China Patent Excellence Award, and was certified as "National Intellectual Property Model Enterprise" by the State Intellectual Property Office.

(IV) Information about participation of institutional investors in corporate governance Applicable N/A

During the reporting period, the Company's institutional investors actively participated in the voting of the Company's shareholders' meeting, fully exercised the right to know, the right to vote and other shareholder rights, and improved the supervision and recommendation of company governance. The Company fully recognizes the long-term and important role of institutional investors in promoting the improvement of company governance capabilities, thus accepting suggestions and suggestions from institutional investors on the Company's development and maintaining proactive two-way communication, transmits the Company's dynamics, so as to help the management make more accurate judgments and decisions quickly, and continuously improve company governance.

For example, investors have reported to the Company that the Company is a technology enterprise with deep R&D strength and technical advantages in the industry, while the cost of investors' cognition of technical advantages is high, so they recommend the Company to increase the proportion of popular science content such as technical principle analysis in the official WeChat public account, and ensure that information is easier to understand. After learning about it, the Company's management has begun to establish a science popularization mechanism, select technical issues and content that investors are highly concerned about, write and publish tweets, and reduce the cost of investor awareness.

(V) 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 IPO Prospectus	36 months After completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
Covenant relating to IPO	Restriction on the sale of shares	Covenant by the actual controller regarding restriction on the sale of shares held by him, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	36 months after completion of the IPO and the extended period stated below, and 6 months after termination of employment with the Company	Yes	Yes	N/A	N/A
Covenant relating to IPO	Restriction on the sale of shares	Covenant by the concert parties of the actual controller regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	36 months after completion of the IPO and the extended period stated below	Yes	Yes	N/A	N/A
Covenant relating to IPO	Restriction on the sale of shares	Commitments by HU Fei, a core technical officer, on the restricted sale of shares, voluntary lock-up of shares, extension of lock-up period, shareholders' shareholding and intention to reduce shareholding	Refer to IPO Prospectus	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
Covenant relating to IPO	Others	Issuer's plan for stabilizing the Company's stock price and covenant regarding share	Refer to IPO Prospectus	36 months after completion of the IPO	Yes	Yes	N/A	N/A

		repurchase measures within three years after the listing		and listing of stock				
Covenant relating to IPO	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
Covenant relating to IPO	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
Covenant relating to IPO	Others	Issuer's covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Directors, supervisors and senior officers' covenant regarding measures against fraud in IPO	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	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
Covenant relating to IPO	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding remedial measures for diluted earnings in the current period	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Directors, 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
Covenant relating to IPO	Others	Issuer's covenant regarding profit distribution policy	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Issuer's covenant regarding restraint measures and liability for compensation in the event of failure to fulfill its covenants	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding restraint measures	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Directors, supervisors and senior officers' covenant regarding restraint measures and liability for compensation in the event of failure to fulfill their covenants	Refer to IPO Prospectus	Term of office	No	Yes	N/A	N/A
Covenant relating to IPO	Resolve horizontal competition 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 information documents regarding disclosure	For details, refer to the <i>2019 Restricted Share Incentive Plan (Draft)</i> <the <i>2021 Restrict Share Incentive Plan (Draft)</i> >, and <the <i>2021 Second Restricted Share Incentive Plan (Draft)</i> > of the Company, <to the <i>2022 Restricted Share Incentive Plan (Draft)</i> >	Permanent	No	Yes	N/A	N/A
	Others	Company's covenant on refraining from providing financial assistance	For details, refer to the <i>2019 Restricted Share Incentive Plan (Draft)</i> <the <i>2021 Restrict Share Incentive Plan (Draft)</i> >, and <the <i>2021 Second Restricted Share Incentive Plan (Draft)</i> > of the Company, <to the <i>2022 Restricted Share Incentive Plan (Draft)</i> >	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 insignificant 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	140.00
Audit period of domestic accounting firm	7 years
Name of certified public accountants of the domestic accounting firm	WEI Biaowen, NIU Chunjun
The audit years of certified public accountants of the domestic accounting firm	WEI Biaowen's audit service period is 2 years, and NIU Chunjun's audit service period is 3 years

	Name	Fee
Internal Control Audit Accounting Firm	Pan-China Certified Public Accountants (Special General Partnership)	15
Sponsor	Huatai United Securities Co., Ltd.	-

Explanation about the appointment and termination of appointment of accounting firm

Applicable N/A

The Company engaged Pan-China Certified Public Accountants (Special General Partnership) as the audit of the Company's 2022 financial statements and internal control auditor of financial reports, with a total annual fee of RMB 1.4 million (tax inclusive).

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
I. (2020) Yue 73 Zhi Min Chu No. 1335-1341, No. 1353, No. 1355-1361 In August 2020, the Company initiated a civil litigation on the grounds that Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Ltd., 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 invention patent rights and infringement damages of RMB 80 million shall be paid.	For details, please refer to the <i>Announcement on Filing a Lawsuit against Delta Electronics (Shanghai) Co., Ltd. and Other Entities</i> (Announcement No. 2020-037) disclosed by the Company on Shanghai Stock Exchange website (www.sse.com.cn) on August 11, 2020.
II. (2021) Chuan 01 Zhi Min Chu No. 685 and No. 686 In December 2021, Delta Electronics Industry Co., Ltd. initiated a civil litigation on the grounds that the Company infringed the patents for invention ZL201610387831.8 and ZL201110041436.1, requesting the court to order to stop the acts of infringing the Company's invention patent rights and infringement damages of RMB 32.02 million shall be paid.	For details, please refer to the <i>Litigation Announcement on Delta's Malicious Litigation</i> (Announcement No. 2021-097) disclosed by the Company on Shanghai Stock Exchange website (www.sse.com.cn) on December 21, 2021.
III. (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 Company's rights and interests, the Company sued Delta to Guangzhou Intellectual Property Court on December 17, 2021, on the ground of such malicious act, involving an amount of RMB 10 million.	For details, please refer to the <i>Litigation Announcement on Delta's Malicious Litigation</i> (Announcement No. 2021-097) disclosed by the Company on Shanghai Stock Exchange website (www.sse.com.cn) on December 21, 2021.
IV. 01-22-0001-2735 In March 2022, GDC Cayman and GDC BVI initiated an arbitration against the Company and its wholly-owned subsidiary, Appotronics Hong Kong Limited targeting the execution dispute over <i>Settlement Agreement</i> , involving an amount of \$38 million. Subsequently, the Company initiated an arbitration counterclaim against GDC Cayman, GDC BVI, Mr. Zhang Maneng and their management team for violating the terms of the <i>Shareholders' Agreement</i> and the <i>Settlement Agreement</i> , involving an amount of not less than \$40 million.	For details, please refer to the <i>Announcement on Arbitration Matters with GDC Cayman and GDCBVI</i> (Announcement No. 2022-028) disclosed by the Company on Shanghai Stock Exchange website (www.sse.com.cn) on April 2, 2022.

(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 for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,614.53	No	The plaintiff withdrew the complaint	The court made a decision to withdraw the case	-
Delta Electronics Industry Co., Ltd.	Appotronics Corporation Limited	Fengmi (Beijing) Technology Co., Ltd.	Infringement on patent for invention	[2019] Jing 73 MinChu No.1275, the Plaintiff alleges that it is the owner of the patent for invention ZL201610387831.8 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	Under trial of the second instance First instance judgment: ruled to dismiss all of Delta's claims. Under trial of the second instance	The trial has not yet been concluded	-
Delta Electronics Industry Co., Ltd.	Appotronics Corporation Limited	Fengmi (Beijing) Technology Co., Ltd.	Infringement on patent for invention	[2019] Jing 73 MinChu No.1276, 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	The plaintiff withdrew the complaint	The court made a decision to withdraw the case	-
Delta Electronics Industry Co., Ltd.	Appotronics Corporation Limited	Shanghai Haichi Digital Technology Co., Ltd.	Infringement on patent for invention	[2019] Hu 73 Zhi Min Chu No.1070, the Plaintiff alleges that it 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.	1,601.00	No	Under trial of the first instance	The trial has not yet been concluded	-

Delta Electronics Industry Co., Ltd.	Appotronics Corporation Limited	Chengdu Jinxi Guangxian Information Technology Co., Ltd.	Infringement on patent for invention	[2021] Chuan 01 Zhi Min Chu No.684, 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	The plaintiff withdrew the complaint	The court made a decision to withdraw the case	-
Shenzhen Wanbo Technology Co., Ltd.	Shenzhen Appotronics Xiaoming Technology Co., Ltd.	Fengmi (Beijing) Technology Co., Ltd.; Zhejiang Tmall Network Co., Ltd.	Infringement on patent for appearance design	[2022] Zhe 01 MinChu No.157, the Plaintiff alleges that it is the owner of the patent for invention ZL201930556138.3 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	300.00	No	The plaintiff withdrew the complaint	The court made a decision to withdraw the case	-
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 MinChu 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	Under trial of the second instance	The trial has not yet been concluded	-
Appotronics Corporation Limited	Delta Electronics Industry Co., Ltd.		Correction of patent inventors	19-cv-00466-RGD-LRLCase of correction of patent inventors The Plaintiff petitions the court to change the inventors of the patent for invention No.9024241 to HU Fei and LI Yi.	/	No	The parties settled and withdrew the case		-
Appotronics Corporation Limited Li Yi Hu Fei	Delta Electronics Industry Co., Ltd.	Zhang Kesu, Hua Jianhao, Wang Bo	Patent ownership disputes	[2021] Yue 03MC No.2295 The Plaintiff petitions the court to order the patent for invention No.ZL201610387831.8 fluroscent color wheel and its applicable light source system belongs to the Company.	30.00	No	The court made a decision to withdraw the case		-
Appotronics Corporation Limited	Shenzhen Creality 3d Technology Co., Ltd.		Disputes over sales contracts	[2022] Yue 0305MC No.10069 Case of disputes over sales contracts The plaintiff initiated a lawsuit with the court over the disputes over sales contracts to order the defendant to return purchase price and pay liquidated damages.	21.99	No	The parties settled and withdrew the case		-

Appotronics Corporation Limited	Huaxia Jingrui Lighting Technology(Beijing)Co., Ltd.		Disputes over sales contracts	[2023] Yue 0305 Settlement before initiating a lawsuit No.25324 Case of disputes over sales contracts The plaintiff petitions the court to order the defendant to pay purchase price and liquidated damages of RMB1.2195 million.	121.95	No	Reach a settlement		-
Qingda Appotronics (Xiamen) Technology Co., Ltd.	Yunzhi Feiyang (Beijing) Network Technology Co., Ltd.		Disputes over sales contracts	No.XA20220598 Arbitration of disputes over sales contacts The Plaintiff initiated a lawsuit in court over disputes over sales contracts, petitioned the court to order the defendant to pay the purchase price, liquidated damages, etc.	21.48	No	Reach a settlement		-

(III) Other information

√ Applicable □ N/A

(1) As of the end of the reporting period, the Company's ZL200880107739.5 invention patent has been requested for invalidation for a total of 15 times, the Company's ZL200810065225.X invention patent has been requested for invalidation for a total of 11 times, the aforesaid 25 cases of invalidation request have been decided by the State Intellectual Property Office to maintain the validity of the patent right examination decision or the applicant withdrew the case on its own initiative, and 1 case is under the national intellectual property trial.

(2) As of the end of the reporting period, the Company's ZL201110086731.9 invention patent has been requested for invalidation for 6 times, and the aforementioned 6 cases of invalidation request have been decided by the State Intellectual Property Office to maintain the validity of the patent right or the applicant withdrew the case on its own initiative.

(3) As of the end of the reporting period, the Company initiated an invalidation request against the patents held by Delta Electronics Industry Co., Ltd., and two cases were pending trial by the State Intellectual Property Office.

(4) As of the end of the reporting period, the Company's patent as the patentee has been filed with an invalidation request, and there are 3 cases under the trial of the State Intellectual Property Office, the patents involved are "light source structure based on phosphor to improve light conversion efficiency" (patent number: 200810065225.X), "a kind of luminescent ceramic and light-emitting device for high-power light source" (patent number: 201510219000.5), "optical system and projection device" (patent number: ZL202220267901.7).

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	Projected amounts for the reporting period	Actual amounts incurred during the reporting period	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 Co.,Ltd.and its affiliates	91,000.00	39,314.98	Falling demand
	CFEC and its affiliates	5,200.00	2,979.08	Theaters were closed, film releases were postponed, and demand declined
	CINIONIC and its affiliates	13,500.00	9,428.09	Project extension
	Beijing Donview Education Technology Co., Ltd. and its affiliates	350.00	194.06	N/A
	GDC and its affiliates	1,300.00	1,115.59	N/A
	Shenzhen Yili Ruiguang Technology Development Co., Ltd	300.00	333.85	N/A
	WeCast and its affiliates	0.00	-578.04	Refund of goods
	Subtotal	111,650.00	52,787.61	
Purchasing goods and raw materials from a related party	Xiaomi Communications Co.,Ltd., and its affiliates	36,000.00	14,639.65	The sales business structure changed and the demand for procurement decreased
	CFEC and its affiliates	1,200.00	375.44	Theaters were closed, film releases were postponed, and procurement demand declined
	WeCast and its affiliates	0.00	18.80	N/A
	GDC Technology Limited (BVI) and its affiliated companies	0.00	42.48	N/A
	Shenzhen Yili Ruiguang Technology Development Co., Ltd	600.00	272.03	N/A
	Subtotal	37,800.00	15,348.40	

Receive labor services from a related part	Xiaomi Communications Co.,Ltd.and its affiliates	100.00	22.60	N/A
	CFEC and its affiliates	4,000.00	1,696.08	Theaters were closed, film releases were postponed, and procurement demand declined
	Beijing Donview Education Technology Co., Ltd. and its affiliates	0.00	0.35	N/A
	Shenzhen Zhongguang Industrial Technology Research Institute	0.00	2.36	N/A
	Subtotal	4,100.00	1,721.39	
Property lease	CFEC and its affiliates	180.00	99.09	N/A
	Subtotal	180.00	99.09	
Total		153,730.00	69,956.49	

3. Matters that have not been disclosed in any interim announcement
 Applicable N/A

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

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

3. Matters that have not been disclosed in any interim announcement
 Applicable N/A

4. Fulfillment of performance covenants (if any) during the reporting period
 Applicable N/A

(III) 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

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

3. Matters that have not been disclosed in any interim announcement
 Applicable N/A

(IV) Accounts receivable from and payable to related parties
1. Matters already disclosed in the interim announcements about which no new information is available
 Applicable N/A

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

3. Matters that have not been disclosed in any interim announcement
 Applicable N/A

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

(VI) Others
 Applicable N/A

XIII. Material contracts and performance thereof
(I) Trusteeship, contracting and lease
1. Trusteeship
 Applicable N/A

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	1,317.42	2022.12.01	2024.11.30	/	/	/	No	None

Description of lease

None

(II) Guarantees

√ Applicable □ N/A

In RMB 0'000

Guarantees provided by the Company or its subsidiaries for the subsidiaries of the Company												
Guarantors	The relationship between the guarantor and the listed company	Secured Parties	The relationship between the secured party and the listed company	Amount of guarantee	Date of guarantee (date of signing of the agreement)	Guarantee start date	Guarantee maturity date	Type of Guarantee	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Guarantee overdue amount	Whether there is a counter-guarantee
Appotronics Corporation Limited	Corporate Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Holding subsidiaries	50,000.00	2021-12-29	2021-12-29	Three years after the expiration of the period of performance of the obligations under the main contract	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Holding subsidiaries	23,000.00	2021-1-26	2021-1-26	Two years after the date of expiry of the period of performance of the obligations	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Holding subsidiaries	4,000.00	2021-12-27	2021-12-27	Three years after the date of expiry of the period of performance of the obligation	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Holding subsidiaries	5,000.00	2021-12-27	2021-12-27	The guarantee period is three years, starting from the date of termination of the period in which the claim is determined	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Holding subsidiaries	10,000.00	2022-12-30	2022-12-30	The guarantee period is three years, starting from the date of termination of the period in which the claim is determined	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation	Corporate Headquarters	Formovie (Chongqing)	Holding subsidiaries	20,000.00	2021-9-10	2021-9-10	Three years from the date of expiry of the	Joint and several liability	NO	NO		NO

Limited		Innovative Technology Co., Ltd.					period for performance of the obligations stipulated in the main contract	guarantees				
Appotronics Corporation Limited	Corporate Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Holding subsidiaries	9,000.00	2021-12-6	2021-12-6	Two years after the expiration of the performance period of the obligation stipulated in the debt contract	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Holding subsidiaries	30,000.00	2022-9-16	2022-9-16	Three years from the date of expiry of the period for performance of the obligations stipulated in the main contract	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Holding subsidiaries	12,000.00	2022-12-22	2022-12-22	Until three years after the date of payment of the latest of all financing drawn and used during the period of occurrence of the secured obligation under the Master Agreement or Interbank Loan, which should not be adjusted for early maturity	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	Formovie (Chongqing) Innovative Technology Co., Ltd.	Holding subsidiaries	5,000.00	2021-12-29	2021-12-29	The guarantee period is three years, starting from the date of termination of the period in which the claim is determined	Joint and several liability guarantees	NO	NO		NO
Appotronics Corporation Limited	Corporate Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Holding company	15,000.00	2022-6-13	2022-6-13	The guarantee period is three years, starting from the date of termination of the period in which the claim is determined	Joint and several liability guarantees	NO	NO		NO
Appotronics	Corporate	Formovie	Holding	15,000.00	2021-8-23	2021-8-23	Three years after the	Joint and several	NO	NO		NO

Corporation Limited	Headquarters	(Chongqing) Innovative Technology Co., Ltd.	subsidiaries				expiration of the period of performance of the obligations under the main contract	liability guarantees				
Appotronics Corporation Limited	Corporate Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Holding company	20,000.00	2021-8-23	2021-8-23	Three years from the date of expiry of the period for performance of the obligations stipulated in the main contract	Joint and several liability guarantees	NO	NO		NO
Total amount of guarantees provided for the subsidiaries during the reporting period									59,657.67			
Balance of guarantees provided for the subsidiaries as of the end of the reporting period (B)									64,795.08			
Total amount of guarantees provided by the Company (including those provided for the subsidiaries)												
Total amount guaranteed (A+B)									64,795.08			
Proportion of total amount guaranteed to the net assets of the Company (%)									24.47			
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)									43,326.35			
Total amount guaranteed in excess of 50% of the net assets of the Company (E)									0.00			
Total amount guaranteed (C+D+E)									43,326.35			
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	37,100.00	18,000.00	
Bank wealth management amount	Self-funded capital	30,000.00	13,000.00	
Brokerage products	Self-funded capital	2,000.00		

Other information

□ Applicable √ N/A

(2) Single entrusted wealth management
 Applicable N/A

In RMB 0'000

Entrusted	Types of entrusted financial management	The amount entrusted financial management	The start date of entrusted financial management	The terminate date of entrusted financial management	Funding sources	Funds investment	How remuneration is determined	Annualized rate of return	Expected benefits (if any)	Actual gains or losses	Actual takebacks	Whether or not due process has been carried out	Whether there is an entrusted financial plan in the future	Amount of impairment provision (if any)
China CITIC Bank Shenzhen Longhua Sub-branch	Bank structured deposits	18,000.00	December 31, 2022	March 31, 2023	Raising funds		Contract agreement	2.73%	121.17		Not expired	YES	YES	
Shanghai Pudong Development Bank Shenzhen Branch	Bank structured deposits	5,000.00	October 8, 2022	January 9, 2023	Self-owned funds		Contract agreement	3.25%	41.08		Not expired	YES	YES	
Bank of Hangzhou Shenzhen Bay Sub-branch	Bank structured deposits	5,000.00	December 28, 2022	March 30, 2023	Self-owned funds		Contract agreement	3.00%	37.81		Not expired	YES	YES	
Bank of Hangzhou Shenzhen Bay Sub-branch	Bank structured deposits	3,000.00	December 28, 2022	June 30, 2023	Self-owned funds		Contract agreement	3.00%	45.37		Not expired	YES	YES	

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	1,062,470,797.73	1,062,470,797.73	754,523,632.82	71.02	192,129,484.87	18.08

(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 [Note 1]	Completed or not	Whether the investment progress meets the progress planned	Specific reason for failing to achieve the plan of investment progress	Benefits or R&D results achieved by the project	Material changes in the project feasibility, if any, describe the specific reasons	Balance amount and reasons thereof
R&D and industrialization of new generation of laser display products	No	Initial public offering	313,000,000.00	313,000,000.00	279,311,086.99	89.24	December 2022	Yes	Yes	N/A	505,067,854.84 [Note 4]	No	[Note 6]
R&D center at the head office of Appotronics [Not	No	Initial public offering	284,000,000.00	284,000,000.00	86,369,838.08	30.41	December 2023	No	No	Due to the complex construction geological conditions of the	N/A	No	N/A

e 5]										project, the construction progress of the headquarters building has slowed down, and the project needs to be put into large-scale use after the completion of the construction of the Company's headquarters building, thus delaying the implementation progress of the project.			
Information system upgrade and building	No	Initial public offering	70,000,000.00	70,000,000.00	34,070,372.54	48.67	December 2023	No	No	Since the main body of the head office building of the Company is still under construction, the prerequisites for implementing this project have not been satisfied.	N/A	No	N/A
Supplementary working capital [Note 2]	No	Initial public offering	333,000,000.00	333,000,000.00	335,395,037.62	100.72	N/A	Yes	Yes	N/A	N/A	No	N/A
Share repurchase [Note 3]	No	Initial public offering	20,000,000.00	20,000,000.00	19,377,297.59	96.89	September 2023	Yes	Yes	N/A	N/A	No	N/A
Other over-raised funds	No	Initial public offering	42,470,797.73	42,470,797.73	-		N/A	No	Yes	N/A	N/A	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.

