

Stock Code: 688007

Stock Short Name: Appotronics



# **Appotronics Corporation Limited**

## **2021 Semiannual Report**

本报告为深圳光峰科技股份有限公司自愿披露的《2021年半年度报告(英文版)》，对本报告的中英文版本理解上发生歧义时，以中文版本为准。

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

## Important Note

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

**II. Alert of significant risks**

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

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

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

**V. BO Lianming, Principal of the Company, WANG Yingxia, Chief Accountant and LIU Jie, Person in Charge of the Accounting Body (Accounting Officer) hereby represent that: the financial statements contained in this Semiannual Report are true, accurate and complete.**

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

None

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

Applicable  N/A

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

Applicable  N/A

The forward-looking statements contained herein regarding the future plans, development strategies or other matters of the Company do not constitute any substantive covenant made by the Company to the investors. The investors should be aware of the risk of investment.

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

No

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

No

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

No

**XII. Others**

Applicable  N/A

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List of Documents Available for Inspection	Financial Statements with seals and signatures of Principal of the Company, Chief Accountant and Person in charge of the Accounting Body (Chief Officer)
	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

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.
Fengmi	means	collectively, Chongqing Fengmi and its subsidiary Beijing Fengmi
Beijing Fengmi	means	Fengmi (Beijing) Technology Co., Ltd.
Chongqing Fengmi	means	Fengmi (Chongqing) Innovative Technology Co., Ltd.
Appotronics HK	means	Appotronics Hong Kong Limited
Appotronics Daye	means	Shenzhen Appotronics Daye Investment Partnership (LP)
Appotronics Deye	means	Shenzhen Appotronics Deye Consulting Partnership (LP)
Appotronics Hongye	means	Shenzhen Appotronics Hongye Investment Partnership (LP)
Blackpine	means	Blackpine Investment Corp. Ltd.
Jinleijing	means	Shenzhen Jinleijing Investment Limited Partnership (LP)
Appotronics Chengye	means	Shenzhen Appotronics Chengye Consulting Partnership (LP)
Dangbei	means	Hangzhou Dangbei Network Technology Co., Ltd.
Delta Electronics or Delta	means	Delta Electronics, Inc.
CINIONIC	means	Cinionic Limited (previously known as Barco Cineappo Limited)
GDC BVI	means	GDC Technology Limited (British Virgin Islands)
GDC Cayman	means	GDC Technology Limited (Cayman Islands)
FDP	means	Feng Dynamic Page, dynamic page architecture developed independently by Appotronics
DCI	means	Digital Cinema Initiatives of the United States
AR	means	Augmented Reality
DLP	means	Digital Light Processing
PCT	means	Patent Cooperation Treaty

## Section II Company Profile and Financial Highlights

### I. Company profile

Chinese name	深圳光峰科技股份有限公司
Short name in Chinese	光峰科技
English name	Appotronics Corporation Limited
Short name in English	Appotronics
Legal representative	BO Lianming
Registered address	20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Historic changes of registered address of the Company	<p>1. On October 24, 2006: Room 10, F/14, Fangda Building, Keji South 12 Road, South Area, High-tech Zone, Nanshan District, Shenzhen</p> <p>2. On September 6, 2007: No. 03, 17/F, Overseas Students Venture Building, South Area, Nanshan District, Shenzhen</p> <p>3. On June 7, 2011: Area A, 1/F, Xili Wenguang Industrial Zone, Nanshan District, Shenzhen</p> <p>4. On October 24, 2012: Room 401, Shenzhen Integrated Circuit Design and Application Industrial Park, South Side of Chaguang Road, Xili Town, Nanshan District, Shenzhen</p> <p>5. On December 14, 2017: 21-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen</p> <p>6. On August 1, 2018: 20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen</p>
Office address	20-22/F, Hi-tech Zone Union Tower, No. 63 Xuefu Road, Yuehai Street, Nanshan District, Shenzhen
Postal code of office address	518052
Website	<a href="http://www.appotronics.com">http://www.appotronics.com</a>
Email	ir@appotronics.cn
Reference to changes during the reporting period	N/A