[Note 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: 1086900000251463) has been deregistered on July 30, 2020. 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.

[Note 3] The ninth meeting of the second session of the Board of Directors and the first extraordinary General Meeting of Shareholders in 2022 held on March 18, 2022 and March 29, 2022 respectively deliberated and approved the *Proposal on the Repurchase of the Company's Shares by Centralized Auction Transaction*, and agreed that the Company would repurchase part of the issued RMB ordinary shares (A shares) of the Company through the Shanghai Stock Exchange trading system in a centralized auction trading way.

[Note 4] The incremental sales revenue before and after the investment is used as the benefit indicator for the current year.

[Note 5] On April 26, 2023, the Company held the 19th meeting of the second session of the Board of Directors and the 18th meeting of the second session of the Board of Supervisors respectively, deliberated and approved the *Proposal on the Company Adjusting the Internal Investment Structure of Some Fundraising and Investment Projects*, and agreed that the Company would adjust the internal investment structure of the fundraising project Appotronics Headquarters R&D Center Project, and reduce the "equipment purchase cost" of the project by RMB65 million and the "R&D expenditure" by RMB65 million.

[Note 6] As of December 31, 2022, the R&D and industrialization project of a new generation of laser display products has been completed, with a total of RMB279.3111 million of raised funds, accounting for 89.24% of the total amount of funds committed by the Company. On April 26, 2023, the Company held the 19th meeting of the second session of the Board of Directors and the 18th meeting of the second session of the Board of Supervisors, deliberated and approved the *Proposal on the Completion of Part of the Company's Fundraising Projects and Permanent Replenishment of Liquidity with the Surplus Raised Funds*, and agreed that the Company would close the fundraising project "a new generation of laser display product research and development and industrialization project", and a total of RMB51.6167 million is saved (as of December 31, 2022, including interest income and wealth management income after deducting handling fees, the actual amount is subject to the balance of the special account on the day the funds are transferred out) for permanent replenishment of liquidity.

(III) Change in investment projects during the reporting period

Applicable N/A

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

1. Early investment and replacement of offering proceeds

Applicable N/A

2. 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 15, 2021, the *Proposal on Cash Management of Temporarily Idle Offering Proceeds* was reviewed and ed 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 maybe 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 June 29, 2022, the *Proposal on Cash Management of Temporarily Idle Offering Proceeds* was reviewed and ed at the 14nd meeting of the second Board of Directors and the 13th meeting of the second Board of Supervisors. It was approved that, without affecting the normal implementation of the investment plan for offering proceeds, a maximum of RMB469 million temporarily idle offering proceeds maybe 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 RMB100 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

1. On March 18, 2022, the Company held the ninth meeting of the second session of the Board of Directors and the eighth meeting of the second session of the Board of Supervisors, respectively, deliberated and approved the *Proposal on the Extension of Partial Fundraising and Investment Projects*, and agreed that the Company would adjust the time for some fundraising and investment projects to reach the intended state of use. For details, please refer to the *Announcement on the Extension of Partial Fundraising and Investment Projects* (Announcement No. 2022-019) disclosed on the Shanghai Stock Exchange website (www.sse.com.cn) on March 21, 2022.

2. On March 18, 2022 and March 29, 2022, the Company held the ninth meeting of the second session of the Board of Directors and the first extraordinary General Meeting of Shareholders in 2022, respectively, deliberated and approved the *Proposal on the Repurchase of the Company's Shares by Centralized Bidding Transaction*, and agreed that the Company would repurchase part of the Company's issued RMB ordinary shares (A shares) through the Shanghai Stock Exchange trading system through the Shanghai Stock Exchange trading system, and the total amount of repurchase funds shall not be less than RMB 10 million (including the principal amount). The repurchase price shall not exceed RMB 20 million (including the principal amount), and the repurchase price shall not exceed RMB 26.89 per share (including the principal amount, the adjusted price of the 2021 equity distribution), and the repurchase period shall be within 6 months from the date of approval of the repurchase plan by the General Meeting of Shareholders.

As of December 31, 2022, the Company has repurchased a total of 900,000 shares through centralized bidding transactions, accounting for 0.1969% of the Company's total share capital, and paid an amount of RMB 19,377,297.59 (including stamp duty, transaction commissions and other transaction fees), and the repurchase of shares has been implemented.

3. On June 29, 2022, the Company held the 14th meeting of the second session of the Board of Directors and the 13th meeting of the second session of the board of supervisors, deliberated and approved the *Proposal on Adjusting the Internal Investment Structure of Some Fundraising and Investment Projects*, and agreed that the Company would adjust the internal investment structure of the new generation of laser display product research and development and industrialization projects of the fundraising and investment projects, and the Company would reduce the equipment purchase cost in the internal investment structure of the fundraising and investment projects by RMB53.802 million, and increase the R&D expenditure items by RMB53.802 million.

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	166,736,766	36.83	0	0	0	-166,736,766	-166,736,766	0	0
1. Shares held by the State	0	0	0	0	0	0	0	0	0
2. Shares held by State-owned corporations	0	0	0	0	0	0	0	0	0
3. Shares held by other domestic investors	162,742,755	35.95	0	0	0	-162,742,755	-162,742,755	0	0
Including: Shares held by domestic non- stated-owned corporations	162,742,755	35.95	0	0	0	-162,742,755	-162,742,755	0	0
Shares held by domestic natural persons	0	0	0	0	0	0	0	0	0
4. Shares held by foreign investors	3,994,011	0.88	0	0	0	-3,994,011	-3,994,011	0	0
Including: Shares held by foreign corporations	3,994,011	0.88	0	0	0	-3,994,011	-3,994,011	0	0
Shares held by foreign natural persons	0	0	0	0	0	0	0	0	0
II. Tradable shares	286,020,135	63.17	0	0	0	171,087,403	171,087,403	457,107,538	100
1. RMB-denominated ordinary shares	286,020,135	63.17	0	0	0	171,087,403	171,087,403	457,107,538	100
2. Foreign currency-denominated shares listed domestically	0	0	0	0	0	0	0	0	0
3. Foreign currency-denominated shares listed overseas	0	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0	0
III. Total shares	452,756,901	100	0	0	0	4,350,637	4,350,637	457,107,538	100

2. Explanation about changes in shares
 Applicable N/A

(1) On July 19, 2022, the Company's 2021 Restricted Stock Incentive Plan granted 2,881,497 new shares in the first vesting period for the first time and were listed and circulated, and the total share capital of the Company increased from 452,756,901 shares to 455,638,398 shares;

(2) On July 22, 2022, a total of 166,736,766 shares of the Company's initial public offering restricted shares held by the Company's seven shareholders were released from sale and listed and circulated;

(3) On December 2, 2022, the Company's 2019 Restricted Stock Incentive Plan granted for the first time 1,469,140 new shares for the third vesting period and reserved for the second vesting period and listed and circulated, and the total share capital of the Company increased from 455,638,398 shares to 457,107,538 shares.

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
Shenzhen Appotronics Holdings Limited	79,762,679	79,762,679	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	24,139,500	24,139,500	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
Shenzhen Appotronics Daye Investment Partnership (LP)	20,430,250	20,430,250	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
Shenzhen Appotronics Hongye Investment Partnership (LP)	15,662,374	15,662,374	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
Shenzhen Jinleijing Investment Limited Partnership(LP)	12,353,106	12,353,106	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
Shenzhen Appotronics Chengye Consulting Partnership(LP)	10,394,846	10,394,846	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
BLACKPINE Investment Corp. Limited	3,994,011	3,994,011	0	0	Initial Offer Shares Restricted Sale	July 22, 2022
Total	166,736,766	166,736,766	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

1. On July 19, 2022, the Company's 2021 Restricted Stock Incentive Plan granted 2,881,497 new shares in the first vesting period for the first time and listed and circulated, and the total share capital of the Company increased from 452,756,901 shares to 455,638,398 shares. In view of the change in the total share capital and registered capital of the Company, some articles of the *Articles of Association* of the Company would be amended in accordance with the requirements of relevant rules and the actual situation of the Company. In October 2022, the Company completed the business registration procedures for the change of registered capital and the amendment of the *Articles of Association*.

2. On December 2, 2022, the Company's 2019 Restricted Stock Incentive Plan granted 1,469,140 new shares for the third vesting period and reserved for the second vesting period for the first time and were listed and circulated, and the total share capital of the Company increased from 455,638,398 shares to 457,107,538 shares. In view of the change in the total share capital and registered capital of the Company, some articles of the *Articles of Association* of the Company would be amended in accordance with the requirements of relevant rules and the actual situation of the Company. In February 2023, the Company completed the industrial and commercial registration procedures for the change of registered capital and the amendment of the *Articles of Association*.

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

Total number of ordinary shareholders as of the end of the reporting period	13,509
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)	13,902
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	Percen tage (%)	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	17.45	0	0	None	-	Domestic non-stated owned corporation
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	0	24,139,500	5.28	0	0	None	-	Domestic non-stated owned corporation
Nantong Strait Appotronics Investment Partnership (LP)	-300,000	22,780,329	4.98	0	0	None	-	Domestic non-stated owned corporation
Shenzhen Appotronics Daye Investment Partnership (LP)	0	20,430,250	4.47	0	0	None	-	Domestic non-stated owned corporation
Shenzhen Appotronics Hongye Investment Partnership (LP)	0	15,662,374	3.43	0	0	None	-	Domestic non-stated owned corporation
Shenzhen Jinleijing Investment Limited Partnership (LP)	0	12,353,106	2.70	0	0	None	-	Domestic non-stated owned corporation

Shenzhen Appotronics Chengye Consulting Partnership (LP)	0	10,394,846	2.27	0	0	None	-	Domestic non-stated owned corporation
Bank of China—E Fund Stable Income Bond Securities Investment Fund	+9,933,401	9,933,401	2.17	0	0	None	-	other
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. -Shenzhen Chengguhui Equity Investment Partnership (LP)	+721,400	7,685,769	1.68	0	0	None	-	Domestic non-stated owned corporation
Industrial Bank Co., Ltd.—Tianhong Yongli Bond Securities Investment Fund	+3,661,614	7,043,611	1.54	0	0	None	-	other
Shares held by top 10 holders of tradable shares								
Shareholder	Number of tradable shares held	Type and number of shares						
		Category	Number					
Shenzhen Appotronics Holdings Limited	79,762,679	RMB-denominated ordinary share	79,762,679					
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	24,139,500	RMB-denominated ordinary share	24,139,500					
Nantong Strait Appotronics Investment Partnership (LP)	22,780,329	RMB-denominated ordinary share	22,780,329					
Shenzhen Appotronics Daye Investment Partnership (LP)	20,430,250	RMB-denominated ordinary share	20,430,250					
Shenzhen Appotronics Hongye Investment Partnership (LP)	15,662,374	RMB-denominated ordinary share	15,662,374					
Shenzhen Jinleijing Investment Limited Partnership (LP)	12,353,106	RMB-denominated ordinary share	12,353,106					
Shenzhen Appotronics Chengye Consulting Partnership (LP)	10,394,846	RMB-denominated ordinary share	10,394,846					
Bank of China—E Fund Stable Income Bond Securities Investment Fund	9,933,401	RMB-denominated ordinary share	9,933,401					
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. -Shenzhen Chengguhui Equity Investment Partnership (LP)	7,685,769	RMB-denominated ordinary share	7,685,769					
Industrial Bank Co., Ltd.—Tianhong Yongli Bond Securities Investment Fund	7,043,611	RMB-denominated ordinary share	7,043,611					

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, 2022, 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 Administrative Measures for the Acquisition of the Listed Companies 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

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

2. Participation by any subsidiary of the sponsor in the strategic allotment in IPO
 Applicable N/A

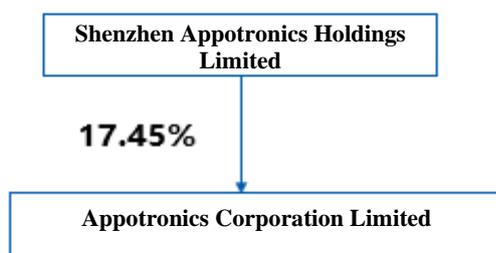
IV. Controlling shareholder and actual controller
(I) Controlling shareholder
1 Legal person
 Applicable N/A

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

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


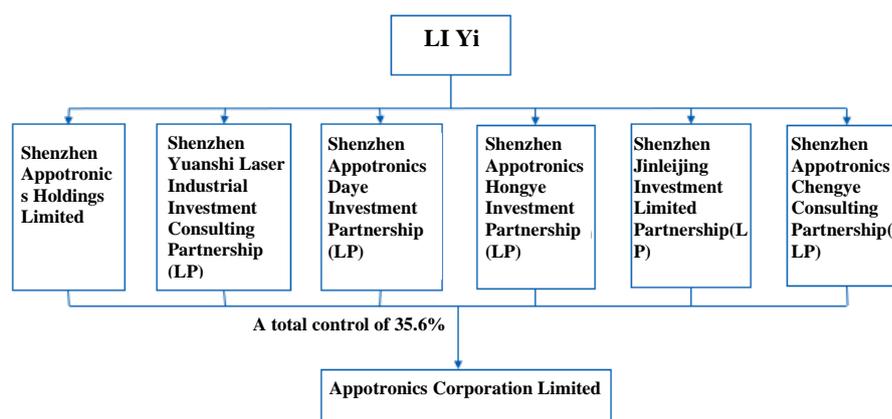
(II) Actual controller
1 Legal person
 Applicable N/A

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
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

In RMB 0'000

Name of the share repurchase plan	A plan to repurchase the Company's shares in a centralized auction transaction
Time of disclosure of share repurchase plan	March 21, 2022
Number of shares to be repurchased and proportion of total share capital (%)	370,400 shares - 740,700 shares 0.08-0.16
Amount to be repurchased	1,000 - 2,000
Proposed repurchase period	Within 6 months from the date on which the share repurchase plan is approved by the General Meeting of Shareholders (i.e. March 29, 2022).
Repurchase use	For employee share ownership plans or equity incentives
Number of Repurchased shares (in share)	900,000
The percentage of repurchased shares in the underlying shares involved in the equity incentive plan (%) (if any)	N/A
The Company's progress in reducing its holdings of repurchased shares through centralized auction trading	On September 27, 2022, the Company completed the implementation of the repurchase of shares upon the expiration of the repurchase period, and disclosed the <i>Announcement on the Expiration of the Repurchase Period and the Implementation Results of the Repurchase of Shares</i> . The Company has repurchased a total of 900,000 shares of the Company through the trading system of the Shanghai Stock Exchange in a centralized bidding transaction, accounting for 0.1975% of the Company's total share capital of 455,638,398 shares at that time, the highest price of repurchase is RMB26.79 per share, the lowest price of repurchase is RMB14.88 per share, the average price of repurchase is RMB21.53 per share, and the total amount of funds paid is RMB19,371,239.41 (excluding stamp duty, transaction commissions and other transaction fees). The repurchase of shares has been completed.

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 (2023) No. 7-419

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, 2022, 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, 2022, 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 and VII.61, of section X.

Appotronics Corporation is mainly engaged in research, development, production, sales and leasing of laser display core devices and complete equipment. In 2022, the operating income of Appotronics Corporation amounted to RMB 2,541,144,635.15, of which sales and other incomes were RMB 2,272,160,767.18, representing 89.41% of the total operating income, and lease incomes were RMB 268,983,867.97, representing 10.59% of the total operating income.

As the operating income is one of Appotronics Corporation's KPI, 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 support

(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.8 of Section X.

As of December 31, 2022, the carrying amount of inventories of Appotronics amounted to RMB924,291,920.80, and provisions for decline in value of inventories amounted to RMB58,651,959.01, hence the book value of inventories amounted to RMB 865,639,961.79.

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 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 26, 2023

II. Financial statements
Consolidated Balance Sheet

December 31, 2022

Prepared by: Appotronics Corporation Limited

In RMB

Item	Note	December 31, 2022	December 31, 2021
Current Assets:			
Cash and bank balances	VII. 1	1,355,882,208.63	957,729,831.15
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	VII. 2	352,880,000.00	417,200,000.00
Derivative financial assets			
Notes receivable	VII. 4	2,234,687.77	5,256,603.03
Accounts receivable	VII. 5	208,260,235.79	403,134,471.87
Receivables financing	VII. 6	4,279,041.00	244,860.00
Prepayments	VII. 7	48,445,976.86	98,116,970.83
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	VII. 8	26,331,721.55	30,472,595.66
Including: Interest receivable			
Dividend receivable	VII. 8	13,789,908.00	12,623,886.00
Financial assets purchased under resale agreements			
Inventories	VII. 9	865,639,961.79	769,621,133.00
Contract assets	VII. 10	1,061,581.35	3,903,859.23
Assets held for sale			
Non-current assets due within one year	VII. 12	13,431,554.82	3,473,049.18
Other current assets	VII. 13	106,502,611.79	52,761,820.83
Total current assets		2,984,949,581.35	2,741,915,194.78
Non-current Assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivable	VII. 16	11,524,193.80	5,793,552.74
Long-term equity investment	VII. 17	162,394,917.57	293,601,085.27
Investment in other equity instruments	VII. 18	7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment property			
Fixed assets	VII. 21	427,539,718.53	470,410,450.18
Construction in progress	VII. 22	278,978,057.73	148,620,511.35
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	62,255,670.29	26,803,910.76
Intangible assets	VII. 26	290,341,693.08	301,164,605.56
Development expenditure			
Goodwill			

Long-term prepaid expenses	VII. 29	5,990,984.03	10,126,164.82
Deferred tax assets	VII. 30	89,730,936.02	80,721,419.29
Other non-current assets	VII. 31	12,569,088.37	10,998,641.77
Total non-current assets		1,348,400,678.80	1,355,315,761.12
Total assets		4,333,350,260.15	4,097,230,955.90
Current Liabilities:			
Short-term borrowings	VII. 32	129,589,634.03	5,570,878.11
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII. 35	201,299,388.57	134,378,967.61
Accounts payable	VII. 36	276,845,321.28	419,966,567.27
Advance from customers	VII. 37	113,834,728.10	130,288,312.62
Contract liabilities	VII. 38	37,285,920.43	45,541,629.55
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	VII. 39	58,470,960.55	64,119,087.51
Taxes payable	VII. 40	8,272,768.90	19,546,190.23
Other payables	VII. 41	56,662,357.08	54,115,784.80
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	178,031,817.37	154,785,116.35
Other current liabilities	VII. 44	28,383,608.37	19,561,104.12
Total current liabilities		1,088,676,504.68	1,047,873,638.17
Non-current Liabilities:			
Insurance contract reserves			
Long-term borrowings	VII. 45	403,720,542.45	368,635,614.64
Bonds payable			
Where: Preferred shares			
Perpetual bonds			
Leasing liabilities	VII. 47	34,319,284.23	10,789,352.69
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities	VII. 50	56,463,882.87	36,428,688.94
Deferred income	VII. 51	8,651,422.26	10,266,982.08
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		503,155,131.81	426,120,638.35
Total liabilities		1,591,831,636.49	1,473,994,276.52
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or share capital)	VII. 53	457,107,538.00	452,756,901.00