### II. Contact person and contact information

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

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

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

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

√ Applicable □ N/A

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

**(II) Depository receipts of the Company**

□ Applicable √ N/A

**V. Other related information**

□ Applicable √ N/A

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

Unit: Yuan Currency: RMB

Main accounting data	During the reporting period (Jan. - Jun.)	Prior period	Change over the prior period (%)
Operating income	1,104,689,243.59	716,025,207.34	54.28
Net profit attributable to shareholders of the listed company	151,413,920.79	14,327,442.96	956.81
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	66,961,936.08	-30,232,495.13	N/A
Net cash flow from operating activities	170,659,313.90	63,006,061.80	170.86
	At the end of the reporting period	At the end of the prior year	Changes at the end of the reporting period from the end of the prior year (%)
Net assets attributable to shareholders of the listed company	2,324,476,282.79	2,091,599,671.75	11.13
Total assets	3,651,135,378.47	3,226,204,326.69	13.17

**(II) Financial highlights**

Financial highlights	During the reporting period (Jan. - Jun.)	Prior period	Change over the prior period (%)
Basic earnings per share (RMB/share)	0.33	0.03	1,000.00
Diluted earnings per share (RMB/share)	0.33	0.03	1,000.00
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.15	-0.07	N/A
Weighted average return on net assets (%)	6.89	0.72	+6.17 percentage points
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	3.05	-1.52	+4.57 percentage points
Proportion of R&D investments to	8.61	12.19	-3.58 percentage

operating income (%)			points
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Explanation about the main accounting data and financial highlights

Applicable  N/A

1. During the reporting period, the operating income increased by 54.28% year on year, primarily due to the rapid growth of the household business revenue and the basic recovery of cinema business revenue.

2. During the reporting period, the net profit attributable to shareholders of the listed company increased by 956.81% year on year; the basic earnings per share and diluted earnings per share increased by 1000.00% and 1000.00%, respectively; and the net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss increased by RMB 97.1944 million from corresponding periods of last year, primarily due to the following:

(1) the Company's revenue increased by 54.28% year on year, the business structure optimized, the overall gross margin increased by 8.49% year on year, the cinema business resumed its high gross margin, and the gross margin of the large venue and business education increased; and

(2) during the reporting period, the year-on-year increase in non-recurring profit or loss was primarily due to the increase in the government grants recognized in the profit or loss for the current period and recognition of the performance compensation of the participating company.

3. Net cash flow from operating activities increased by 170.86% year on year, primarily due to the increase in revenue and in sales receipts.

## VII. Differences in accounting data under Chinese Accounting Standards and Oversea Accounting Standards

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item of non-recurring profit or loss	Amount	Note (if applicable)
Gain or loss on disposal of non-current assets	2,048,154.10	
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)	71,808,211.32	VII. 84 of Section X
Profit or loss on entrusted investments or assets management	2,145,923.39	
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	11,386,216.47	
Profit or loss on changes in the fair value of	38,175,900.00	VII. 70 of Section X

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		
Other non-operating income and expenses	501,309.74	
Other gains or losses meeting the definition of non-recurring profit or loss	571,819.78	
Effect of minority interests	-24,952,896.18	
Effect of income taxes	-17,232,653.91	
Total	84,451,984.71	

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

Applicable  N/A



## Section III Discussion and Analysis of the Management

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

#### 1. Main business

As a leading laser display technology enterprise in the world, the Company mainly engages in the research, development, production and sales of laser display core devices and complete equipment and application of laser display technology to different scenarios based on ALPD® laser display technology and architecture, and provides laser cinema projection services.

Since its innovative invention of the ALPD® technology in 2007, the Company has created new laser display architecture, built core intellectual properties, and mastered the designing and manufacturing of core devices. It has upgraded the ALPD® technology continuously, and relying on the advanced ALPD® technology, promoted the industrial applications of laser display, and gradually extended the application of laser display from laser cinema projection and other high-end applications to large venue, business education, household market and other display applications.