Other equity instruments			
Where: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	1,530,752,116.04	1,400,605,136.65
Less: Treasury shares	VII. 56	19,377,297.59	
Other comprehensive income	VII. 57	5,736,897.41	-16,840,512.60
Special reserve			
Surplus reserve	VII. 59	75,519,782.06	56,265,868.31
General risk reserve			
Undistributed profit	VII. 60	597,924,451.67	545,277,188.08
Total owners' (or shareholders') equity attributable to owners of the parent company		2,647,663,487.59	2,438,064,581.44
Minority interests		93,855,136.07	185,172,097.94
Total owners' (or shareholders') equity		2,741,518,623.66	2,623,236,679.38
Total liabilities and owners' (or shareholders') equity		4,333,350,260.15	4,097,230,955.90

Legal Representative: LI Yi

Chief Accountant: WANG Yingxia

Person in Charge of the Accounting Body: WANG Yingxia

Balance Sheet of the parent company

December 31, 2022

Prepared by: Appotronics Corporation Limited

In RMB

Item	Note	December 31, 2022	December 31, 2021
Current Assets:			
Cash and bank balances		675,429,827.76	535,787,452.32
Held-for-trading financial assets		352,880,000.00	417,200,000.00
Derivative financial assets			
Notes receivable		2,234,687.77	5,036,603.03
Accounts receivable	XVII. 1	688,004,828.29	616,216,169.96
Receivables financing		2,399,041.00	244,860.00
Prepayments		11,009,592.85	24,555,245.46
Other receivables	XVII. 2	7,556,623.71	6,645,181.15
Including: Interest receivable			
Dividend receivable			
Inventories		390,906,125.18	327,484,120.10
Contract assets		1,061,581.35	3,903,859.23
Assets held for sale			
Non-current assets due within one year		1,334,808.66	2,688,446.82
Other current assets		27,531,860.98	
Total current assets		2,160,348,977.55	1,939,761,938.07
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable		944,108.40	3,528,917.07
Long-term equity investment	XVII. 3	450,239,347.45	440,559,012.12
Investment in other equity instruments		7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment property			

Fixed assets		66,271,459.60	59,043,066.43
Construction in progress		270,837,599.21	133,111,026.64
Productive biological assets			
Oil and gas assets			
Right-of-use assets		52,738,418.54	17,152,430.20
Intangible assets		294,108,453.73	305,569,269.44
Development expenditure			
Goodwill			
Long-term prepaid expenses		487,991.29	4,841,091.62
Deferred tax assets		20,220,930.66	22,028,444.60
Other non-current assets		9,952,305.78	6,093,687.23
Total non-current assets		1,172,876,034.04	999,002,364.73
Total assets		3,333,225,011.59	2,938,764,302.80
Current Liabilities:			
Short-term borrowings		60,043,166.67	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		58,301,159.76	41,601,830.90
Accounts payable		275,547,785.20	311,370,715.78
Advance from customers			999,484.03
Contract liabilities		19,945,270.00	14,130,218.03
Employee benefits payable		35,920,277.61	41,239,602.09
Taxes payable		5,339,271.71	11,755,599.27
Other payables		9,722,655.99	13,006,204.53
Including: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year		24,463,018.64	43,166,652.33
Other current liabilities		2,666,327.90	839,898.70
Total current liabilities		491,948,933.48	478,110,205.66
Non-current Liabilities:			
Long-term borrowings		148,087,667.43	54,497,768.01
Bonds payable			
Where: Preferred shares			
Perpetual bonds			
Leasing liabilities		29,114,281.86	4,445,612.91
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities		24,939,050.33	20,275,524.78
Deferred income		5,630,959.06	9,543,692.89
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		207,771,958.68	88,762,598.59
Total liabilities		699,720,892.16	566,872,804.25
Owners' Equity (Shareholders' Equity):			

Paid-in capital (or share capital)		457,107,538.00	452,756,901.00
Other equity instruments			
Where: Preferred shares			
Perpetual bonds			
Capital reserve		1,541,789,874.63	1,410,150,134.25
Less: Treasury shares		19,377,297.59	
Other comprehensive income			
Special reserve			
Surplus reserve		74,242,241.33	54,988,327.58
Undistributed profit		579,741,763.06	453,996,135.72
Total owners' (or shareholders') equity		2,633,504,119.43	2,371,891,498.55
Total liabilities and owners' (or shareholders') equity		3,333,225,011.59	2,938,764,302.80

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

Consolidated Income Statement

January to December 2022

In RMB

Item	Note	2022	2021
I. Total operating income		2,541,144,635.15	2,498,228,401.78
Where: Operating income	VII. 61	2,541,144,635.15	2,498,228,401.78
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		2,504,104,232.01	2,338,656,541.27
Where: Operating costs	VII. 61	1,711,732,842.88	1,651,089,557.25
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	11,111,853.75	8,776,858.79
Selling expenses	VII. 63	334,758,958.86	252,854,103.31
Administrative expenses	VII. 64	193,554,776.41	187,933,417.27
R&D expenses	VII. 65	262,108,405.90	236,702,224.29
Financial expenses	VII. 66	-9,162,605.79	1,300,380.36
Where: Interest expense		24,819,665.70	17,079,723.61
Interest income		17,711,130.51	17,645,299.09
Add: Other income	VII. 67	33,949,485.88	46,147,218.18
Investment income (loss is indicated by "-")	VII. 68	3,979,813.96	32,633,507.12
Where: Income from investments in associates and joint ventures		-3,244,838.52	22,856,529.68
Gains from derecognition of financial assets at amortized assets		-912,618.35	
Foreign exchange gains (loss is indicated by "-")			
Gains from net exposure hedges (loss is indicated by "-")			
Gains from changes in fair values (loss is	VII. 70	-3,320,000.00	40,127,764.00

indicated by “-”)			
Losses of credit impairment (loss is indicated by “-”)	VII. 71	-10,257,975.50	-6,809,291.29
Impairment losses of assets (loss is indicated by “-”)	VII. 72	-48,234,017.58	-36,946,167.95
Gains from disposal of assets (loss is indicated by “-”)	VII. 73	229,000.28	2,967,788.29
III. Operating profit (loss is indicated by “-”)		13,386,710.18	237,692,678.86
Add: Non-operating income	VII. 74	16,589,847.66	52,628,162.08
Less: Non-operating expenses	VII. 75	2,466,545.66	1,793,084.65
IV. Total profits (total losses are indicated by “-”)		27,510,012.18	288,527,756.29
Less: Income tax expenses	VII. 76	-3,328,785.48	66,992,939.15
V. Net profits (net losses are indicated by “-”)		30,838,797.66	221,534,817.14
(I) Categorized by the continuity of operation			
1. Net profits from continuing operations (net losses are indicated by “-”)		30,838,797.66	221,534,817.14
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 “-”)		119,440,773.77	233,364,344.09
2. Profits or losses attributable to minority shareholders (net losses are indicated by “-”)		-88,601,976.11	-11,829,526.95
VI. Other comprehensive income, net of tax	VII. 77	20,863,757.74	-13,577,010.78
(I) Other comprehensive income that can be attributable to owners of the parent company, net of tax		22,577,410.01	-13,626,220.67
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		22,577,410.01	-8,726,220.67
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method		-12,813,785.24	-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		35,391,195.25	-8,359,405.85
(7) Others			
(II) Other comprehensive income that can be attributable to minority shareholders, net of tax		-1,713,652.27	49,209.89
VII. Total comprehensive income		51,702,555.40	207,957,806.36
(I) Total comprehensive income that can be attributable to owners of the parent company		142,018,183.78	219,738,123.42
(II) Total comprehensive income that can be attributable to minority shareholders		-90,315,628.38	-11,780,317.06

VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.26	0.52
(II) Diluted earnings per share (RMB/share)		0.26	0.51

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 2022

In RMB

Item	Note	2022	2021
I. Operating income	XVII. 4	1,345,923,616.67	1,445,208,597.94
Less: Operating costs	XVII. 4	910,770,517.27	951,761,428.41
Tax and surcharge		7,604,069.03	4,824,423.22
Selling expenses		88,126,865.23	81,267,047.72
Administrative expenses		122,275,548.87	114,480,252.18
R&D expenses		151,041,023.34	128,807,240.92
Financial expenses		-27,358,557.34	-21,476,404.98
Where: Interest expense		3,615,664.22	2,244,930.36
Interest income		20,440,797.02	24,781,253.41
Add: Other income		20,926,293.34	27,780,796.53
Investment income (loss is indicated by “-”)	XVII. 5	103,034,950.62	27,249,704.79
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 net exposure hedges (loss is indicated by “-”)		-3,320,000.00	2,200,000.00
Losses of credit impairment (loss is indicated by “-”)		-1,433,483.62	-4,798,060.82
Impairment losses of assets (loss is indicated by “-”)		-15,970,957.71	-21,377,940.23
Gains from disposal of assets (loss is indicated by “-”)		11,882.43	
II. Operating profit (loss is indicated by “-”)		196,712,835.33	216,599,110.74
Add: Non-operating income		113,375.83	2,396,233.70
Less: Non-operating expenses		2,033,425.93	973,929.02
III. Total profits (total losses are indicated by “-”)		194,792,785.23	218,021,415.42
Less: Income tax expenses		2,253,647.71	8,133,765.70
IV. Net profits (net losses are indicated by “-”)		192,539,137.52	209,887,649.72
(I) Net profits from continuing operations (net losses are indicated by “-”)		192,539,137.52	209,887,649.72
(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		192,539,137.52	209,887,649.72
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 2022

In RMB

Item	Note	2022	2021
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		2,961,315,911.23	2,750,740,564.95
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		9,075,667.22	8,006,027.05
Other cash receipts relating to operating activities	VII.78	153,496,117.32	184,950,300.13
Subtotal of cash inflows from operating activities		3,123,887,695.77	2,943,696,892.13
Cash payments for goods purchased and services received		1,984,713,135.68	2,086,007,277.39
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		443,190,106.16	363,360,992.08
Payments of various types of taxes		90,351,732.74	82,594,392.29
Other cash payments relating to operating activities	VII.78	428,282,005.50	353,397,003.53
Subtotal of cash outflows from operating activities		2,946,536,980.08	2,885,359,665.29
Net cash flow from operating activities		177,350,715.69	58,337,226.84
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		2,216,404,000.00	2,073,056,003.00
Cash receipts from investment income		12,837,561.73	9,785,727.49
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		6,713.15	3,265,966.25
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities	VII.78	8,004,240.00	
Subtotal of cash inflows from investing activities		2,237,252,514.88	2,086,107,696.74
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		167,335,288.66	123,016,450.20
Cash payments to acquire investments		2,022,000,000.00	2,396,564,750.05
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business units			11,432,903.47
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		2,189,335,288.66	2,531,014,103.72
Net cash flows from investment activities		47,917,226.22	-444,906,406.98
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		76,598,336.46	225,131,579.00
Where: Cash receipts from capital contributions from minority shareholders of subsidiaries			225,131,579.00
Cash receipts from borrowings		443,474,932.04	486,480,176.26
Other cash receipts relating to financing activities			
Subtotal of cash inflows from financing activities		520,073,268.50	711,611,755.26
Cash repayments of borrowings		272,903,834.00	309,332,017.81
Cash payments for distribution of dividends or profits or settlement of interest expenses		81,512,905.15	59,438,696.90
Where: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		7,360,000.00	18,400,000.00
Other cash payments relating to financing activities	VII.78	49,643,474.28	47,271,031.50
Subtotal of cash outflows from financing activities		404,060,213.43	416,041,746.21
Net cash flows from financing activities		116,013,055.07	295,570,009.05
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		22,106,239.41	-1,330,751.62
V. Net Increase in Cash and Cash Equivalents			
		363,387,236.39	-92,329,922.71
Add: Opening balance of cash and cash equivalents		891,195,166.73	983,525,089.44
VI. Closing Balance of Cash and Cash Equivalents			
		1,254,582,403.12	891,195,166.73

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 2022

In RMB

Item	Note	2022	2021
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		1,437,145,165.15	1,537,029,483.55
Receipts of tax refunds		2,037,215.25	1,992,222.29
Other cash receipts relating to operating activities		60,542,250.60	51,349,254.59
Subtotal of cash inflows from operating activities		1,499,724,631.00	1,590,370,960.43
Cash payments for goods purchased and services received		1,054,147,368.37	1,086,842,696.51
Cash payments to and on behalf of employees		261,855,452.88	216,225,456.23
Payments of various types of taxes		48,340,610.72	45,905,948.64
Other cash payments relating to operating activities		104,047,838.81	129,883,242.51
Subtotal of cash outflows from operating activities		1,468,391,270.78	1,478,857,343.89
Net cash flow from operating activities		31,333,360.22	111,513,616.54
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		1,993,000,000.00	1,650,716,923.79
Cash receipts from investment income		103,034,950.62	21,200,960.36
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		290,523.88	
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			141,582,498.60
Subtotal of cash inflows from investing activities		2,096,325,474.50	1,813,500,382.75
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		154,297,761.42	94,427,931.02
Cash payments to acquire investments		1,932,000,000.00	1,962,997,653.52
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			45,139,057.42
Subtotal of cash outflows from investing activities		2,086,297,761.42	2,102,564,641.96
Net cash flows from investment activities		10,027,713.08	-289,064,259.21
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		76,598,336.46	
Cash receipts from borrowings		203,474,932.04	54,430,844.66
Other cash receipts relating to financing activities		29,000,000.00	
Subtotal of cash inflows from financing activities		309,073,268.50	54,430,844.66
Cash repayments of borrowings		79,000,000.00	12,511,648.92
Cash payments for distribution of dividends or profits or settlement of interest expenses		53,675,287.81	26,734,065.79
Other cash payments relating to financing activities		71,573,255.83	21,027,248.92
Subtotal of cash outflows from financing activities		204,248,543.64	60,272,963.63
Net cash flows from financing activities		104,824,724.86	-5,842,118.97
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		5,563,361.83	-11,728.85
V. Net Increase in Cash and Cash Equivalents			
		151,749,159.99	-183,404,490.49
Add: Opening balance of cash and cash equivalents		483,223,615.33	666,628,105.82
VI. Closing Balance of Cash and Cash Equivalents			
		634,972,775.32	483,223,615.33

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 2022

In RMB

Item	2022														Minority interests	Total owner's equity
	Equity attributable to owners of the parent company															
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal			
Preferred shares		Perpetual bonds	Others													
I. Closing balance of last year	452,756,901.00				1,400,605,136.65		-16,840,512.60		56,265,868.31		545,277,188.08		2,438,064,581.44	185,172,097.94	2,623,236,679.38	
Add: Changes in accounting policies																
Corrections of prior period errors																
Business combination involving enterprises under common control																
Others																
II. Opening balance of the current year	452,756,901.00				1,400,605,136.65		-16,840,512.60		56,265,868.31		545,277,188.08		2,438,064,581.44	185,172,097.94	2,623,236,679.38	
III. Changes for the year (decrease is indicated by "-")	4,350,637.00				130,146,979.39	19,377,297.59	22,577,410.01		19,253,913.75		52,647,263.59		209,598,906.15	-91,316,961.87	118,281,944.28	

(I) Total comprehensive income						22,577,410.01				119,440,773.77		142,018,183.78	-90,315,628.38	51,702,555.40
(II) Owners' contributions and reduction in capital	4,350,637.00				130,146,979.39	19,377,297.59						115,120,318.80	6,358,666.51	121,478,985.31
1. Ordinary shares contributed by owners	4,350,637.00				72,247,699.46							76,598,336.46		76,598,336.46
2. Capital contribution from holders of other equity instruments												-		
3. Share-based payment recognized in owners' equity					57,899,279.93							57,899,279.93	6,358,666.51	64,257,946.44
4. Others						19,377,297.59						-19,377,297.59		-19,377,297.59
(III) Profit distribution								19,253,913.75		-66,793,510.18		-47,539,596.43	-7,360,000.00	-54,899,596.43
1. Transfer to surplus reserve								19,253,913.75		-19,253,913.75				
2. Transfer to general reserve														
3. Distributions to owners (or shareholders)										-47,539,596.43		-47,539,596.43	-7,360,000.00	-54,899,596.43
4. Others														
(IV) Transfers within owners' equity														
1. Capitalization of capital reserve														

2.Capitalizat ion 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	457,107,538.00				1,530,752,116.04	19,377,297.59	5,736,897.41		75,519,782.06		597,924,451.67		2,647,663,487.59	93,855,136.07	2,741,518,623.66

Item	2021													Minority interests	Total owner's equity
	Equity attributable to owners of the parent company											Subtotal			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Others		
	Preferred shares	Perpetual bonds	Others												
I. Closing balance of last year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,242,179.57		357,793,891.96		2,091,599,671.75	93,812,755.26	2,185,412,427.01
Add: Changes in accounting policies									34,923.77		9,346.56		44,270.33	-11,248.64	33,021.69
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															

II. Opening balance of the current year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,277,103.34		357,803,238.52		2,091,643,942.08	93,801,506.62	2,185,445,448.70
III. Changes for the Year (decrease is indicated by "-")					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 owners' equity					58,961,897.75								58,961,897.75	11,541,574.13	70,503,471.88
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.Capitalizat ion of capital reserve															
2.Capitalizat io n of surplus re serve															
3. Loss offset by surplus rese rve															
4.Retained earni ngs carried for ward from chan ges in Defined benefit plans															
5.Retained earni ngs carried for ward from othe r comprehensiv e income															
6. Others															
(V)Special rese rve															

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

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 2022

In RMB

Item	2022										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other Comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of last year	452,756,901.00				1,410,150,134.25				54,988,327.58	453,996,135.72	2,371,891,498.55
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	452,756,901.00				1,410,150,134.25				54,988,327.58	453,996,135.72	2,371,891,498.55
III. Changes for the year (decrease is indicated by "-")	4,350,637.00				131,639,740.38	19,377,297.59			19,253,913.75	125,745,627.34	261,612,620.88
(I) Total comprehensive income										192,539,137.52	192,539,137.52
(II) Owners' contributions and reduction in capital	4,350,637.00				131,639,740.38	19,377,297.59					116,613,079.79
1. Ordinary shares contributed by owners	4,350,637.00				72,247,699.46						76,598,336.46
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					59,392,040.92						59,392,040.92
4. Others						19,377,297.59					-19,377,297.59
(III) Profit distribution									19,253,913.75	-66,793,510.18	-47,539,596.43
1. Transfer to surplus									19,253,913.75	-19,253,913.75	

reserve									3.75	13.75	
2. Distributions to owners (or shareholders)										-47,539,596.43	-47,539,596.43
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Closing balance of the current year	457,107,538.00				1,541,789,874.63	19,377,297.59			74,242,241.33	579,741,763.06	2,633,504,119.43

Item	2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of last year	452,756,901.00				1,351,261,718.84				33,964,638.84	289,684,566.58	2,127,667,825.26
Add: Changes in									34,923.77	314,313.	349,237.7

accounting policies										95	2
Corrections of prior period errors											
Others											
II. Opening balance of the current year	452,756,901.00				1,351,261,718.84				33,999,562.61	289,998,880.53	2,128,017,062.98
III. Changes for the year (decrease is indicated by "-")					58,888,415.41				20,988,764.97	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					58,888,415.41						58,888,415.41
1. Ordinary shares contributed by owners											
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					58,888,415.41						58,888,415.41
4. Others											
(III) Profit distribution									20,988,764.97	-45,890,394.53	-24,901,629.56
1. Transfer to surplus reserve									20,988,764.97	-20,988,764.97	
2. Distributions to owners (or shareholders)										-24,901,629.56	-24,901,629.56
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											

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

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 . On October 24, 2006, the Company completed the registration in Nanshan Branch of Market Supervision and Regulation Bureau of Shenzhen and head quartered in Shenzhen City, Guangdong Province. The Company holds the business license bearing the credibility code 91440300795413991N. The Company’s registered capital is RMB 457,107,538.00 divided into 457,107,538 shares (RMB 1 Yuan per share), including 457,107,538 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 19th meeting of the second Board of Directors on April 26, 2023 for public disclosure.

2. Scope of consolidated financial statements

Applicable N/A

The Company has included 34 subsidiaries, including CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. (hereinafter referred to as CINEAPPO), Appotronics Hong Kong Limited., Formovie (Chongqing) Innovative Technology Co., Ltd. (hereinafter referred to as Chongqing Formovie), and Fengmi (Beijing) Technology Co., Ltd., into the scope of the consolidated financial statements for this period, as detailed in VIII, IX of Section 10.

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 and its domestic subsidiaries adopt RMB as the basic accounting currency, and overseas subsidiaries such as Appotronics Hong Kong Limited engage in overseas operations, thus selecting the currency in the main economic environment in which they operate as the basic accounting currency.

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 ① provision for impairment losses determined according to the policy for impairment of financial instruments; and ② balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with the relevant provisions of the Accounting 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;

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 maybe); 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 maybe); 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 deposit and security receivable		
Other receivables - group of receivables from related parties in the scope of consolidation	Receivables from related parties in the scope of consolidation	
Other receivables - grouping by aging	Aging	

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

1) Groups and method for measuring expected credit losses

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

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.

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

Applicable 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

Expenditures incurred during the research phase of internal research and development projects are recognized as current expenses when they occur. Expenditures during the development phase of internal research and development projects are recognized as intangible assets if they meet the following conditions: (1) completion of the intangible asset to make it technically feasible for use or sale, (2) intention to complete the intangible asset and use or sell it, (3) the intangible asset generates economic benefits, including the ability to demonstrate a market for products produced using the intangible asset or a market for the intangible asset itself if it will be used internally, proving its usefulness, (4) sufficient technical, financial, and other resources are available to complete the development of the intangible asset and to use or sell it, and (5) the expenditures attributable to the development phase of the intangible asset can be reliably measured.

30. Impairment of long-term assets

Applicable N/A

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

If the recoverable amount of a long-term asset is less than its 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 the actually arise.

Where, after the lease inception date, there are changes in the substantial fixed payment, the payables expected on the basis of the residual value of the guarantee, the index or ratio used for determining the lease payment, the evaluation results or actual exercising of purchase option, renewal option or lease termination option, the Company re-measures the lease liability as per the present value of the lease payment after change, and adjust the 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) 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) E-commerce platform revenue

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

(3) 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 data on the assumption that no provision for impairment has been made.

40. Government grants

Applicable N/A

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

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

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents. In the absence of such express provision in the applicable government documents, government grants related to assets are those with a primary condition that the Company should purchase, construct or otherwise acquire long-term assets. Government grants related to assets are offset against the carrying amount of the relevant assets or recognized as deferred. 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 the actually arise.

Where, after the lease inception date, there are changes in the substantial fixed payment, the payables expected on the basis of the residual value of the guarantee, the index or ratio used for determining the lease payment, the evaluation results or actual exercising of purchase option, renewal option or lease termination option, the Company re-measures the lease liability as per the present value of the lease payment after change, and adjust the 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	Remarks (name and amount)
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	procedures	of line items in financial statements that have been materially affected)
Since January 1, 2022, the Company has implemented the "Accounting Treatment for External Sales of Products or By-products Produced by an Enterprise Before the Fixed Assets Reached the Predetermined Usable State or in the Process of R&D" and "Judgment on Loss-making Contracts" of the <i>Interpretation of Accounting Standards for Business Enterprises No.15</i> issued by the Ministry of Finance	N/A	The implementation of this provision has no impact on the Company's financial statements.
Since November 30, 2022, the Company has implemented the "Accounting for the Income Tax Implications of Dividends Related to Financial Instruments Classified by Issuers as Equity Instruments" and "Accounting Treatment for Enterprises Modifying Cash-settled Share-Based Payments to Equity-Settled Share-Based Payments" of the <i>Interpretation of Accounting Standards for Business Enterprises No.16</i> issued by the Ministry of Finance.	N/A	The implementation of this provision has no impact on the Company's financial statements.

Other information

NO

(2). Changes in significant accounting estimates

Applicable N/A

(3). The first implementation of new accounting standards or standard interpretations from 2022 onwards involves adjusting the financial statements at the beginning of the year in which they were first implemented

Applicable N/A

45. Others

Applicable N/A

VI. Taxes

1. Major categories of taxes and tax rates

Description of major categories of taxes and tax rates

Applicable N/A

Category of tax	Basis of tax computation	Tax rate
Value-added tax (VAT)	VAT payable is the difference of the output tax calculated based on the incomes from selling goods and taxable services in accordance with the Tax Law, less the input tax allowed to be reduced in the period	3%、6%、9%、13%
City maintenance and construction tax	Turnover tax payable	5%、7%
Education surcharges	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%
Enterprise income tax	Taxable income	6.5%、8.25%、8.70%、8.84%、15%、16.5%、20%、21%、25%

Disclosure of taxpayers with different rates of enterprise income tax:

Applicable N/A

Taxpayer	Rate of enterprise income tax (%)
Appotronics Corporation Limited	15%

Fengmi (Beijing) Technology Co., Ltd.	15%
Appotronics Hong Kong Limited	8.25%、16.5%
Beijing Dongfang Guangfeng Technology Co., Ltd.	20%
JoveAI Innovation, Inc.	8.70%、8.84%、21%
Appotronics USA, Inc.	21%
FORMOVIE TECHNOLOGY INC	21%
JoveAI Limited	Tax exemption
WEMAX LLC	21%
Shenzhen Appotronics Display Device Co., Ltd.	20%
Appotronics Technology (Changzhou) Co., Ltd.	20%
Qingda Appotronics (Xiamen) Technology Co., Ltd.	20%
Shenzhen Appotronics Home Line Technology Co., Ltd.	20%
Shenzhen Appotronics Laser Technology Co., Ltd.	20%
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	20%
JoveAI Asia Company Limited	20%
Formovie Limited	16.5%
Chongqing Ewei Ecommerce Co., Ltd.	20%
Chongqing Guangbo Ecommerce Co., Ltd.	20%
Shenzhen Orange Juice Energy Technology Co., Ltd.	20%
Tianjin Bonian Film Partnership (LP)	Not involving corporate income tax
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	15%
HONGKONG ORANGE JUICE ENERGY TECHNOLOGY CO., LIMITED	16.5%
Wemax Inc	6.5%、21%
Weiwoqi Trading Co., Ltd	20%
Yaoyouguang (Chongqing) Technology Co., Ltd.	20%
Appotronics International Limited	16.5%
Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd	20%
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. FORMOVIE TECHNOLOGY INC, as domiciled in the United States, applies the federal enterprise income tax rate of 21%.

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

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

8. Formovie Limited, as domiciled in Hong Kong, applies the income tax rate of 16.50%.
9. HONGKONG ORANGE JUICE ENERGY TECHNOLOGY CO., LIMITED, as domiciled in Hong Kong, applies the income tax rate of 16.50%.
10. Wemax Inc, as domiciled in the United States, applies the federal enterprise income tax rate of 21%, and the New York state enterprise income tax rate of 6.50%.
11. Appotronics International Limited, as domiciled in Hong Kong, applies the income tax rate of 16.50%.

2. Tax incentives

√ Applicable □ N/A

1. Enterprise income tax

(1) On December 9, 2022, the Company obtained the High-tech Enterprise Certificate (Certificate No.: GR202244206480) jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service of State Taxation Administration with a valid term of three years. Therefore, the Company paid the enterprise income tax at a rate of 15% in 2022.

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

(3) On October 18, 2022, CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. obtained the High-tech Enterprise Certificate (Certificate No.: GR202211008942) jointly issued by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau and Beijing Tax Service of State Taxation Administration with a valid term of three years. It paid the enterprise income tax at a rate of 15% in 2022.

(4) In accordance with the *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (Cai Shui [2019] No. 13), and the *Announcement of the Ministry of Finance and the State Taxation Administration on Implementing Preferential Income Tax Policies for Micro and Small Enterprises and Individually-owned Businesses* (Announcement No. 12 in 2021 of the Ministry of Finance and the State Taxation Administration), the annual taxable income of a small low-profit enterprise that is not more than RMB 1 million shall be 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 Dongfang Guangfeng Technology Co., Ltd., Shenzhen Appotronics Display Device Co., Ltd., Appotronics Technology (Changzhou) Co., Ltd., Qingda Appotronics (Xiamen) Technology Co., Ltd., Shenzhen Appotronics Home Line Technology Co., Ltd., Shenzhen Appotronics Laser Technology Co., Ltd., Shenzhen Appotronics Xiaoming Technology Co., Ltd., Chongqing Ewei Ecommerce Co., Ltd., Chongqing Guangbo Ecommerce Co., Ltd., Shenzhen Orange Juice Energy Technology Co., Ltd., Weiwoqi Trading Co., Ltd., Yaoyouguang (Chongqing) Technology Co., Ltd. and Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd.

2. Value-added tax (VAT)

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

(2) According to the *Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform* (Announcement No. 39 of 2019 by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs), production and service-oriented taxpayers are allowed to deduct an additional 10% of the deductible input tax amount from the payable tax amount. CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. is eligible to enjoy this tax benefit.

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	5,479.42	5,680.24
Bank deposits	1,283,079,345.51	924,308,952.81
Other monetary funds	72,797,383.70	33,415,198.10
Total	1,355,882,208.63	957,729,831.15
Where: Total overseas deposits	261,403,774.28	71,132,556.44

Other information

Among the funds in other currencies, RMB60,141,8.3919 million is used as a margin in a restricted way; The amount RMB41,157,9.6632 million of the bank deposits represent the time deposit certificates deposited by the Company in the bank, the interest accrued at the maturity rate at the end of the period, and the restricted account funds, which are not shown as cash and cash equivalents in the cash flow statement.

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	352,880,000.00	417,200,000.00
Including:		
Equity instrument investment	42,880,000.00	46,200,000.00
Structural deposits	310,000,000.00	371,000,000.00
Total	352,880,000.00	417,200,000.00

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
Commercial acceptances	2,234,687.77	1,236,603.03
Total	2,234,687.77	5,256,603.03

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

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

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

In RMB

Item	Amounts transferred to accounts receivable as of the end of the period
Commercial acceptances	2,252,000.00
Total	2,252,000.00

(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 individually										
Where:										
Provision for bad debts made by group										
Where:										
Bank acceptance bills						4,020,000.00	75.54			4,020,000.00
Commercial acceptance bills	2,352,302.92	100.00	117,615.15	5.00	2,234,687.77	1,301,687.40	24.46	65,084.37	5.00	1,236,603.03
Total	2,352,302.92	100.00	117,615.15	5.00	2,234,687.77	5,321,687.40	100.00	65,084.37	1.22	5,256,603.03

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(%)
Commercial acceptance bills group	2,352,302.92	117,615.15	5.00
Total	2,352,302.92	117,615.15	5.00

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	
Provision for bad debts made individually					
Provision for bad debts made by group	65,084.37	52,530.78			117,615.15
Total	65,084.37	52,530.78			117,615.15

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	
Within 1 year	210,010,536.64
Subtotal of items within 1 year	210,010,536.64
1 to 2 years	27,967,582.36
2 to 3 years	966,561.56
Over 3 years	486,453.15
Total	239,431,133.71

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

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Percent age(%)	Amount	Percent age of provision(%)		Amount	Percent age(%)	Amount	Percent age of provision(%)	
Provision for bad debts made individually	16,498,540.60	6.89	16,498,540.60	100.00		2,117,500.23	0.50	1,279,675.64	60.43	837,824.59
Where:										
Provision for bad debts made by group	222,932,593.11	93.11	14,672,357.32	6.58	208,260,235.79	425,509,438.81	99.50	23,212,791.53	5.46	402,296,647.28
Where:										
Total	239,431,133.71	100.00	31,170,897.92	13.02	208,260,235.79	427,626,939.04	100.00	24,492,467.17	5.73	403,134,471.87

Provision for bad debts made individually:

 Applicable N/A

In RMB

Name	Closing balance			
	Carrying amount	Bad debt provision	Proportion of provision (%)	Reason for provision
A company	16,265,737.14	16,265,737.14	100.00	The amounts are expected to be unrecoverable
B company	162,952.41	162,952.41	100.00	The amounts are expected to be

				unrecoverable
C company	69,851.05	69,851.05	100.00	The amounts are expected to be unrecoverable
Total	16,498,540.60	16,498,540.60	100.00	

Explanation about provision for bad debts made individually:

Applicable N/A

Company A's payment receivable was overdue and the other party was unable to repay, and the full amount of its receivables was prepared to be deemed as bad debts.

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	208,265,090.89	10,413,254.55	5.00
1-2 years	13,271,499.61	3,317,874.89	25.00
2-3 years	909,549.46	454,774.73	50.00
Over 3 years	486,453.15	486,453.15	100.00
Total	222,932,593.11	14,672,357.32	6.58

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	16,428,689.55	837,824.59	372,000.00		16,498,540.60
Provision for bad debts made by group	23,212,791.53	-8,191,233.07		349,201.14		14,672,357.32
Total	24,492,467.17	8,237,456.48	837,824.59	721,201.14		31,170,897.92

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

Applicable N/A

In RMB

Unit name	Recovered or reversed amount	Recovered method
D company	837,824.59	Debt restructuring
Total	837,824.59	/

Other information

None

(4). Accounts receivable actually canceled in the current period
 Applicable N/A

In RMB

Item	Cancellation amount
Accounts receivable actually canceled	721,201.14

In which significant amounts canceled are described as below:

 Applicable N/A

In RMB

Unit name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount was generated by a related transaction
E company	Payment for goods	372,000.00	Confirmed not to be recovered	Application for approval of bad debt write-off	NO
F company	Renovation fees	260,000.00	Confirmed not to be recovered	Application for approval of bad debt write-off	NO
Total	-	632,000.00	-	-	-

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
The 1 st place	54,936,710.76	22.94	2,746,835.54
The 2 ^{ed} place	22,671,178.87	9.47	1,133,558.94
The 3 rd place	22,264,277.00	9.30	1,113,213.85
The 4 th place	20,032,956.30	8.37	1,001,647.82
The 5 th place	16,265,737.14	6.79	16,265,737.14
Total	136,170,860.07	56.87	22,260,993.29

Other information

None

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

Item	Derecognition amount	Gains or losses associated with derecognition	The method of transferring financial assets
CCB E Infocomm	3,000,000.00		Discount
Subtotal	3,000,000.00		

(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	4,279,041.00	244,860.00
Total	4,279,041.00	244,860.00

Changes in amount and fair value of receivables financing:

 Applicable N/A

If a provision for bad debts of accounts receivable is made in accordance with the general model of ECL, please disclose relevant information subject to the disclosure of the 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
Bank acceptance bills	4,614,000.00
Subtotal	4,614,000.00

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	37,333,767.05	77.06	90,997,714.13	92.74
1 to 2 years	4,701,469.65	9.70	7,119,256.70	7.26
2 to 3 years	6,410,740.16	13.24		
Total	48,445,976.86	100.00	98,116,970.83	100.00

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

Entity	Closing balance	Reason for not settled
G company	6,268,140.00	Advance payment has been made for high-end lasers
Subtotal	6,268,140.00	

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

Entity	Closing balance	Proportion to the total closing balance of prepayments (%)
1	8,994,021.16	18.57
2	6,268,140.00	12.94

3	5,451,984.90	11.25
4	4,052,741.15	8.37
5	2,321,759.89	4.79
Total	27,088,647.10	55.92

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	13,789,908.00	12,623,886.00
Other receivables	12,541,813.55	17,848,709.66
Total	26,331,721.55	30,472,595.66

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)	13,789,908.00	12,623,886.00
Total	13,789,908.00	12,623,886.00

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

In RMB

Project (or investee)	Closing balance	Aging	Reasons for non-recovery	Whether impairment has occurred and the basis for its judgment
Dividend distribution from GDC Technology Limited (BVI)	13,789,908.00	1 to 2 years	There are matters not reached an agreement through negotiation, and the payment has not yet been made	The other party has no credit risk and no impairment has occurred
Total	13,789,908.00	-	-	-

(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	
Within 1 year	5,167,315.12
Subtotal of items within 1 year	5,167,315.12
1 to 2 years	1,917,518.11
2 to 3 years	1,064,581.40
Over 3 years	5,030,255.35
Total	13,179,669.98

(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	11,162,127.62	9,664,667.87
Withholding	818,004.80	727,191.75
Temporary receivables	1,133,717.92	735,913.53
Compensation receivable	65,819.64	7,650,840.00

Total	13,179,669.98	18,778,613.15
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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, 2022	895,737.89	34,165.60		929,903.49
Balance as at January 1, 2022 in the current period	—	—	—	
--transferred to Stage II	-4,943.30	4,943.30		
--transferred to Stage II				
--reversed to Stage II				
-- reversed to Stage I				
Provision	-277,654.65	-14,392.41		-292,047.06
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at December 31,2022	613,139.94	24,716.49		637,856.43

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	929,903.49	-292,047.06				637,856.43
Total	929,903.49	-292,047.06				637,856.43

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
Shenzhen Meisheng Industry Co., Ltd.	Deposits/margins/petty cash	3,574,618.00	Over 3 years	27.12	178,730.90
Shenzhen High-tech Industry Promotion Center	Deposits/margins/petty cash	1,302,675.20	2-3 years, over 3years	9.88	65,133.76
Beijing JD Century Trading Co., Ltd	Deposits/margins/petty cash	800,000.00	Within 1 year; 1-2 years; over 3years	6.07	40,000.00
Beijing Dongsheng Bozhan Technology Development Co., Ltd.	Deposits/margins/petty cash	756,155.64	1-2 years	5.74	37,807.78
Chongqing Jintai Asset Management Co., Ltd	Deposits/margins/petty cash; Temporary payments receivable	505,491.60	Within 1 year, 1-2 years	3.84	25,274.58
Total	/	6,938,940.44	/	52.65	346,947.02

(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

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	511,371,448.78	29,152,044.36	482,219,404.42	493,448,593.04	21,083,424.30	472,365,168.74
Work in progress	15,037,109.26	2,581,014.21	12,456,095.05	30,541,893.32	2,147,311.13	28,394,582.19
Goods on hand	354,588,226.87	24,770,894.74	329,817,332.13	229,438,709.58	13,362,893.39	216,075,816.19

Goods upon delivery	31,157,150.48	1,901,108.14	29,256,042.34	43,433,678.08	1,652,492.43	41,781,185.65
Materials for consigned processing	9,397,672.25	246,897.56	9,150,774.69	4,492,945.01	22,530.31	4,470,414.70
Contract performance cost	2,740,313.16		2,740,313.16	7,263,873.33	729,907.80	6,533,965.53
Total	924,291,920.80	58,651,959.01	865,639,961.79	808,619,692.36	38,998,559.36	769,621,133.00

(2). Provision for decline in value of inventories and impairment of contract performance cost
 Applicable N/A

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	21,083,424.30	18,562,605.34		10,464,049.42	29,935.86	29,152,044.36
Work in progress	2,147,311.13	2,507,289.82		2,073,586.74		2,581,014.21
Goods on hand	13,362,893.39	32,934,376.49		21,526,375.14		24,770,894.74
Goods upon delivery	1,652,492.43	249,459.05		843.34		1,901,108.14
Materials for consigned processing	22,530.31	245,466.14		21,098.89		246,897.56
Contract performance cost	729,907.80			729,907.80		
Total	38,998,559.36	54,499,196.84		34,815,861.33	29,935.86	58,651,959.01

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、Materials for consigned processing	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.	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.
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	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.