#### ALPD® laser display technology furthers the growth of display applications

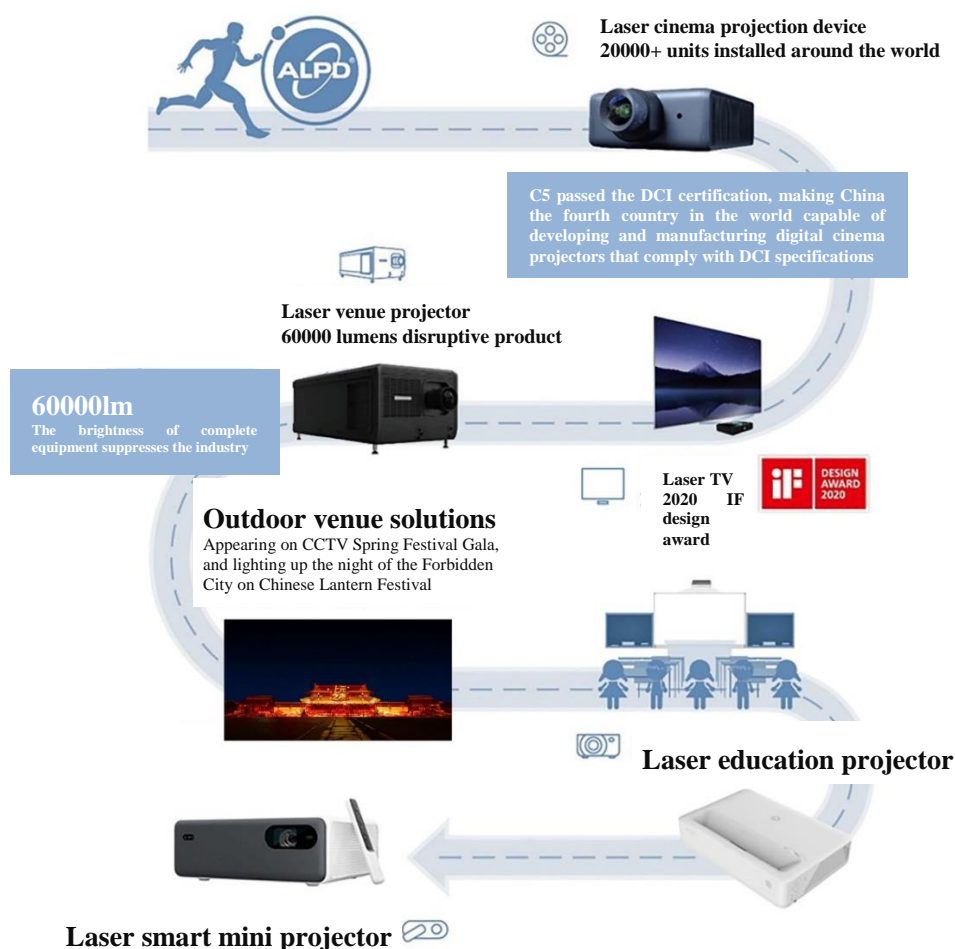


Figure 1: ALPD® laser display technology and its application and development

#### 2. Main products and services

The Company engages in sales of products and provision of laser cinema projection services, etc. Its

diversified products may be classified into core laser display devices and complete laser display equipment. Wherein the core devices can be further classified into laser light source (cinema light source and large venue light source), laser TV light generator, laser mini projection light generator and flexible laser display screen, and complete laser display equipment can be further classified into laser cinema projector, large venue laser projector, laser video wall, laser education projector, laser TV and smart mini projector.

### 2.1 Products of core devices

The Company's core devices, including the laser light source, light generator and flexible screen, reflect various advantages and characteristics of ALPD® technology, such as high brightness, wide color gamut, high contrast and low cost. The quality and performance of such products have received recognition of downstream customers, which helps the Company establish its position as a core supplier on the industry chain of laser display.

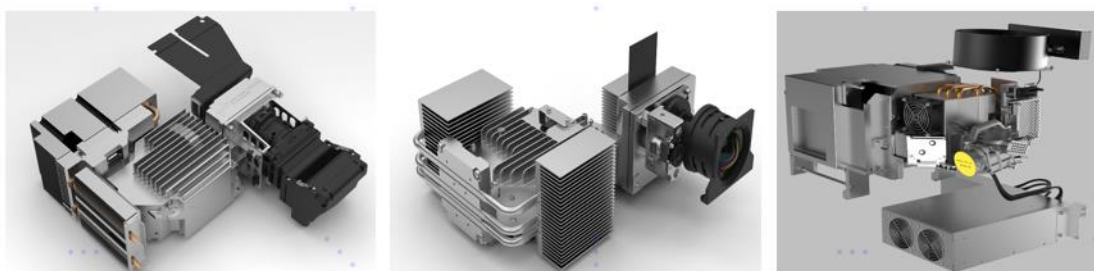


Figure 2: Laser light source and laser light generator

### 2.2 Products of complete equipment

On the basis of laser light source and light generators, the Company has further developed complete equipment, which has been widely used in household and other commercial applications.