Contract performance cost

Item	Opening balance	Increase	Amortization	Provision for impairment made in the current period	Closing balance
Entrusted development	1,934,228.95	2,460,202.66	3,113,913.51		1,280,518.10
Overseas freight	4,599,736.58	1,459,795.06	4,599,736.58		1,459,795.06
Subtotal	6,533,965.53	3,919,997.72	7,713,650.09		2,740,313.16

(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	1,031,362.02	153,332.67	878,029.35	292,607.50	198,551.88	94,055.62

Goods payment	1,202,847.32	1,019,295.32	183,552.00	5,342,438.43	1,532,634.82	3,809,803.61
Total	2,234,209.34	1,172,627.99	1,061,581.35	5,635,045.93	1,731,186.70	3,903,859.23

(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	-558,558.71			
Total	-558,558.71			/

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
Debt investments maturing within one year		
Other debt investments due within one year		
Long-term receivables due within one year	13,431,554.82	3,473,049.18
Total	13,431,554.82	3,473,049.18

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

 Applicable N/A

Other information

None

13. Other current assets
 Applicable N/A

In RMB

Item	Closing balance	Opening balance
Input VAT to be deducted	96,670,912.86	52,258,757.92
Prepaid enterprise income tax	6,101,724.28	
Cost of returned goods receivable	3,729,974.65	503,062.91
Total	106,502,611.79	52,761,820.83

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

Item	Closing balance			Opening balance			In RMB Range of discount rate
	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value	
Installment payment	14,773,704.48	2,834,052.02	11,939,652.46	7,528,000.00	1,376,400.00	6,151,600.00	4.30%-4.65%
Less: Financing income not realized	415,458.66		415,458.66	358,047.26		358,047.26	4.30%-4.65%
Total	14,358,245.82	2,834,052.02	11,524,193.80	7,169,952.74	1,376,400.00	5,793,552.74	/

(2). Provision for bad debts
 Applicable N/A

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, 2022	1,376,400.00			1,376,400.00
Balance as at January 1, 2022 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	3,680,005.86			3,680,005.86
Reversal				
Write-off				
Cancellation				
Other changes	-2,222,353.84			-2,222,353.84
Balance as at December 31,2022	2,834,052.02			2,834,052.02

Note: Other items are prepared to be transferred to non-current asset maturing within one year as bad debts. 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
		Addition 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	126,924,427.40		133,585,796.63	4,162,827.48	-3,563,510.66				6,062,052.41		

GDC Technology Limited (BVI)	166,676,657.87			-5,329,660.58	-13,596,081.84				14,644,002.12	162,394,917.57	
Subtotal	293,601,085.27		133,585,796.63	-1,166,833.10	-17,159,592.50				20,706,054.53	162,394,917.57	
Total	293,601,085.27		133,585,796.63	-1,166,833.10	-17,159,592.50				20,706,054.53	162,394,917.57	

Other information

The Company transferred all the shares of Cinionic Limited held in the current period, reducing the cost of long-term equity investment by RMB133,404,000.00, the profit and loss adjustment of long-term equity investment by RMB4,527,603.89, and other comprehensive income of long-term equity investment by -RMB4,345,807.26, all totaling to RMB133,585,796.63; other items in the current period are changes in foreign currency translation of changes in exchange gains and losses.

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.		
Total	7,075,419.38	7,075,419.38

(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 Shenzhen Time waying Technology Co., Ltd. and Bevix Technology Co., Ltd. are mainly aimed at promoting future business cooperation, not for transaction purposes, so they are designated as equity instrument investments measured at fair value and changes in which are included in other comprehensive income.

The cost of Bevix Technology Co., Ltd. is RMB4,900,000.00, and the fair value change is -RMB4,900,000.00.

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	427,539,718.53	470,410,450.18
Disposal of fixed assets		
Total	427,539,718.53	470,410,450.18

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	129,590,613.35	1,171,400.05	49,253,347.48	650,822,359.27	830,837,720.15
2. Increase	33,880,594.27		10,531,132.97	47,704,331.12	92,116,058.36
1) Purchase	30,775,964.76		9,326,628.21		40,102,592.97
2) Transfer from construction in progress				47,704,331.12	47,704,331.12
3) Transfer from inventories	2,691,902.64		977,823.33		3,669,725.97
4) Currency movement	412,726.87		226,681.43		639,408.30
3. Decrease	3,832,328.91		1,226,412.85	15,872,518.64	20,931,260.40
1) Disposal or retirement	3,810,632.74		998,837.40	720,999.49	5,530,469.63
2) Transfer to inventories	21,696.17		227,575.45	15,151,519.15	15,400,790.77
4. Closing balance	159,638,878.71	1,171,400.05	58,558,067.60	682,654,171.75	902,022,518.11

II. Accumulated depreciation					
1. Opening balance	56,949,056.23	593,333.19	23,152,360.80	279,402,867.35	360,097,617.57
2. Increase	23,464,629.20	164,787.60	8,130,873.73	91,722,012.00	123,482,302.53
1) Provision	23,301,264.84	164,787.60	8,000,836.69	91,722,012.00	123,188,901.13
2) Currency movement	163,364.36		130,037.04		293,401.40
3. Decrease	2,981,146.15		697,015.10	6,516,118.72	10,194,279.97
1) Disposal or retirement	2,978,864.39		635,110.88	664,556.58	4,278,531.85
2) Transfer to inventories	2,281.76		61,904.22	5,851,562.14	5,915,748.12
4. Closing balance	77,432,539.28	758,120.79	30,586,219.43	364,608,760.63	473,385,640.13
III. Provision for impairment					
1. Opening balance				329,652.40	329,652.40
2. Increase				810,398.00	810,398.00
1) Provision				810,398.00	810,398.00
3. Decrease				42,890.95	42,890.95
1) Disposal or retirement					
2) Transfer to inventories				42,890.95	42,890.95
4. Closing balance				1,097,159.45	1,097,159.45
IV. Book value					
1. Closing balance	82,206,339.43	413,279.26	27,971,848.17	316,948,251.67	427,539,718.53
2. Opening balance	72,641,557.12	578,066.86	26,100,986.68	371,089,839.52	470,410,450.18

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

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Operating leased equipment	40,396,445.99	26,105,492.64	936,250.50	13,354,702.85	
Total	40,396,445.99	26,105,492.64	936,250.50	13,354,702.85	

(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	303,593,548.82
Total	303,593,548.82

(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	278,978,057.73	148,620,511.35
Materials for construction		
Total	278,978,057.73	148,620,511.35

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	270,837,599.21		270,837,599.21	133,111,026.64		133,111,026.64
Leased assets	6,266,605.31		6,266,605.31	15,491,218.74		15,491,218.74
Light sources to be leased	1,873,853.21		1,873,853.21	18,265.97		18,265.97
Total	278,978,057.73		278,978,057.73	148,620,511.35		148,620,511.35

(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
Headquarter buildings	534,635,200.00	133,111,026.64	137,726,572.57			270,837,599.21	55.22	55.22	4,996,130.79	4,306,922.66	4.52	Self-funded capital
Leased assets		15,491,218.74	38,479,717.69	47,704,331.12		6,266,605.31						Self-funded capital
Total	534,635,200.00	148,602,245.38	176,206,290.26	47,704,331.12		277,104,204.52	/	/	4,996,130.79	4,306,922.66	/	/

(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	Houses and buildings	Total
I. Original book value		
1. Opening balance	79,510,041.05	79,510,041.05
2. Increase	66,102,727.05	66,102,727.05
1) rent	65,689,449.29	65,689,449.29
2) Currency movement	413,277.76	413,277.76
3. Decrease	64,676,152.73	64,676,152.73
1) Disposal	64,676,152.73	64,676,152.73
4. Closing balance	80,936,615.37	80,936,615.37
II. Accumulated depreciation		
1. Opening balance	52,706,130.29	52,706,130.29
2. Increase	27,479,006.98	27,479,006.98
(1) Provision	27,109,595.46	27,109,595.46
(2) Currency movement	369,411.52	369,411.52
3. Decrease	61,504,192.19	61,504,192.19
(1) Disposal	61,504,192.19	61,504,192.19
4. Closing balance	18,680,945.08	18,680,945.08
III. Provision for impairment		
1. Opening balance		
2. Increase		
(1) Provision		
3. Decrease		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing balance	62,255,670.29	62,255,670.29

2. Opening balance	26,803,910.76	26,803,910.76
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Other information:

No

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	20,059,950.00	16,430,346.40	367,120,296.40
2. Increase			3,721,090.81	3,721,090.81
(1) Purchase			3,667,281.23	3,667,281.23
(2) Currency movement			53,809.58	53,809.58
3. Decrease				
(1) Disposal				
4. Closing balance	330,630,000.00	20,059,950.00	20,151,437.21	370,841,387.21
II. Accumulated amortization				
1. Opening balance	38,573,500.14	16,390,600.14	7,322,240.70	62,286,340.98
2. Increase	11,021,000.04		3,523,003.25	14,544,003.29
(1) Provision	11,021,000.04		3,472,505.47	14,493,505.51
(2) Currency movement			50,497.78	50,497.78
3. Decrease				
(1) Disposal				
4. Closing balance	49,594,500.18	16,390,600.14	10,845,243.95	76,830,344.27
III. Provision for impairment				
1. Opening balance		3,669,349.86		3,669,349.86
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Closing balance		3,669,349.86		3,669,349.86
IV. Book value				
1. Closing balance	281,035,499.82		9,306,193.26	290,341,693.08
2. Opening balance	292,056,499.86		9,108,105.70	301,164,605.56

The proportion of intangible assets generated by the Company's internal research and development to the balance of intangible assets at the end of the period is 0.

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

Applicable N/A

Other information:

Applicable N/A

27. Development expenditure
 Applicable N/A

28. Goodwill
(1). 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	Current amortization amount	Closing balance
Decoration construction	9,875,718.38	2,837,699.33	42,842.64	6,820,322.26	5,935,938.09
RTO gas for the screen project	88,073.42			33,027.48	55,045.94
Leased software	162,373.02			162,373.02	
Total	10,126,164.82	2,837,699.33	42,842.64	7,015,722.76	5,990,984.03

Other information:

Other additions are changes in foreign currency translation gains and losses.

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	54,480,645.82	8,172,204.87	43,598,496.34	6,542,132.46
Unrealized profits for insider transactions	293,141,594.90	43,971,239.24	359,910,538.71	53,986,580.82
Estimated liabilities	33,861,061.30	5,079,159.20	30,413,119.32	4,561,967.90

Share-based payment expenses	78,336,744.64	11,756,236.09	103,555,776.28	15,645,325.93
Deferred income	5,651,422.25	847,713.34	10,035,489.25	1,505,323.38
Leases	848,471.94	128,229.81	1,474,346.78	221,152.02
Fair Value Change Loss	1,120,000.00	168,000.00		
Deductible losses	145,752,332.17	21,862,849.83		
Total	613,192,273.02	91,985,632.38	548,987,766.68	82,462,482.51

(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	15,031,309.08	2,254,696.36	9,407,088.13	1,411,063.22
Gains from changes in fair values			2,200,000.00	330,000.00
Total	15,031,309.08	2,254,696.36	11,607,088.13	1,741,063.22

(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	2,254,696.36	89,730,936.02	1,741,063.22	80,721,419.29
Deferred tax liabilities	2,254,696.36		1,741,063.22	

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

In RMB

Item	Closing balance	Opening balance
Provision for impairment of assets	47,406,755.88	29,041,507.01
Unrealized profits for insider transactions	33,624,043.48	36,978,135.00
Estimated liabilities	18,872,846.92	6,015,569.62
Deferred income	3,000,000.01	231,492.83
Share-based payment expenses	3,180,261.29	11,982,368.41
Leases	1,557,490.63	1,726,120.92
Profit distribution from partnership enterprises	15,991.72	40,790.41
Provision for impairment of other equity instrument investments	4,900,000.00	4,900,000.00
Deductible losses	322,268,687.11	326,263,103.27

Total	434,826,077.04	417,179,087.47
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(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
2022		1,747,737.55	
2023	4,629,271.35	27,969,288.80	
2024	3,721,926.96	66,901,681.33	
2025	4,647,581.11	68,119,959.02	
2026	98,077,911.35	98,077,911.35	
2027	105,226,991.61		
No expiry date	105,965,004.73	63,446,525.22	
Total	322,268,687.11	326,263,103.27	/

Other information:

Applicable N/A

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	12,569,088.37		12,569,088.37	10,998,641.77		10,998,641.77
Total	12,569,088.37		12,569,088.37	10,998,641.77		10,998,641.77

Other information:

None

32. Short-term borrowings

(1). Categories of short-term borrowings

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Discounting of intra-group notes	30,000,000.00	
Guaranteed loans	39,500,000.00	5,560,000.00
Credit loans	60,000,000.00	2,468.61
Interest	89,634.03	8,409.50
Total	129,589,634.03	5,570,878.11

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
Commercial Acceptance Bill		
Bank acceptance bills	201,299,388.57	134,378,967.61
Total	201,299,388.57	134,378,967.61

Total notes payable matured but not paid yet is RMB 0 at the end of the period.

36. Accounts payable

(1). Presented by accounts payable

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Amounts payable for purchase	276,845,321.28	419,966,567.27
Total	276,845,321.28	419,966,567.27

(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	113,834,728.10	130,288,312.62
Total	113,834,728.10	130,288,312.62

(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.	10,898,637.24	Lease payments received in advance
Total	10,898,637.24	/

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	37,285,920.43	45,541,629.55
Total	37,285,920.43	45,541,629.55

(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	63,900,756.64	419,116,873.52	425,256,988.02	57,760,642.14
II. Post-employment benefits-defined contribution plan	186,233.66	18,210,519.24	18,226,521.00	170,231.90
III. Termination benefits	32,097.21	3,932,054.31	3,424,065.01	540,086.51
Total	64,119,087.51	441,259,447.07	446,907,574.03	58,470,960.55

(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	63,421,218.21	375,679,736.89	381,470,383.07	57,630,572.03
II. Staff welfare	291,000.00	8,553,263.64	8,844,263.64	
III. Social security contributions	122,585.37	13,213,217.48	13,227,953.14	107,849.71
Where: Medical insurance	117,296.06	12,505,129.93	12,519,860.65	102,565.34
Work injury insurance	5,272.33	426,593.08	426,598.02	5,267.39
Maternity insurance	16.98	281,494.47	281,494.47	16.98
IV. Housing funds		20,771,697.07	20,771,697.07	
V. Union running costs and employee education costs	65,953.06	898,958.44	942,691.10	22,220.40
Total	63,900,756.64	419,116,873.52	425,256,988.02	57,760,642.14

(3). Presented by defined contribution plan
 Applicable N/A

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	180,578.08	17,679,724.78	17,695,755.18	164,547.68
2. Unemployment insurance	5,655.58	530,794.46	530,765.82	5,684.22
Total	186,233.66	18,210,519.24	18,226,521.00	170,231.90

Other information:

Applicable N/A

40. Taxes payable

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	283,831.65	4,246,010.43
Enterprise income tax	1,329,891.54	11,889,909.01
Individual income tax	5,330,584.62	1,613,116.75
City maintenance and construction tax	461,779.38	552,264.60
Education surcharges	200,014.57	242,838.49
Local education surcharges	133,343.03	161,892.32
Stamp duty	521,340.60	832,145.97
Annual franchise right tax	11,933.84	8,012.66
Land use tax	49.67	
Total	8,272,768.90	19,546,190.23

Other information:

None

41. Other payables

Presented by items

Applicable N/A

In RMB

Item	Closing balance	Opening balance
Withholding	264,611.23	117,948.38
Deposits/margins	9,538,090.44	6,388,325.48
Withdrawals in advance	38,870,669.59	43,694,291.49
Temporary receipts payable	7,988,985.82	3,915,219.45
Total	56,662,357.08	54,115,784.80

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	264,611.23	117,948.38
Deposits/margins	9,538,090.44	6,388,325.48
Withdrawals in advance	38,870,669.59	43,694,291.49
Temporary receipts payable	7,988,985.82	3,915,219.45
Total	56,662,357.08	54,115,784.80

(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
Lease liabilities due within one year	30,342,348.86	18,770,827.17
Long-term borrowings due within one year	147,500,008.00	135,843,834.00
Interest payable	189,460.51	170,455.18
Total	178,031,817.37	154,785,116.35

Other information:

None

44. Other current liabilities

Description of other current liabilities

 Applicable N/A

In RMB		
Item	Closing balance	Opening balance
Rebates payable	25,168,744.15	
Taxes to be written off	3,013,395.69	2,756,287.89
Refund	201,468.53	16,804,816.23
Total	28,383,608.37	19,561,104.12

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
Guaranteed loans and loans against collateral	147,905,776.70	54,430,844.66
Guaranteed loans	255,299,986.00	313,799,994.00
Interest payable	514,779.75	404,775.98
Total	403,720,542.45	368,635,614.64

Description for categories of long-term borrowings:

None

Other description, including interest range:

Applicable N/A

46. Bonds payable

(1). Bonds payable

Applicable N/A

(2). Changes in bonds payable: (excluding other financial instruments such as 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
Unpaid lease payments	37,874,912.40	11,300,787.09
Less: Financing charges not recognized	3,555,628.17	511,434.40
Total	34,319,284.23	10,789,352.69

Other information:

None

48. Long-term payables

Presented by items

Applicable N/A

Other information:

Applicable N/A

Long-term payables

(1). Long-term payables presented by nature

Applicable N/A

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	35,744,039.63	49,871,884.36	Expenses for “three guarantees” services
Amounts payable for goods returned	684,649.31	6,591,998.51	
Total	36,428,688.94	56,463,882.87	

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
Asset-related government subsidies	924,464.60	7,000,000.00	2,018,478.03	5,905,986.57	The relevant asset is within its service life
Revenue-related government subsidies	9,342,517.48	2,562,700.00	9,159,781.79	2,745,435.69	Related costs, expenses, or losses after reimbursement
Total	10,266,982.08	9,562,700.00	11,178,259.82	8,651,422.26	/

Details of government subsidies

Item	Amount at the beginning of the period	Increased government grants for the current period	The current period is included in the profit and loss of the current period [Note]	Amount at the end of the period	Related to assets/income
Trichromatic Laser Display Complete Equipment Production Demonstration Line	8,679,443.32	1,596,800.00	8,416,642.17	1,859,601.15	Related to income
Key Technology of Trichromatic Laser Display Complete Equipment Industrialization		552,500.00		552,500.00	Related to income
Office renovation subsidies of Formovie (Chongqing)		4,000,000.00	999,999.99	3,000,000.01	Related to income
8K Ultra High Definition Laser Display Technology Engineering Research Center	924,464.60	3,000,000.00	1,018,478.04	2,905,986.56	Related to income
R&D of key technologies for ultra high-definition micro laser projector optical engine based on light-emitting ceramic	663,074.16		663,074.16		Related to income

Item	Amount at the beginning of the period	Increased government grants for the current period	The current period is included in the profit and loss of the current period [Note]	Amount at the end of the period	Related to assets/income
devices					
Research on 3-color laser light source and LCoS optical engine		413,400.00	80,065.46	333,334.54	Related to income
Subtotal	10,266,982.08	9,562,700.00	11,178,259.82	8,651,422.26	

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	4,350,637.00				4,350,637.00	457,107,538.00

Other information:

On July 7, 2022, the Company has received a total of RMB51,233,634.36 from 185 incentive recipients eligible for vesting under the 2021 Restricted Stock Incentive Plan, of which RMB2,881,497.00 is included in the share capital, RMB48,352,137.36 is included in the capital premium (equity premium), and other capital reserves of the capital reserve are carried forward to the capital premium (equity premium) of \$28,268,287.17. The matter has been verified by Pan-China Certified Public Accountants (Special General Partnership) and issued the *Capital Verification Report* (Pan-China Certified [2022] No.7-71).

On November 16, 2022, the Company has received a total of RMB25,364,702.10 from 138 incentive recipients eligible for vesting under the 2019 Restricted Stock Incentive Plan, of which RMB1,469,140.00 is included in the share capital, RMB23,895,562.10 is included in the capital premium (equity premium), and other capital reserves are carried forward to the capital premium (equity premium) of \$22,161,396.60. The matter has been verified by Pan-China Certified Public Accountants (Special General Partnership) and issued the *Capital Verification Report* (Pan-China Certified [2022] No.7-113).