#### 2.2.1 Products for the household market

In recent years, laser TV, smart mini projector and other household projector products have been developing rapidly, due to the ever increasing acceptance of the new mode of movie watching by the consumers, and rapid decrease of the costs and prices and better performance of products. The Company's household products have a leading market share, and the household business has grown rapidly.



Figure 3: Cinema 2, the New Product of Fengmi Laser TV

### 2.2.2 Products for the commercial market

- In the field of cinema projection, the Company has created a product portfolio of laser cinema light sources covering multiple ranges of lumens from 5,000 lumens to 55,000 lumens, which are compatible with many projection equipment brands on the market for wide application in large-, medium- and small-sized cinemas. Thanks to the low operating power, the laser cinema light source reduces electricity consumption by 50% compared with the xenon lamp; moreover, since no bulb replacement is required, it helps cinemas to minimize their operating costs. As of the date when this Report is released, the Company has over 23,000 laser cinema light sources installed throughout China.

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

- In the field of business education, the Company's laser business education projector series covers ultra short, short and long throws and a range of 3,300-6,000 lumens, hence broadly suitable for education, business display and other scenarios. The Company has developed a series of solutions for smart classrooms and business display, including laser smart all-in-one teaching device, laser synchronous classroom solution, laser interconnected dual-board solution, high-definition high-brightness conference system, etc.

### 2.3 Laser cinema projection services

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

## 3. Industry in which the Company operates

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

The laser display is emerging and in the early stage of rapid growth; the application of laser display technology in household products is a wholly new creation with huge market potential.

Currently, picture display technologies are mostly implemented by using DLP, 3LCD, and LCOS display chips as the picture modulator, achieving greatly different actual display effects depending on the light source. In 2007, the ALPD® technology created by Appotronics's R&D team made a breakthrough in the application of core devices and imaging solutions of laser display, hence becoming the mainstream technical route for the laser projector industry and widely used in movie, TV, business education, and large venue fields.

In terms of core technologies, certain companies in the industry may face the problems of lack of R&D capability and core technology, and reliance on supply chain for core patents and core devices,

rendering them unable to compete with leading domestic or international companies that have their proprietary IP or core technologies and core devices.

In terms of specific applications, the technical barriers for To C market are high efficiency, small size and low cost, and the technical barriers for To B market are continuous upgrading of performance.

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

As a new generation of display technology, the laser display technology has a wide range of market applications by virtue of high brightness, long life, wide color gamut, and energy saving and environmental protection. In addition to being used in the traditional display field, it can also be applied in other fields such as aviation, automotive and AR, with an increasingly important position in the display field.

At the beginning of the industrialization of laser display technology, as one of the leading companies in the field of laser display, Appotronics has mastered core technologies. After multiple iterations, the ALPD® technology has gained relatively solid technical advantages in terms of performance, cost, efficiency and size. The Company has not only created the fundamental key architecture for laser phosphor display technology, but also built a proprietary IP protection system through patent layout in China, the United States, Japan, Europe and other countries.

According to the Research Report on Chinese Laser Projector Market 2020 issued by AVC, blue laser + phosphor powder technology architecture, represented by ALPD®, is the mainstream light source technical route for the laser display industry at present. On the principle of being open for cooperation and striving for win-win development, Appotronics has become a leading supplier of core devices in the laser display industry based on its intellectual property rights and core devices, hence driving the development of the entire industry and ecology.

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

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

The Company has been committed in the breakthroughs, innovations, expansion of application scenarios and industrialization of laser display technology, and created technology reserves and patent portfolios covering the whole technology chain of laser display from key system architecture, core devices to key algorithm. With the ALPD®4.0 technology matured and the ALPD® 5.0 and 6.0 technology under development and trial operation at the same time, the Company constantly maintains its leading advantages compared with followers and competitors in the industry. As a Leader Level Member of the Laser Illuminated Projector Association (LIPA), the Company has participated in and led the preparation of the international laser display standard.

The Company has poured substantial R&D resources in micro- & nano- optical structure technology, light source architecture, complete equipment structure, machine perception and the preparation and processing of thin film materials. The big data, algorithm and design solutions accumulated by the Company over the years will enable it to rapidly develop products and solutions meeting the requirements of different application scenarios, such as cinema projection, home entertainment, outdoor exhibition, ultra large-sized display, and immersive display.

In terms of cutting-edge technologies, the ALPD 5.0 technology will make use of the characteristics of laser with reference to the creation of content to achieve high dynamic range display and improve visual experience. The ALPD 6.0 is planned to make breakthrough in the existing display architecture to further reduce the cost of laser display systems. ALPD®5.0 principle prototype has been successfully developed, and by now, the Company is conducting further optimization. This technology has the prospect of entering the stage of product development.

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

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

### **1. Core devices**

During the reporting period, the Company completed the development and mass production introduction of a full range of products based on ALPD 4.0, including the laser cinema light source platform covering 10,000-50,000 lumens and the compatible three-color, two-color and monochromatic laser TV light generator platform, hence providing more abundant and more competitive solutions of core devices for the cinema industry and the laser TV industry. Meanwhile, in terms of smart mini projectors, the Company developed various laser mini projection light generators suitable for different product forms and different performance parameters, which greatly upgrade the brightness and energy efficiency while improving color effects. During the reporting period, the Company introduced many new customers including Dangbei, and provided them with core devices of the laser mini projection light generator.

The Company made further breakthroughs and innovations in flexible laser display screen and successfully developed three products: (1) ultra short throw diaphragms for speckle reduction used in three-color laser projectors, achieving speckle reduction contrast below 10%, taking the lead in the industry; (2) ultra short throw diaphragms with high contrast, with an opacity of more than 95%, superior to 85% of competitive products in the industry, which can greatly reduce the effect of ambient light; (3) high-gain direct projection anti-light screens with the smart mini projector, achieving the 2.5x high-gain factor and the ambient light obscuring rate of 80%, which supports the projection effect of the projection device to increase the brightness by 2.5 times, and achieves a viewing angle close to 180 degrees as compared to projecting on a white wall.

### **2. Complete equipment**

The Company developed high-, medium-, and low-end laser TV products to cater for different user demands on the household market. Having the highest brightness of 4,000 lumens, covering the REC.709, DCI, and REC.2020 color gamuts, and with the maximum color gamut area of 158% NTSC, its products are at the highest level in the industry. During the reporting period, Fengmi as the subsidiary launched a new laser TV product, Cinema 2, which has a 10% increase in screen brightness compared to the previous generation, has a 4K resolution and can project 80-150 inches of super-large screens.

In the business field, the Company newly developed S4 product with less than 10cm of a slim body and a light weight of less than 9.2kg, can produce 5,000-6,000 lumens of brightness and 4K resolution,

and also present high-quality projection images in bright environment and project 300 inches of super-large screen at largest. This product is cost-effective. Based on the compact modular body of S4 platform and in conjunction with the one-button automatic stacking system, this product can achieve more brightness, larger screen and more free application.

As the first Chinese enterprise independently researching and developing 3DLP high-lumen large venue projectors, during the reporting period, the Company launched the T series of high-brightness large venue projectors adopting a high-efficiency liquid cooling system and 3DLP imaging technology to achieve 33,000 lumens of high brightness. At present, this is the world's smallest and lightest large venue projector with the same brightness range. The multi-picture splicing and fusion system is embedded in it. In addition, it has 120Hz refresh rate to support constant brightness mode, can be configured with more than 6 motorized lenses and support 360-degree installation, easy to use.

### 3. Software

During the reporting period, the Company's Feng OS system completed a total of 7 iterations, achieving an extremely fast boot in 6 seconds. Currently, its 12 mass-produced household products are equipped with this system, and complete FDP dynamic engine upgrade. During the reporting period, Feng OS system completed the broadcast of large-scale programs such as the European Cup. At present, its penetration rate of paid members takes the lead in the industry, and the Company has completed in-depth processing of 20,000 film and television works and 20,000+ film and television characters in aggregate, providing strong support for improving effect of large-screen display.