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	122,677,383.23		1,363,879,803.31
Other capital reserve	159,402,716.57	57,899,279.93	50,429,683.77	166,872,312.73
Total	1,400,605,136.65	180,576,663.16	50,429,683.77	1,530,752,116.04

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

- 1) The increase in capital reserve equity premium in the current period is shown in VII.53 of Section 10.
- 2) Other Capital Reserve Decrease in the current Period is shown in VII.53 of Section 10.
- 3) Under the 2019 Restricted Stock Incentive Plan, the total share-based payment expenses for the current period are RMB3,637,104.10, of which RMB3,093,594.62 is included in capital reserve (other capital reserve) and RMB543,509.48 is attributable to minority interests.
- 4) On January 1, 2021, the Company granted restricted shares to the senior management of its subsidiaries with its shareholding platform shares, and the total share-based payment expenses for the current period were RMB4,206,150.00, of which the amount included in the capital reserve (other capital reserve) was RMB2,658,286.80 and the amount attributable to minority shareholders' interests was RMB1,547,863.20.
- 5) Under the 2021 Restricted Stock Incentive Plan, the total share-based payment expenses settled by equity in the current period are RMB8,159,307.91, of which the amount included in capital reserve (other capital reserve) is RMB7,707,408.90 and the amount attributable to minority shareholders' interests is RMB451,899.01.
- 6) For the second phase of the 2021 Restricted Stock Incentive Plan, the total share-based payment expenses settled by equity in the current period are RMB35,334,996.94, of which the amount included in the capital reserve (other capital reserve) is RMB35,020,906.86 and the amount attributable to minority shareholders' interests is RMB314,090.08.
- 7) On December 31, 2021, Shenzhen Fengye Investment Consulting Co., Ltd. (Limited Partnership), the employee shareholding platform of Formovie (Chongqing) Innovative Technology Co., Ltd., a subsidiary of the Company, deliberated and approved the *Resolution on the Equity Grant of Shares of Shenzhen Fengye Investment Consulting Co., Ltd. (Limited Partnership)*, and determined that December 31, 2021 would be the grant date, and the grant price will be RMB1 per share (each share corresponds to the registered capital of Formovie (Chongqing) RMB1). Shares of RMB1.5505 million were granted to 36 incentive recipients who met the grant conditions, of which RMB1,000,000 shares were granted at one time, and there are unlock terms for shares of RMB550,500, both will be apportioned during the term of service. The fair value of Chongqing Formovie's equity at the time of the above share payment grant is RMB11.40 per registered capital, the total share payment expense settled by equity in the current period is RMB1,172,259.77, the Company's recognized capital reserve (other capital reserve) is RMB459,408.60, and the amount attributable to minority shareholders' interests is RMB712,851.17.
- 8) Under the 2022 Restricted Stock Incentive Plan, the total amount of share-based payment expenses settled by equity for the current period is RMB8,134,803.20, of which the amount included in the capital reserve (other capital reserve) is RMB7,755,676.92 and the amount attributable to minority interests is RMB379,126.28.
- 9) On July 6, 2022, Shenzhen Fengye Investment Consulting Co., Ltd. (Limited Partnership), the employee shareholding platform of Formovie (Chongqing) Innovative Technology Co., Ltd., a subsidiary of the Company, deliberated and approved the *Resolution on the Equity Grant of Shares of Shenzhen Fengye Investment Consulting Co., Ltd. (Limited Partnership)*, and determined that July 6, 2022 would be the grant date, and the grant price will be RMB1 per share (each share corresponds to the registered capital of Formovie (Chongqing) RMB1). Shares of RMB1.92925 million were granted to 28 incentive recipients who met the grant conditions, of which RMB200 shares were granted at one time, and there are unlock terms for shares of RMB1.92905 million, both will be apportioned during the term of service. The fair value of Chongqing Formovie's equity at the time of the above share payment grant is RMB11.40 per registered

capital, the total share payment expense settled by equity in the current period is RMB2,451,886.78, of which the amount included in the capital reserve (other capital reserve) is RMB960,894.48, and the amount attributable to minority shareholders' interests is RMB1,490,992.30.

10) On July 7, 2022, Shenzhen Fengye Investment Consulting Co., Ltd. (Limited Partnership), the employee shareholding platform of Formovie (Chongqing) Innovative Technology Co., Ltd., a subsidiary of the Company, deliberated and approved the *Resolution on the Equity Grant of Shares of Shenzhen Fengye Investment Consulting Co., Ltd. (Limited Partnership)*, and determined that July 7, 2022 would be the grant date, and the grant price will be RMB3.42 per share (each share corresponds to the registered capital of Formovie (Chongqing) RMB1). Shares of RMB1.8005 million were granted to 92 incentive recipients who met the grant conditions, which will be apportioned during the term of service. The fair value of Chongqing Formovie's equity at the time of the above share payment grant is RMB11.40 per registered capital, the total share payment expense settled by equity in the current period is RMB1,738,208.53, the Company's recognized capital reserve (other capital reserve) is RMB681,203.92, and the amount attributable to minority shareholders' interests is RMB1,057,004.61.

11) On July 22, 2022, the Company granted restricted shares to the actual controller with its shareholding platform shares, the grant waiting period was 36 months, July 22, 2022 would be the grant date and the grant price was determined to be RMB4.30 per share, and the total share payment fee settled by equity in the current period was RMB2,442,416.06, of which the amount included in the capital reserve (other capital reserve) was RMB2,442,416.06.

12) On December 31, 2022, deferred tax assets were reduced by RMB6,596,129.37, capital reserve by \$6,393,859.31 and minority interests by \$202,270.06 as the fair price of share-based payments settled at the end of the previous period was lower than the fair value at the end of the previous period; deferred tax assets increased by RMB3,576,942.54 due to the fair price at the end of the newly granted equity incentive period being higher than the fair price on the grant date, while capital reserve was increased by RMB3,513,342.08, and the amount attributable to minority interests was RMB63,600.46, a total decrease of RMB2,880,517.23 and minority interests of RMB138,669.60.

56. Treasury shares

√ Applicable □ N/A

				In RMB
Item	Opening balance	Increase	Decrease	Closing balance
Treasury stock		19,377,297.59		19,377,297.59
Total		19,377,297.59		19,377,297.59

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

On March 18, 2022 and March 29, 2022, the Company held the ninth meeting of the second session of the Board of Directors and the first extraordinary General Meeting of Shareholders in 2022 respectively, and deliberated and approved the *Proposal on the Repurchase of the Company's Shares by Centralized Bidding Transaction*. As of December 31, 2022, the Company has repurchased a total of 900,000 shares through the trading system of the Shanghai Stock Exchange by centralized bidding transactions, accounting for 0.1969% of the Company's total share capital of 457,107,538 shares, and the Company has paid a cumulative total of RMB 19,377,297.59.

57. Other comprehensive income

√ Applicable □ N/A

In RMB

Item	Opening Balance	Amount incurred in the current period						Closing Balance
		Amount incurred for current period before tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Less: Income tax expenses	Attributable to 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
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
Changes in fair value of enterprises' own credit risks								
II. Other comprehensive income that will be reclassified to profit or loss	-11,940,512.60	16,517,950.48	-4,345,807.26			22,577,410.01	-1,713,652.27	10,636,897.41
Where: Other comprehensive income that will be reclassified to profit or loss under the equity method	-366,814.82	-17,159,592.50	-4,345,807.26			-12,813,785.24		-13,180,600.06
Changes in fair value of oth								

er debt investments								
Amount of financial assets reclassified to other comprehensive income								
Provision for credit impairment of other debt investments								
Reserve for cash flow hedges								
Exchange differences on translation of financial statements denominated in foreign currencies	-11,573,697.78	33,677,542.98				35,391,195.25	-1,713,652.27	23,817,497.47
Total other comprehensive income	-16,840,512.60	16,517,950.48	-4,345,807.26			22,577,410.01	-1,713,652.27	5,736,897.41

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	56,265,868.31	19,253,913.75		75,519,782.06
Total	56,265,868.31	19,253,913.75		75,519,782.06

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.

60. Undistributed profits
 Applicable N/A

In RMB

Item	Current period	Prior period
Retained profits at the end of prior period before adjustment	545,277,188.08	357,793,891.96
Total adjusted undistributed profits at the beginning of the period (Add: +; Less: -)		9,346.56
Retained profits at the beginning of the period after adjustment	545,277,188.08	357,803,238.52
Add: Net profit attributable to owners of the parent company for the period	119,440,773.77	233,364,344.09
Less: Appropriation to statutory surplus reserve	19,253,913.75	20,988,764.97
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Declaration of dividends on ordinary shares	47,539,596.43	24,901,629.56
Conversion of ordinary shares' dividends into share capital		
Retained profits at the end of the period	597,924,451.67	545,277,188.08

On May 25, 2022, the Company's 2021 annual General Meeting of Shareholders deliberated and approved the *Proposal on the Company's <2021 Profit Distribution Plan>*, the Company distributed profits in 2021 were based on the total share capital registered on the record date of the implementation of equity distribution, and all shareholders were distributed a cash dividend of RMB1.05 (tax inclusive) for every 10 shares, totaling RMB47,539,596.43.

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

- As a result of the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, undistributed profits at the beginning of the period were affected by RMB 0.
- Retained profits at the beginning of the period were affected by RMB 0.00 due to changes in accounting policies.
- Retained profits at the beginning of the period were affected by RMB 0.00 due to the correction of significant accounting errors.
- Retained profits at the beginning of the period were affected by RMB 0.00 due to changes in the scope of consolidation resulting from business combination involving entities under common control.
- Retained profits at the beginning of the period were affected by RMB 0.00 in total due to other adjustments.

61. Operating income and operating costs
(1). Description of operating income and operating costs
 Applicable N/A

In RMB

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Main business	2,541,144,635.15	1,711,732,842.88	2,498,228,401.78	1,651,089,557.25

other business				
Total	2,541,144,635.15	1,711,732,842.88	2,498,228,401.78	1,651,089,557.25

(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:

1) Revenue generated by contracts with customers is decomposed by type of goods or services

Item	Amount of the current period		Amount of the prior period	
	Income	Cost	Income	Cost
Laser optical engine	520,281,404.32	295,829,647.10	288,813,218.37	144,202,411.53
Complete laser projector	1,519,665,232.93	1,096,198,242.48	1,708,041,893.50	1,257,091,802.95
Others	232,214,129.93	182,288,882.58	140,751,281.09	106,666,550.86
Subtotal	2,272,160,767.18	1,574,316,772.16	2,137,606,392.96	1,507,960,765.34

2) Revenue generated by contracts with customers is decomposed by region of operation

Item	Amount of the current period		Amount of the prior period	
	Income	Cost	Income	Cost
Domestic	1,851,285,848.51	1,334,322,648.71	1,957,925,457.54	1,410,776,285.94
Overseas	420,874,918.67	239,994,123.45	179,680,935.42	97,184,479.40
Subtotal	2,272,160,767.18	1,574,316,772.16	2,137,606,392.96	1,507,960,765.34

3) Revenue generated by contracts with customers is decomposed by transfer time of goods or services

Item	Amount of the current period	Amount of the prior period
Revenue recognized at a time point	2,267,893,396.00	2,134,111,664.03
Revenue recognized for a period of time	4,267,371.18	3,494,728.93
Subtotal	2,272,160,767.18	2,137,606,392.96

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	4,982,220.93	2,999,186.97
Stamp duty	2,282,867.63	3,556,088.99
Education surcharges	2,272,337.58	1,301,614.24
Local education surcharges	1,512,827.33	872,293.37
Others	61,600.28	47,675.22
Total	11,111,853.75	8,776,858.79

Other information:

None

63. Selling expenses
 Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Marketing fees	155,052,797.28	103,844,070.52
Employee benefits	95,370,627.26	81,119,249.58
After-sale repair expenses	30,700,760.47	18,604,120.04
Service fees	20,184,607.48	16,509,511.98
Travel expenses	3,678,494.64	4,223,301.47
Advertising and business promotion expenses	3,434,485.14	5,940,168.90
Business entertainment expenses	2,055,070.35	2,792,164.38
Other expenses	24,282,116.24	19,821,516.44
Total	334,758,958.86	252,854,103.31

Other information:

None

64. Administration expenses
 Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	76,535,958.03	69,177,011.83
Share-based payment expenses	67,301,038.25	63,345,172.32
Service fees	22,895,043.04	24,034,440.59
Depreciation and amortization expenses	12,347,668.44	11,240,594.44
Rent expense	4,269,462.94	6,437,051.98
Travel expenses	1,028,151.56	1,042,924.39
Other expenses	9,177,454.15	12,656,221.72
Total	193,554,776.41	187,933,417.27

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	169,930,447.89	147,610,747.09
Material consumption expenses	32,490,686.41	24,805,748.98

Depreciation and amortization expenses	16,252,595.10	12,249,517.10
Consignment development fee	12,203,894.80	6,877,634.95
Testing expenses	9,111,031.05	8,458,772.06
Service fees	9,079,992.43	10,781,054.58
Rent expense	3,197,103.71	6,954,468.80
Other expenses	9,842,654.51	18,964,280.73
Total	262,108,405.90	236,702,224.29

Other information:

None

66. Financial expenses

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	24,819,665.70	17,079,723.61
Less: Interest income	-17,711,130.51	-17,645,299.09
Exchange profit or loss	-18,635,082.11	465,827.17
Bank service charges	2,363,941.13	1,400,128.67
Total	-9,162,605.79	1,300,380.36

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 【Note】	2,018,478.03	774,722.75
Government grants related to income 【Note】	29,450,697.47	40,616,103.23
Refund of transaction fees for withholding individual income taxes	364,144.36	576,787.99
Additional deduction of input VAT	2,116,166.02	4,179,604.21
Total	33,949,485.88	46,147,218.18

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	-3,244,838.52	22,856,529.68
Investment income from the disposal of long-term equity investments	-4,700,290.90	
Income from investments in trading financial assets during the holding period	200,000.00	
Investment income from disposal of held-for-trading financial assets	12,637,561.73	9,785,727.49
Proceeds from debt restructuring	-912,618.35	
Fees for acquiring held-for-trading financial assets		-8,750.05
Total	3,979,813.96	32,633,507.12

Other information:

None

69. Income from net exposure hedges
 Applicable N/A

70. Gains from changes in fair values
 Applicable N/A

In RMB

of gains from changes in fair values	Amount for the current period	Amount for the prior period
Held-for-trading financial assets	-3,320,000.00	2,200,000.00
Compensation for performance commitment		37,927,764.00
Total	-3,320,000.00	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	-52,530.78	81,038.20
Impairment losses of account receivable	-6,838,360.54	-4,920,605.15
Impairment losses of other receivables	312,921.68	-481,845.13
Impairment losses of long-term receivables	-1,910,252.02	-1,440,479.21
Impairment losses of non-current assets due within one year	-1,769,753.84	-47,400.00
Total	-10,257,975.50	-6,809,291.29

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	558,558.71	-140,603.54
II. Losses of decline in value of inventories and losses of contract performance cost	-47,982,178.29	-32,806,562.15
III. Impairment losses of long-term equity investments		
IV. Impairment losses of investment properties		
V. Impairment losses of fixed assets	-810,398.00	-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		
Total	-48,234,017.58	-36,946,167.95

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	229,000.28	2,967,788.29
Total	229,000.28	2,967,788.29

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	16,000,000.00	51,500,000.00	16,000,000.00
Amounts not required for payment	328,200.61	102,168.27	328,200.61
Indemnity	240,500.00	916,875.85	240,500.00
Others	21,147.05	109,117.96	21,147.05
Total	16,589,847.66	52,628,162.08	16,589,847.66

Other information:

 Applicable N/A

The details of government subsidies included in non-operating income in the current period are described in VII.84 of Section 10.

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
Losses from damage and retirement of non-current assets	1,197,282.81	1,530,253.26	1,197,282.81
External donations	1,089,957.64		1,089,957.64
Penalties and overdue fines	155,485.93	27,996.72	155,485.93
Others	23,819.28	234,834.67	23,819.28
Total	2,466,545.66	1,793,084.65	2,466,545.66

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	8,699,918.08	44,120,143.66
Deferred income tax expenses	-12,028,703.56	22,872,795.49
Total	-3,328,785.48	66,992,939.15

(2). Reconciliation of income tax expenses to the accounting profit
 Applicable N/A

In RMB

Item	Amount for the current period
Total profit	27,510,012.18
Income tax expense calculated based on statutory/applicable tax rate	4,126,501.82
Effect of different tax rates of subsidiaries operating in other jurisdictions	-12,562,905.54
Effect of income tax for the period before adjustment	-459,433.29
Effect of non-taxable income	1,095,827.73
Effect of non-deductible cost, expense and loss	1,118,990.58
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-24,167,260.40
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	43,019,125.21
Change in the balance of opening deferred tax assets caused by tax rate adjustment	
Effect of additional deduction of R&D expenses	-22,852,386.25
Impact of the disability placement super deduction	-5,247.00
Impact of share-based payments	7,358,001.66
Income tax expenses	-3,328,785.48

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	16,993,587.49	16,675,246.67
Government grants	38,614,415.12	79,816,846.91
Recovery of security deposits	77,288,005.93	68,674,714.21
Non-operating income	261,637.05	1,025,993.81

Other transaction accounts	20,338,471.73	18,757,498.53
Total	153,496,117.32	184,950,300.13

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	307,076,015.18	247,909,819.98
Non-operating expenses	168,267.66	57,390.87
Payment of security deposits	115,495,390.45	80,571,144.80
Frozen capital	1,111,255.79	
Service charges	2,363,931.13	1,400,128.67
Other transaction accounts	2,067,145.29	23,458,519.21
Total	428,282,005.50	353,397,003.53

Description of other cash payments relating to operating activities:

None

(3). Other cash receipts relating to investing activities

Applicable N/A

In RMB

Item	Amount for the current period	Amount for the prior period
Compensation for the performance of associated enterprises	8,004,240.00	
Total	8,004,240.00	

Description of other cash payments relating to operating activities:

None

(4). Other cash payments relating to investing activities

Applicable N/A

(5). Other cash receipts relating to financing activities

Applicable N/A

(6). (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	30,266,176.69	27,871,604.50
Repayment of shareholder loans		19,399,427.00
Share repurchase	19,377,297.59	
Total	49,643,474.28	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	30,838,797.66	221,534,817.14
Add: Provision for impairment of assets	48,234,017.58	36,946,167.95
Losses of credit impairment	10,257,975.50	6,809,291.29
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	123,188,901.13	108,667,338.81
Amortization of right-of-use assets	27,109,595.46	20,139,276.53
Amortization of intangible assets	3,472,505.47	4,446,633.19
Amortization of long-term prepaid expenses	7,015,722.76	7,417,067.12
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “—”)	-229,000.28	-2,967,788.29
Losses on retirement of fixed assets (gains are indicated by “—”)	1,197,282.81	1,703,522.36
Losses on changes in fair values (gains are indicated by “—”)	3,320,000.00	-40,127,764.00
Financial expenses (income is indicated by “—”)	6,184,583.59	18,410,475.23
Investment losses (income is indicated by “—”)	-3,979,813.96	-32,633,507.12
Decrease in deferred tax assets (increase is indicated by “-”)	-12,028,703.56	22,549,119.12
Increase in deferred tax liabilities (decrease is indicated by “-”)		
Decrease in inventories (increase is indicated by “—”)	-186,369,538.60	-490,401,076.50
Decrease in receivables from operating activities (increase is indicated by “—”)	123,322,744.93	-187,600,139.59
Increase in payables from operating activities (decrease is indicated by “-”)	-82,663,652.87	289,551,990.78
Others	78,479,298.07	73,891,802.82
Net cash flow from operating activities	177,350,715.69	58,337,226.84
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	1,254,582,403.12	891,195,166.73
Less: Opening balance of cash	891,195,166.73	983,525,089.44
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	363,387,236.39	-92,329,922.71

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

(3). Net cash receipts from disposal of subsidiaries for the current period
 Applicable N/A

(4). Composition of cash and cash equivalents
 Applicable N/A

In RMB

Item	Closing balance	Opening balance
I. Cash	1,254,582,403.12	891,195,166.73
Where: Cash on hand	5,479.42	5,680.24
Bank deposits that can be paid at anytime	1,241,921,379.19	883,906,202.81

Other monetary funds that can be paid at anytime	12,655,544.51	7,283,283.68
Deposits in the central bank that can be used for payments		
Deposits made with other banks		
Placements with banks		
II. Cash equivalents		
Where: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	1,254,582,403.12	891,195,166.73
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	60,141,839.19	Margins
Bank deposits	40,000,000.00	Term deposits
Bank deposits	1,111,250.50	Accounts with restricted payments
Bank deposits	46,710.53	Interests provided
Bank deposits	5.29	Accounts not handling for a long time
Intangible assets	281,035,499.82	Mortgage collateral
Total	382,335,305.33	

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			398,107,724.32
Where: USD	56,311,077.58	6.9646	392,184,130.91
ECU	83,555.33	7.4229	620,222.70
HKD	5,885,221.72	0.8933	5,257,107.54
AUD	1,092.73	4.7138	5,150.88
CAD	1,658.12	5.1385	8,520.28
GBP	576.18	8.3941	4,836.52
VND	94,086,396.00	0.0003	27,755.49
Accounts receivable			74,312,826.49
Where: USD	10,670,078.18	6.9646	74,312,826.49
Accounts payable			63,894,296.41
Where: USD	9,164,594.97	6.9646	63,827,738.10
JPY	1,271,215.68	0.0524	66,558.31

Other information:

None

(2). Description of overseas operating entities, including significant overseas operating entities, of which the major operation place, functional currency and choosing basis as well as the reason for change of functional currency should be disclosed

√ Applicable □ N/A

Item	Major overseas operation place	Functional currency	Basis of choice
Appotronics Hong Kong Limited	Hong Kong	USD	Common currency
Appotronics USA, Inc.	USA	USD	Local currency
JoveAI Limited	Cayman Islands	USD	Common currency
JoveAI Innovation, Inc.	USA	USD	Local currency
Formovie Technology TECHNOLOGY INC	USA	USD	Local currency
Formovie Technology LIMITED	Hong Kong	USD	Common currency
JoveAI Asia Company Limited	Vietnam	VND	Local currency
WEMAX LLC	USA	USD	Local currency
HONGKONG ORANGE JUICE ENERGY TECHNOLOGY CO., LIMITED	Hong Kong	USD	Common currency
Wemax Inc	USA	USD	Local currency
Appotronics International Limited	Hong Kong	USD	Common currency

83. Hedge

□ Applicable √ N/A

84. Government grants

(1). Basic information of government grants

√ Applicable □ N/A

In RMB

Category	Amount	Item presented	Amount recognized in current profit or loss
Asset-related government subsidies	7,000,000.00	Other income	2,018,478.03
Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods	2,562,700.00	Other income	9,159,781.79
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	16,000,000.00	Non-operating income	16,000,000.00
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	20,290,915.68	Other income	20,290,915.68
Fiscal discounts	70,200.00	Financial cost	70,200.00

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	924,464.60	3,000,000.00	1,018,478.04	2,905,986.56	Other income	<i>Project Contract of 8K Ultra High Definition Laser Display Technology Engineering Research Center (XMHT20190101023), Development and Reform Commission of Shenzhen</i>
Office renovation subsidies of Formovie (Chongqing)		4,000,000.00	999,999.99	3,000,000.01	Other income	<i>Chongqing Liangjiang New Area Management Committee Investment Agreement (LJCY-2020-023 — TZ)</i>
Subtotal	924,464.60	7,000,000.00	2,018,478.03	5,905,986.57		

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
Trichromatic Laser Display Complete Equipment Production Demonstration Line	8,679,443.32	1,596,800.00	8,416,642.17	1,859,601.15	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		552,500.00		552,500.00	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 definition micro laser projector optical engine based on light-emitting ceramic devices	663,074.16		663,074.16		Other income	<i>Project Application for Technology Breakthrough under Shenzhen Innovation and Entrepreneurship Plan(20201026191136001),the Science,Technology, and Innovation Commission of Shenzhen</i>
Research on 3-color laser light source and LCoS optical		413,400.00	80,065.46	333,334.54	Other income	<i>High-tech Research and Development Center of the Ministry of Science and Technology Notice on the 2021 Annual Project Approval of the</i>

engine						<i>New Display and Strategic Electronic Materials Key Project of the National Key R&D Plan (Guo Ke Gao Fa Ji [2021] No. 53)</i>
Subtotal	9,342,517.48	2,562,700.00	9,159,781.79	2,745,435.69		

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
Liangjiang Finance Bureau Project Support Fund - settled for one year	16,000,000.00	Non-operating income	<i>Investment Agreement with Chongqing Liangjiang New Area Administration Commission (LJCY-2020-023 — TZ)</i>
Refunds of value-added taxes	7,309,400.56	Other income	<i>Ministry of Finance State Administration of Taxation Notice on VAT Policy for Software Products (Cai Shui [2011] No.100)</i>
Propaganda Department of Beijing Shunyi District Committee of the Communist Party of China-Cultural Industry Subsidy	2,485,400.00	Other income	<i>Announcement of the Publicity Department of the Shunyi District Party Committee on the Open Call for Special Fund Support Projects for the Development of Cultural Industry in Shunyi District in 2021</i>
Shenzhen Bureau of Industry and Information Technology Industrial Enterprises Expansion Capacity Incentive Project	2,200,000.00	Other income	<i>Shenzhen Bureau of Industry and Information Technology Several Measures on Promoting the High-quality Development of Manufacturing Industry and Unswervingly Building a Strong Manufacturing City (Shen Fu Gui [2021] No.1), Support for Industrial Enterprises to Expand Production and Increase Efficiency by Shenzhen Bureau of Industry and Information Technology Program Operating Procedures (Shen Gong Xin Gui [2022] No.2)</i>
Special fund for the development of cultural industry of Shenzhen Municipal Bureau of Culture, Radio, Television, Tourism and Sports	1,480,000.00	Other income	<i>Municipal Bureau of Culture, Radio, Television, Tourism and Sports Notice on Announcing the Second Batch of Projects Proposed to be Funded by the Special Fund for the Development of the Municipal Cultural Industry in 2021</i>
Shenzhen Nanshan District Science and Technology Innovation Bureau Enterprise R&D Investment Support Program	1,000,000.00	Other income	<i>Nanshan District Independent Innovation Industry Development Special Fund Leading Group Office Nanshan District Independent Innovation Industry Development Special Fund 2022 Seventh Meeting to Review the Funding List Publicity</i>
The "Fourth Above" cultural industry on the enterprise revenue growth reward	1,000,000.00	Other income	<i>Nanshan District Special Fund for Promoting High-quality Industrial Development Leading Group Office Nanshan District Special Fund for Promoting High-quality Industrial Development 2022 Ninth Meeting to Review the Funding List Publicity</i>
Job stabilization subsidy	970,883.08	Other income	

Shenzhen Nanshan District Science and Technology Innovation Bureau Nanshan Park 2022 Shenzhen High-tech Zone Development Special Plan Science and Technology Enterprise Cultivation Project	500,000.00	Other income	Nanshan District Independent Innovation Industry Development Special Fund Leading Group Office <i>Nanshan District Independent Innovation Industry Development Special Fund 2022 Ninth Meeting to Review the Funding List Publicity</i>
Shenzhen Municipal Administration for Market Supervision promoting high-quality economic development in 2022	400,000.00	Other income	Guangdong Provincial Administration for Market Regulation <i>Allocation Plan of Special Funds for Promoting High-quality Economic Development in 2022 (Third Batch)</i>
Talent housing subsidies	370,000.00	Other income	Shenzhen Nanshan District Housing and Construction Bureau <i>Nanshan District 2022 Talent Housing Subsidies Agreement</i>
Beijing Municipal Office for the Supervision and Administration of State-owned Cultural Assets - Investment and Loan Award Fund	329,529.38	Other income	<i>Notice on Centralized Review of Beijing Cultural Industry "Investment and Loan Award" Support Fund Application Projects</i>
Shenzhen Nanshan District Science and Technology Innovation Bureau High-tech Zone Development Special Plan - Science and Technology Enterprise Cultivation Project	250,000.00	Other income	Nanshan District Independent Innovation Industry Development Special Fund Leading Group Office <i>Nanshan District Independent Innovation Industry Development Special Fund 2022 Ninth Meeting to Review the Funding List Publicity</i>
Maternity allowance	242,400.99	Other income	
Shenzhen Nanshan District Science and Technology Innovation Bureau Enterprise R&D Investment Support Program & Science and Technology Award Support Program	200,000.00	Other income	Nanshan District Science and Technology Innovation Bureau <i>Notice on Application for 2022 Nanshan District Science and Technology Award Support Program Project</i>
In the first half of 2022, the output value exceeded 100 million subsidies	200,000.00	Other income	Chongqing Liangjiang New Area Management Committee <i><Liangjiang New Area Stabilizes the Economic Market 20 Policy Measures> Yuliangjiang Guanfa [2022] No. 16 Yuliangjiang Guanfa [2022] No. 16</i>
Other	1,353,301.67	Other income	
Subtotal	36,290,915.68		

4) Fiscal discount
Financial discounts directly received by the Company

Item	Opening deferred income	Increase	Amortization	Closing deferred income	Amortization on Item presented	Description
Fiscal discount		70,200.00	70,200.00		Financial cost	
Subtotal		70,200.00	70,200.00			

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

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

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
Weiwoqi Trading Co.,Ltd	Business combinations that are not under common control	2022.06.15		33.31%
Hongkong Orange Juice Energy Technology Co.,Limited	Found	2022.03.15		33.31%
Wemax INC	Found	2022.03.19		33.31%
Yaoyouguang (Chongqing) Technology Co., Ltd.	Found	2022.10.28		39.19%
Appotronics International Limited	Found	2022.04.26		100.00%
Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd	Found	2022.08.17		100.00%

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	100.00		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	100.00		Establishment
Shenzhen Appotronics Software Technology Co., Ltd.	Shenzhen	Shenzhen	Technology development and sales of computer software and hardware	100.00		Establishment
Shenzhen Appotronics Display Device Co., Ltd.	Shenzhen	Shenzhen	Technology development, sales, and technology services for Display products; import and export business	100.00		Establishment
WEMAX LLC	USA	USA	Sales of laser equipment		100.00	Establishment
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	Shenzhen	Shenzhen	Development, consultation and transfer of laser display technology	100.00		Establishment
Shenzhen Appotronics Home Line Technology Co., Ltd.	Shenzhen	Shenzhen	Software development related to Semiconductor optoelectronic products	100.00		Establishment
Shenzhen Appotronics Laser Technology Co., Ltd.	Shenzhen	Shenzhen	Software development for Semiconductor optoelectronic devices	100.00		Establishment
Tianjin Bonian Film Partnership (LP)	Tianjin	Tianjin	No specific business conducted	99.00	1.00	Business combination not involving enterprises under Common control
Beijing Dongfang Guangfeng Technology Co., Ltd.	Beijing	Beijing	Technology promotion; computer systems, application software services	59.00		Establishment
Qingda Appotronics(Xiamen)Technology Co.,Ltd.	Shenzhen	Xiamen	Information technology consulting services	51.00		Establishment
Formovie (Chongqing) Innovative Technology Co., Ltd..	Chongqing	Chongqing	Technology and software development	39.19		Establishment
Fengmi (Beijing) Technology Co., Ltd.	Beijing	Beijing	Technology and software development		39.19	Establishment
Chongqing Guangbo Ecommerce Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	Establishment

Chongqing Ewei Ecommerce Co., Ltd	Chongqing	Chongqing	No specific business conducted		39.19	Establishment
Shenzhen Orange Juice Energy Technology Co., Ltd..	Shenzhen	Shenzhen	Technology and software development		33.31	Establishment
Hongkong Orange Juice Energy Technology Co.,Limited	Hong Kong	Hong Kong	Engaging in import and export business		33.31	Establishment
Wemax INC	USA	USA	Engaging in import and export business		33.31	Establishment
Weiwoqi Trading Co.,Ltd	Chongqing	Shenzhen	No specific business conducted		33.31	Business combination involving enterprises Under common control
Yaoyouguang (Chongqing) Technology Co., Ltd.	Chongqing	Chongqing	No specific business conducted		39.19	Establishment
Formovie Limited	Hong Kong	Hong Kong	No specific business conducted		39.19	Business combination involving enterprises Under common control
FORMOVIE TECHNOLOGY INC	USA	USA	No specific business conducted		39.19	Establishment
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Beijing	Beijing	Research and development, production,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	HongKong	HongKong	Production, research, and development of semiconductor optoelectronic products, sales and consulting, investment and video content value-added services	100.00		Establishment
Appotronics USA, Inc.	USA	USA	R&D,manufacture and sales of semiconductor optoelectronic products		100.00	Business combination involving enterprises under common control
JoveAI Limited	Cayman Islands	Cayman Islands	No specific business conducted		64.29	Establishment
JoveAI Innovation,Inc.	USA	USA	R&D of laser display software system		64.29	Establishment
JoveAI Asia Company Limited	Vietnam	Vietnam	Technology research and development of projection equipment, screen and electronic computer		64.29	Establishment
Appotronics International Limited	Hong Kong	Hong Kong	No specific business conducted	100.00		Establishment
Appotronics Intelligent Manufacturing (Shenzhen) Co., Ltd	Shenzhen	Shenzhen	No specific business conducted	100.00		Establishment

Description of the difference between the proportion of shareholding and the proportion of voting rights in a subsidiary:
None

Basis for holding half or less of the voting rights but still controlling the investee entity, and holding more than half of the voting rights but not controlling the investee entity:

Fengmi (Beijing) Technology Co., Ltd., FORMOVIE TECHNOLOGY INC, Formovie Limited, Chongqing Ewei Ecommerce Co., Ltd., Chongqing Guangbo Ecommerce Co., Ltd. And Youguang (Chongqing) Technology Co., Ltd. are wholly-owned subsidiaries of Formovie (Chongqing) Innovative Technology Co., Ltd., Hongkong Orange Juice Energy Technology Co., Limited and Wemax INC and Shenzhen Weiwoqi Trading Co., Ltd. are wholly-owned subsidiaries of Shenzhen Orange Juice Energy Technology Co., Ltd., a holding subsidiary of Formovie (Chongqing) Innovation Technology Co., Ltd. The Company and its concerted actor, Shenzhen Fengye Investment Consulting CO., Ltd. (Limited Partnership), hold a total of 53.6250% of the voting rights of Formovie (Chongqing) Innovation Technology Co., Ltd., and exercise the voting rights according to the Company's opinions, and the voting rights enjoyed by it are sufficient to have a significant impact on the resolution of the shareholders' meeting of Formovie (Chongqing) Innovation Technology Co., Ltd., and the company is the controlling shareholder of Formovie (Chongqing) Innovation 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
Formovie (Chongqing) Innovative Technology Co., Ltd.	60.81%	-89,903,579.23		-51,779,781.03
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	36.80%	4,244,718.72	7,360,000.00	157,774,797.34

Description of the difference between the proportion of shareholding by minority shareholders and them proportion of voting rights in a subsidiary:

Applicable N/A

Other information:

Applicable N/A

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

Applicable N/A

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
Formovie (Chongqing) Innovative Technology Co., Ltd.	870,880,711.77	71,218,934.56	942,099,646.33	784,282,176.85	237,089,010.02	1,021,371,186.87	923,415,138.40	42,178,494.73	965,593,633.13	735,633,264.62	172,919,867.39	908,553,132.01
CINEAPP O Laser Cinema Technology (Beijing) Co., Ltd	232,475,415.87	618,725,733.60	851,201,149.47	365,867,128.59	56,598,158.55	422,465,287.14	231,461,535.13	738,260,940.26	969,722,475.39	377,533,503.17	161,248,165.77	538,781,668.94

Subsidiaries	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
(Chongqing) Innovative Technology Co., Ltd.	1,159,333,169.54	-142,170,472.45	-142,961,861.45	23,462,596.37	1,138,441,956.97	-81,383,767.63	-81,383,767.63	-171,445,331.62
CINEAPPO Technology (Beijing) Co., Ltd. Laser Cinema	336,829,075.51	11,534,561.75	11,534,561.75	74,757,387.05	477,001,950.71	93,833,386.89	93,833,386.89	101,026,487.30

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

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

(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	552,730,874.23	648,413,809.69
Non-current assets	52,568,431.68	53,380,720.39
Total assets	605,299,305.91	701,794,530.08

Current liabilities	240,966,036.37	458,123,239.33
Non-current liabilities	172,710,379.48	25,008,058.43
Total liabilities	413,676,415.85	483,131,297.76
Minority interests		
Interests attributable to shareholders of the parent company	191,622,890.06	218,663,232.32
Share of net assets calculated based on shareholding ratio	84,314,071.63	96,211,822.22
Adjustment		
--Goodwill	77,772,341.43	77,772,341.43
--Unrealized profits for insider transactions	-797,530.34	-1,251,565.03
--Others		
Carrying amount of equity investments in associates	162,394,917.57	166,676,657.87
Fair values of equity investments in associates having publicly quoted prices		
Operating income	273,268,222.10	299,867,319.42
Net profit	-14,340,503.11	55,000,205.18
Net profit of discontinued operations		
Other comprehensive income	-30,900,188.42	1,876,677.39
Total comprehensive income	-45,240,691.53	56,876,882.57
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
Total amounts calculated based on shareholding proportions		
--Net profit	-1,207,240.33	1,632,357.09
--Other comprehensive income	-3,563,510.66	-3,043,782.40
--Total comprehensive income	-4,770,750.99	-1,411,425.31

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, 2022, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 56.87% of the total balance of accounts receivable (December 31, 2021: 67.07%). The Company held no collateral or other credit ranking measures for the balance of accounts receivable.

The maximum exposure to the Company is the carrying amount of each financial asset in the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk that the Company is in shortage of funds in performing obligations that are settled by delivering cash or another financial asset. Liquidity risk may arise from an inability to sell a financial asset at fair value as soon as possible, a counterparty's inability to pay its contractual liabilities, the accelerated maturity of liabilities, or an inability to generate expected cash flows.

In order to control this risk, the Company balances the continuity and flexibility of financing by using various financing measures such as notes settlement and bank loans comprehensively and adopting both long-term and short-term financing methods to optimize the financing structure. The Company has received credit facilities from a number of commercial banks to satisfy its working capital requirements and capital expenditures.

Financial liabilities classified by remaining maturity dates

Item	Closing balance				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	680,999,644.99	741,583,550.58	294,187,405.68	302,318,773.93	145,077,370.97
Notes payable	201,299,388.57	201,299,388.57	201,299,388.57		

Item	Closing balance				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Accounts payable	276,845,321.28	276,845,321.28	276,845,321.28		
Other payables	56,662,357.08	56,662,357.08	56,662,357.08		
Lease liabilities	64,661,633.09	68,598,988.87	30,342,348.86	38,256,640.01	
Subtotal	1,280,468,345.01	1,344,989,606.38	859,336,821.47	340,575,413.94	145,077,370.97

(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	510,220,781.93	565,970,499.86	161,846,571.44	335,211,636.92	68,912,291.50
Notes payable	134,378,967.61	134,378,967.61	134,378,967.61		
Accounts payable	419,966,567.27	419,966,567.27	419,966,567.27		
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	1,148,242,281.47	1,205,419,244.23	789,994,528.72	345,936,699.74	69,488,015.77

(III) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly includes interest rate risk and currency risk.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of fair value interest rate due to financial instruments with a fixed interest rate and to the risk of cash 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, 2022, the principal of the Company's floating-rate interest-bearing bank borrowings amounted to RMB 650,205,770.70 (December 31, 2021: RMB 509,637,141.27). On the basis of the assumption that the interest rate has changed 10 basic points, where all other variables are held constant, it will bring no material impacts on the Company's total profits and shareholders' equity.

2. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with the Company's monetary assets and liabilities dominated in foreign currencies. If the monetary assets and liabilities dominated in foreign currencies are imbalanced in a short time, the Company will purchase and sell foreign currencies at the market exchange rate to keep the net risk exposure acceptable.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies 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	Fair value at the end of the period			
	First level fair value measurement	First level fair value measurement	First level fair value measurement	Total
I. Continuous fair value measurement				
(I) Held-for-trading financial assets		322,880,000.00	30,000,000.00	352,880,000.00
1. Financial assets at fair value through profit or loss		322,880,000.00	30,000,000.00	352,880,000.00
(1) Investment in debt instrument				
(2) Investment in equity instrument		12,880,000.00	30,000,000.00	42,880,000.00
(3) Derivative financial assets				
(4) Structural deposits		310,000,000.00		310,000,000.00
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			4,279,041.00	4,279,041.00
Total assets continuously measured at fair value		322,880,000.00	41,354,460.38	364,234,460.38
(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.

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

4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

Applicable N/A

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

5. Reconciliation between opening and closing 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 万元	17.45	17.45

Description of the parent company of the Company
None

The ultimate controlling party of the Company is LI Yi.

Other information:

None

2. Subsidiaries of the Company

Refer to the 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.3 of Section X for details about the associates of the Company

Details of other joint ventures or associates having related-party transactions and balances with the Company in the period or in prior periods:

 Applicable N/A

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
CINIONIC and its affiliates	Shareholding companies
Shenzhen Zhongguang Industrial Technology Research Institute	The same actual controller

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	424,778.76	5,723,460.99
Beijing Donview Education Technology Co., Ltd. and its affiliates	Service	3,539.62	14,070.79
Shenzhen YLX Technology Development Co., Ltd.	Electronic components and services	2,720,265.30	1,160,549.59
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Electronic components and services	146,622,541.76	244,815,868.46
CFEC and its affiliates	Power supply, water cooling and services	20,715,146.16	47,318,159.54
WeCast and its affiliates	Electronic equipment and services	188,016.24	241,371.26
Shenzhen Zhongguang Industrial Technology Research Institute	Service	23,584.90	
Subtotal		170,697,872.74	299,273,480.63

Sales of goods/rendering of services

Applicable N/A

Related party	Subject matter	In RMB	
		Amount for the current period	Amount for the prior period
GDC Technology Limited (BVI) and its affiliates	Cinema projector, spare parts, and software	11,155,919.47	9,973,463.25
WeCast and its affiliates	Laser TV, smart mini projector	-5,780,412.26	17,132,902.25
Beijing Donview Education Technology Co., Ltd. and its affiliates	Laser business education projector	1,940,644.07	4,536,140.66
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Laser TV, smart mini projector	393,149,841.49	592,774,055.44
CFEC and its affiliates	Laser digital cinema projector, laser light source, lease services	29,790,770.70	74,259,971.78
CINIONIC and its affiliates	Laser light source	94,280,931.42	32,361,780.86
YLX Incorporated	Accessory	3,338,508.67	
Subtotal		527,876,203.56	731,038,314.24

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	Simplified handling of rental costs for short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities incurred		Increased right-of-use assets	
		Current occurrence amount	Previous occurrence amount	Current occurrence amount	Previous occurrence amount	Current occurrence amount	Previous occurrence amount	Current occurrence amount	Previous occurrence amount	Current occurrence amount	Previous occurrence amount
CFEC and its affiliates	Property lease	227,735.01	662,746.78			274,688.57	1,318,421.91	42,657.63	98,311.39		3,764,670.43

Description of leases with related parties

 Applicable N/A

(4). Guarantees with related parties

The Company as a guarantor:

 Applicable N/A

The Company as a guaranteed party:

 Applicable N/A

Description of guarantees with related parties

 Applicable N/A

(5). Borrowings/loans with related parties
 Applicable N/A

(6). Assets transfer/debt restructuring with related parties
 Applicable N/A

(7). Compensation for key management personnel
 Applicable N/A

In RMB 0'000

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	1,019.85	1,234.62

(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	29,768,395.79	1,488,419.79	26,592,355.61	1,329,617.78
	GDC Technology Limited (BVI) and its affiliates	1,739,949.64	86,997.48	5,159,950.72	257,997.54
	WeCast and its affiliates	16,265,737.14	16,265,737.14	20,597,638.81	1,029,881.92
	Beijing Donview Education Technology Co., Ltd. and its affiliates			912,982.89	45,649.14
	Xiaomi Communications Technologies Co., Ltd. and its	22,671,178.87	1,133,558.94	132,000,017.31	6,600,000.87

	affiliates				
	CFEC and its affiliates	2,098,625.51	110,758.50	1,019,071.79	51,248.40
Subtotal		72,543,886.95	19,085,471.85	186,282,017.13	9,314,395.65
Prepayments	CFEC and its affiliates	5,451,984.90		1,369,286.22	
	Xiaomi Communications Technologies Co., Ltd. and its affiliates			40,000.00	
Subtotal		5,451,984.90		1,409,286.22	
Other receivables	CFEC and its affiliates	273,354.20	13,667.71	229,355.00	11,467.75
	GDC Technology Limited (BVI) and its affiliates	13,789,908.00		20,286,601.00	383,135.75
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	200,000.00	10,000.00		
Subtotal		14,263,262.20	23,667.71	20,515,956.00	394,603.50

(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.	110,054.78	1,147,275.29
	Xiaomi Communications Technologies Co., Ltd. and its affiliates	12,521,840.23	65,042,097.29
	CFEC and its affiliates	4,356,968.33	17,315,868.17
Subtotal		16,988,863.34	83,510,834.51
Notes payable	CFEC and its affiliates	22,554,693.11	5,049,000.17
Subtotal		22,554,693.11	5,049,000.17
Advance from customers	CFEC and its affiliates	9,342,716.60	11,025,498.93

	GDC Technology Limited (BVI) and its affiliates	4,800.00	
Subtotal		9,347,516.60	11,025,498.93
Contract liabilities	GDC Technology Limited (BVI) and its affiliates	23,677.17	3,469.81
	CFEC and its affiliates	2,738,876.11	4,396,474.85
Subtotal		2,762,553.28	4,399,944.66
Other payables	Beijing Donview Education Technology Co., Ltd. and its affiliates	50,000.00	10,800.00
	Xiaomi Communications Technologies Co., Ltd. and its affiliates		1,976.10
	CINIONIC and its affiliates	507,874.72	
	GDC Technology Limited (BVI) and its affiliates	20,620.00	
	CFEC and its affiliates	18,025.76	
Subtotal		596,520.48	12,776.10
Other current liabilities	Xiaomi Communications Technologies Co., Ltd. and its affiliates	201,468.53	16,804,816.23
	CFEC and its affiliates	3,179,145.48	
Subtotal		3,380,614.01	16,804,816.23

7. Related party commitments
 Applicable N/A

8. Others
 Applicable N/A

XIII. Share-based payments
1. Summary of share-based payments
 Applicable N/A

Unit: Share, RMB

Item	Company	Formovie (Chongqing)
Total number of the Company's equity instruments granted during the period	13,048,080 restricted shares	3,728,200 restricted shares
Total number of the Company's equity instruments executed during the period	4,350,637 shares	200 shares
Total number of the Company's equity instruments lapsed during the period	11,436,828 shares	74,450 shares
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	The grant date is April 22, 2021, and the grant price is RMB20.84 per share, 15 months The grant date is April 22, 2021, and the grant price is RMB18.34 per share, 15 months The grant date is April 22, 2021, and the grant price is RMB17.34 per share, 15 months The grant date is December 7, 2021, and the grant price is RMB19.895 per share, 23 months The grant date is December 7, 2021, and the grant price is RMB22.895 per share, 23 months The grant date is March 11, 2022, and the grant price is RMB19.895 per share, 23 months The grant date is March 11, 2022, and the grant price is RMB22.895 per share, 23 months The grant date is March 11, 2022, and the grant price is RMB18.34 per share, 15 months The grant date is May 25, 2022, and the grant price is RMB15.395 per share, 17 months The grant date is July 22, 2022, and the grant price is RMB4.30 per share, 31 months The grant date is December 27, 2022, and the grant price is RMB15.395 per share, 24 months	The grant date is December 31, 2021, and the grant price is RMB1 per share, 42 months The grant date is July 6, 2022, and the grant price is RMB1 per share, 42 months The grant date is July 7, 2022, and the grant price is RMB3.42 per share, 42 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

In RMB

Item	Company	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	136,942,232.23	15,765,839.68
Total expenses recognized arising from equity-settled share-based payments in the current period	61,938,683.17	5,362,355.08

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

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, 2022, there are 24 civil litigation cases where the Company acted as a plaintiff, specifically including:

Case No.	Cause of action	Plaintiff/Appellant	Defendant/Appellee	Patents involved	Amount	Progress
(2019) Yue 03 Min Chu No. 2943 (2021) Zui Gao Fa Zhi Min Zhong No. 1582	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	200810065 225.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.	200810065 225.X	RMB 8.00 million	(1) Compensation amount decided in the trial of the first instance: RMB 501,399.40; (2) Under trial of the second instance
(2019) Yue 03 Min Chu No. 2946 (2022) Zui Gao Fa Zhi Min Zhong No. 161	Infringement on patent for invention	Appotronics Corporation Limited	Defendant 1: Delta Electronics (Shanghai) Co., Ltd.; Defendant 2: Delta Video Display System (Wujiang) Limited; Defendant 3: Shenzhen Super Network Technology Co., Ltd.	200810065 225.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.	200810065 225.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.	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.,	200810065 225.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

1550			Ltd.			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 Expnes 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.	ZL2008801 07739.5	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.	ZL2008801 07739.5	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.	ZL2008801 07739.5	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.	ZL2008801 07739.5	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. 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
(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
01-22-0001-2735	<i>The Settlement Agreement</i> enforces dispute arbitration and arbitration counterclaims	Appotronics Hong Kong Limited Appotronics Corporation Limited	GDC Technology Limited (Cayman Islands) GDC Technology Limited (British Virgin Islands) The actual controller Zhang Wanneng and his management team	N/A	Compensation of not less than \$40 million	Accepted
DSC20212921	Commercial contract disputes	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Foshan Jiafu Cinema Management Co., Ltd.	N/A	Return 7 laser light source devices	The award has been made and is pending
(2022) Jing Zhong An No.7825	Commercial contract disputes	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Hubei Mango Qin Han Cultural Tourism Industry Development Co., Ltd.	N/A	Return 10 sets of laser digital cinema projection equipment and compensate RMB15,312.5 for liquidated damages	Accepted

2. Civil litigation and arbitration where the Company acted as the defendant

As of December 31, 2022, there are 5 civil litigation cases where the Company was a defendant, specifically including:

Case No.	Cause of action	Plaintiff	Defendant	Patents involved	Amount involved	Progress
(2019)Jing 73 Min Chu No. 1275 (2022) Zui Gao Fa Zhi Min Zhong No.1587	Infringement on patent for invention	Delta Electronics, Inc.	Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201610387831.8	Loss compensation of RMB 15.00 million + litigation costs of RMB 1.01 million	In January 2022, the first-instance determined it was not infringed, and the second-instance trial is ongoing
(2021) Hu 73 Zhi Min Chu No. 1070 (2023) Hu 73 Zhi Min Chu No. 15			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. 685			Appotronics Corporation Limited Chengdu Jinxi Guangxian	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			Information 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
01-22-0001-2735			The <i>Settlement Agreement</i> enforces dispute arbitration and arbitration counterclaims	GDC Technology Limited (Cayman Islands) GDC Technology Limited (British Virgin Islands)	Appotronics Hong Kong Limited Appotronics Corporation Limited	N/A

(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

2. Profit distribution

Applicable N/A

In RMB

Proposed distributions of profits or dividends	24,635,207.05
Profits or dividends declared for distribution upon discussion and approval	-

The Company's profit distribution plan for 2022 is: The Company intends to distribute a cash dividend of RMB0.54 (tax inclusive) to all shareholders for every 10 shares based on the total share capital on the record date of the implementation of the 2022 dividend, and the total expected cash dividend is RMB24,635,207.05 (tax inclusive); the Company does not convert capital reserve into share capital and does not give bonus shares. The amount of cash dividends in the above-mentioned 2022 annual profit distribution plan is temporarily calculated based on the current Company's total share capital of 457,107,538 shares after deducting the number of shares in the special securities account for repurchase of 900,000 shares. The total amount of actual cash dividends will be calculated based on the total share capital on the record date of the dividend payment in 2022.

The Company's profit distribution plan for 2022 is subject to the approval of the Company's General Meeting of Shareholders.

3. Sales return

Applicable N/A

4. Description of other events after the balance sheet date

Applicable N/A

XVI. Other significant events

1. Corrections of prior period errors

(1). Retrospective application

Applicable N/A

(2). Prospective application

Applicable N/A

2. Debt restructuring

Applicable N/A

The Company acts as a creditor

Debt restructuring methods	Claims carrying value	Debt restructuring related gains and losses	Increase in equity investment in associates or joint ventures as a result of debt restructuring	Equity investment as a percentage of the total shares of an associate or joint venture
Asset for debt payment	1,670,300.00	-912,618.35		

3. Asset swap
(1). Exchange of non-monetary assets
 Applicable N/A

(2). Other asset swap
 Applicable N/A

4. Annuity plan
 Applicable N/A

5. Discontinued operations
 Applicable N/A

6. Segment reporting
(1). Determination basis and accounting policies of reporting segments
 Applicable N/A

(2). Financial information of reporting segments
 Applicable N/A

(3). If the Company has no reporting segments, or cannot disclose the total assets and liabilities of reporting segments, specify the reasons
 Applicable N/A

(4). Other information
 Applicable N/A

7. Other significant transactions and matters having an impact on the decisions of investors
 Applicable N/A

8. Others
 Applicable N/A

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	3,198,138.79	8,445,152.88
Expenses related to low-value assets leases (except for short-term leases)		390,717.29
Total	3,198,138.79	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	2,373,778.62	1,670,889.26
Total cash outflow for leases	32,298,210.50	32,622,777.04

(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

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	268,983,867.97	360,622,008.82
Where: Income related to variable lease payments not recognized as lease payments	244,055,250.03	343,947,997.24

2) Assets of operating leases

Item	Closing balance	Closing of last year
Fixed assets	303,593,548.82	367,726,844.90
Subtotal	303,593,548.82	367,726,844.90

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	2,607,042.80
Total	2,607,042.80

(3) Other information

Nature of leasing activities

Category leased out	of assets	Number	Lease Term
Light source and device	20,916	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	
Within 1 year	440,724,111.48
Subtotal of items within 1 year	440,724,111.48
1 to 2 years	237,687,773.27
2 to 3 years	12,522,109.16
Over 3 years	3,678,400.00
Total	694,612,393.91

(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	694,612,393.91	100.00	6,607,565.62	0.95	688,004,828.29	621,699,280.41	100	5,483,110.45	0.88	616,216,169.96
Where:										
Total	694,612,393.91	100.00	6,607,565.62	0.95	688,004,828.29	621,699,280.41	100	5,483,110.45	0.88	616,216,169.96

Provision for bad debts made individually:

 Applicable N/A

Provision for bad debts made by group:

 Applicable N/A

Item by group: Group of aging

In RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Group of aging	91,536,981.15	6,607,565.62	7.22
Group of receivables from related parties in the scope of consolidation	603,075,412.76		
Total	694,612,393.91	6,607,565.62	0.95

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	5,483,110.45	1,124,455.17				6,607,565.62
Total	5,483,110.45	1,124,455.17				6,607,565.62

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

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.	216,236,129.02	31.13	
Formovie (Chongqing) Innovative Technology Co., Ltd.	208,273,152.09	29.98	
Appotronics Hong Kong Limited	113,288,019.47	16.31	
Appotronics Technology(Changzhou) Co., Ltd.	30,537,557.96	4.40	
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	28,140,307.11	4.05	
Total	596,475,165.65	85.87	

Other information

None

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

Applicable N/A

Item	Amount derecognized	Gains or losses associated with derecognition	The method of transferring financial assets
CCB E Infocomm	3,000,000.00		Discount
Subtotal	3,000,000.00		

(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	7,556,623.71	6,645,181.15
Total	7,556,623.71	6,645,181.15

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

(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	
Within 1 year	2,266,730.32
Subtotal of items within 1 year	2,266,730.32
1 to 2 years	105,528.66
2 to 3 years	841,125.46
Over 3 years	4,680,224.40
Total	7,893,608.84

(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	6,539,089.13	5,855,101.09
Receivables from related parties in the scope of consolidation	1,153,906.23	912,569.02
Temporary receivables	134,793.84	207,998.50
Compensation receivable	65,819.64	
Total	7,893,608.84	6,975,668.61

(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, 2022	296,321.86	34,165.60		330,487.46
Balance as at January 1, 2022 in the current period	—	—	—	
-- transferred to Stage II				
-- transferred to Stage II				
--reversed to Stage II				
--reversed to Stage I				
Provision	40,663.27	-34,165.60		6,497.67
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at December 31, 2022	336,985.13			336,985.13

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	330,487.46	6,497.67				336,985.13
Total	330,487.46	6,497.67				336,985.13

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	45.28	178,730.90
Shenzhen High-tech Industry Promotion Center	Deposits/margins/petty cash	1,257,075.20	2-3 years, over 3 years	15.93	62,853.76
Fengmi (Beijing) Technology Co., Ltd.	Receivables from related parties in the scope of consolidation	604,775.76	Within 1 year	7.66	
Qingdao Haier Multimedia Co., Ltd.	Deposits/margins/petty cash	500,000.00	2-3 years	6.33	25,000.00
Ordos Beiyuan Thermal Power Co., Ltd.	Deposits/margins/petty cash	500,000.00	Within 1 year	6.33	25,000.00
Total	/	6,436,468.96		81.53	291,584.66

(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	463,067,140.24	12,827,792.79	450,239,347.45	453,386,804.91	12,827,792.79	440,559,012.12
Investments in associates and joint ventures						
Total	463,067,140.24	12,827,792.79	450,239,347.45	453,386,804.91	12,827,792.79	440,559,012.12

(1). Investments in subsidiaries
 Applicable N/A

Investee	Opening balance	Increase	Decrease	Closing balance	In RMB	
					Provision for impairment	Closing balance of provision For impairment
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	40,023,897.89	6,637,313.76		46,661,211.65		
Shenzhen Appotronics Software Technology Co., Ltd.	1,763,700.01	-305,900.59		1,457,799.42		
Beijing Dongfang Guangfeng Technology Co., Ltd.	5,900,000.00			5,900,000.00		
Shenzhen Appotronics Xiaoming Technology Co., Ltd..	12,000,000.00			12,000,000.00		12,000,000.00
Fengmi (Beijing) Technology Co., Ltd.	3,285,537.50	183,463.41		3,469,000.91		
Qingda Appotronics (Xiamen) Technology Co., Ltd.	5,100,000.00			5,100,000.00		827,792.79
Shenzhen Appotronics Laser Technology Co., Ltd.	18,966,857.26			18,966,857.26		
Appotronics Hong Kong Limited	303,045,217.02	2,430,825.85		305,476,042.87		
JOVE AI Innovation	769,778.40	30,231.63		800,010.03		
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		
APPOTRONICS USA, INC.	399,600.01	-399,600.01				
Tianjin Bainian Film Partnership (LP)	26,954,120.20			26,954,120.20		
Formovie (Chongqing) Innovative Technology Co., Ltd..	30,178,096.62	1,099,688.51		31,277,785.13		
Shenzhen Orange Juice Energy Technology Co., Ltd.		4,312.77		4,312.77		
Total	453,386,804.91	9,680,335.33		463,067,140.24		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	1,345,923,616.67	910,770,517.27	1,445,208,597.94	951,761,428.41
Other businesses				
Total	1,345,923,616.67	910,770,517.27	1,445,208,597.94	951,761,428.41

(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

Revenue generated by contracts with customers is decomposed by major categories

1) Revenue is decomposed by type of goods or services

Item	Amount of the current period		Amount of the prior period	
	Income	Cost	Income	Cost
Laser optical engine	710,883,924.88	483,356,870.16	708,869,865.07	449,487,760.77
Laser projector complete machine	513,069,153.88	318,398,376.53	626,751,045.59	407,333,614.11
Others	121,970,537.91	109,015,270.58	108,897,421.79	94,641,293.85
Subtotal	1,345,923,616.67	910,770,517.27	1,444,518,332.45	951,462,668.73

2) Revenue is decomposed by region of operation

Item	Amount of the current period		Amount of the prior period	
	Income	Cost	Income	Cost
Domestic	1,087,106,494.16	764,022,903.46	1,312,075,243.77	875,796,452.06
Overseas	258,817,122.51	146,747,613.81	132,443,088.68	75,666,216.67
Subtotal	1,345,923,616.67	910,770,517.27	1,444,518,332.45	951,462,668.73

3) Revenue is decomposed by transfer time of goods or services

Item	Amount of the current period	Amount of the prior period
Revenue recognized at a time point	1,345,923,616.67	1,444,518,332.45
Subtotal	1,345,923,616.67	1,444,518,332.45

Others: revenue recognized in the current period included in the opening carrying value of contract liabilities is RMB13,562,044.25.

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	90,512,000.00	18,477,491.48
Investment income from disposal of long-term equity investments		3.00

Income from investments in trading financial assets during the holding period	200,000.00	
Investment income from disposal of held-for-trading financial assets	12,322,950.62	8,780,960.36
Fees for acquiring held-for-trading financial assets		-8,750.05
Total	103,034,950.62	27,249,704.79

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

Item	Amount	In RMB Description
Gain or loss on disposal of non-current assets	-5,668,573.43	
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)	40,229,974.94	Section X.VII.84
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	12,637,561.73	Section X.VII.68
Impairment losses on assets due to force majeure events, e.g. natural disasters		
Profit or loss on debt restructuring	-912,618.35	
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	27,765,106.19	
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	-3,120,000.00	Section X.VII.70
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	837,824.59	
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	-679,415.19	
Other gains or losses meeting the definition of non-recurring profit or loss	362,064.36	
Less: Effect of income taxes	4,542,972.68	
Effect of minority interests	12,281,312.41	
Total	54,627,639.75	

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	4.73	0.26	0.26
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	2.57	0.14	0.14

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 26, 2023

Revision information

Applicable N/A