The Company implemented an omnidirectional automatic correction algorithm, which is suitable for a variety of models such as the projector Vogue Pro, and adds intelligent auxiliary functions such as automatic obstacle avoidance and screen alignment to the Vogue Pro model. The Feng OS system adds machine recommendation algorithms to more pages, making it easier for users to discover their personalized preferences faster and more accurately.

List of intellectual property rights acquired during the reporting period

	Increase		Total	
	Applications (pcs)	Granted (pcs)	Applications (pcs)	Granted (pcs)
Patent for invention	79	82	1,397	684
Patent for utility model	46	23	470	413
Patent for design	10	10	161	147
Software copyright	6	12	100	99
Others	77	73	914	725
Total	218	200	3,042	2,068

Notes: 1. The "others" showed in the above table refers to the Company's trademarks; 2. During the reporting period, the Company filed 38 PCT international patent applications, totaling 193 valid PCT international patent applications.

### 3. R&D investments

Unit: Yuan

	Current period	Previous period	Change (%)
R&D investments expensed	95,128,483.66	87,295,450.75	8.97
R&D investments capitalized	0.00	0.00	N/A
Total R&D investments	95,128,483.66	87,295,450.75	8.97
Proportion of R&D investments to operating income (%)	8.61	12.19	-3.58 percentage points
Proportion of R&D investments capitalized (%)	0.00	0.00	N/A

**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

Unit: Yuan

No.	Item	Estimated total investment	Investment in the current period	Aggregate investment	Progress or interim results	Goals	Technological level	Application scenario
1	Key Enterprise Laboratory for Laser Display in Guangdong Province	34,000,000.00	17,641,241.08	33,682,138.89	Mass production	Development of laser phosphor display optical engine, high-performance fluorescent materials and fluorescent components, portable laser display technology, and laser display technology with high contrast and high color reproduction.	The development of key laser display technology and devices based on laser phosphor technology takes the lead in the industry.	Through transformation of lab R&D results, develop multiple laser display terminal products, and promote the development of the entire display industry chain.
2	Light source and light generator as core devices	65,700,000.00	14,934,483.41	14,934,483.41	Some products have completed mass production, and new products are being updated	Use technical advantage of ALPD®4.0 to achieve the mass production of light generators and cinema light source with lower cost, higher color gamut and brightness and smaller size. Research and develop the next generation of ALPD® laser display technology with high brightness and high	Take the lead in the industry; the cost effectiveness, color gamut, light effect, and other performance are greatly improved.	Upgrading of light source for small-sized cinema projectors, laser TV, laser mini projector and other fields.



						dynamic range at the same time.		
3	Laser cinema projector	28,140,000.00	18,633,001.19	18,633,001.19	Some products have completed mass production, and new products are being updated	Research and develop a low-cost and DCI-compliant laser cinema projector that meets high-end home use.	The proprietary DCI-compliant cinema projector in China that meets high-end home use.	DCI-compliant small cinema projector that targets the high-end home use.
4	Laser TV	74,200,000.00	26,789,778.55	26,789,778.55	Some products have completed mass production, and new products are being updated	With a new generation of light generator technologies and the independently developed FengOS system and screen, achieve great improvement in cost effectiveness, color gamut and ease of use.	Take the lead in the industry.	4K household laser TV.
5	High-performance mini projector	50,910,000.00	4,269,920.88	4,269,920.88	Some products have completed mass production, and new products are being updated	Provide high-performance and cost-effective laser mini projector	Take the lead in the industry.	Household mini projector market.
6	Other complete equipment	48,250,000.00	7,536,415.62	7,536,415.62	Some products have	The automatic stacking scheme renders the linear superposition of	Take the lead in the industry.	High-end large venue, business

	(large venue + business education)				completed mass production, and new products are being updated	brightness and cost to achieve a leading technical advantage and cost-effective advantage on the market when the product is applied to high-lumen use scenes.		education and other fields.
7	Screen	11,980,000.00	1,460,440.44	1,460,440.44	Some products have completed mass production, and new products are being updated	Reduce costs and improve performance on the basis of the first flexible Fresnel anti-light screen Fabulus.	Take the lead in the industry, superior to the products in the field.	With existing display products, it can be applied in a variety of scenarios.
8	Trichromatic Laser Display Complete Equipment Production Demonstration Line	102,840,000.00	3,863,202.49	28,398,309.83	Pilot test	This project will research the industrialization of the technology of RGB trichromatic laser with phosphor to satisfy the market demands for RGB trichromatic laser display, build a mass production line for trichromatic laser display complete equipment, acquire proprietary IP, and realize large-scale application of	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 complete equipment production demonstration line of trichromatic laser display.

						trichromatic laser display products.		
Total	/	416,020,000.00	95,128,483.66	135,704,488.81	/	/	/	/

**5. R&D staff**

Unit: 0'000 Currency: RMB

Basic information		
	Current period	Previous period
Number of R&D staff (persons)	391	336
Proportion of R&D staff to total employees of the Company (%)	30.52	30.05
Total compensation of R&D staff	6,049.49	5,491.73
Average compensation of R&D staff	15.47	16.34

Education		
Academic background	Number	Percentage (%)
Doctor	15	3.84
Master	91	23.27
Undergraduate	234	59.85
College or below	51	13.04
Total	391	100.00

Age structure		
Age	Number	Percentage (%)
30 years of age or below	164	41.95
30-40 years of age	185	47.31
40 years of age or above	42	10.74
Total	391	100.00

Note: The average compensation of R&D staff shown in the table above was the average compensation for the first half of 2021 and 2020, respectively.

**6. Other information**

□ Applicable√ N/A

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

√ Applicable□ N/A

**1. Advantage in proprietary technologies**

Since the Company invented the ALPD® technology, the fundamental key technology architecture has been gradually formed and improved. On the basis of this technology, the Company has established rich product lines, and developed high-performance, high-quality, and cost-effective laser display projection products in traditional fields such as film, television, business education and large venue while further expanding innovative fields such as aviation, automotive, and smart home. The ALPD® technology has become the mainstream technical route for laser display. By relying on fundamental research and original innovation rather than consumption of resources, the Company has realized rapid development, continuously improved the performance and cost-performance ratio of its products, and maintained the competitive advantages in the industry.

**2. Sound IP protection system**

With core patents of the Company covering laser phosphor display technologies, the Company has gradually built up a patent system containing the largest number of patents covering the widest scope with the highest quality in the industry. This patent system safeguards its fundamental research and original innovation. With key core patents at the center, the Company has built a united whole patent system, and

is hard to be fully simulated or directly bypassed by the competitors.

### **3. Advantage in layout in the whole industry chain**

The Company has a layout of the entire laser display industry chain, and keeps extending application scenarios. The solutions ranging from the development and manufacturing of independently developed core devices and complete equipment to laser display lead the growth of laser display field. In terms of core devices, the Company has developed cinema light source, large venue light source, laser light projector and flexible laser display screen, etc.; for complete equipment, the Company offers the main products including laser cinema projector, large venue laser projector, laser education projector, laser TV and smart mini projector, etc. The solutions provided by the Company are widely used in cinemas, cultural tourism, security, education, business, homes, consumer electronics and other fields; laser display technology is the mainstream new display technology, with a huge future development space. The Company has advanced layout in multiple innovation fields and has a broad market application space, laying a solid foundation for its future growth.

### **4. Advantage in product performance**

Through more than ten years of R&D efforts, the Company's technical advantages have been given full play in cinema, household, large venue and other fields. Its products show superior performance in brightness, service life, color gamut, removal of speckle and other aspects. Through sufficient validation at R&D and quality labs and on-site use for a long time, the Company's product models have become mature. Since its installation in June 2014, the first set of ALPD® cinema light source has been stably operating for over seven years. The Company's products in other fields have also won trust on the market with their outstanding performance and reliable quality.

### **5. Advantage in talents and teams**

The Company's founder and Chairman, Dr. LI Yi, is a well-known expert in the field of laser display, and also the R&D leader and key technician of the Company. In addition, the Company has a group of high-quality R&D talents, including a lot of doctors and masters graduated from famous domestic and foreign universities. The Company's R&D team has taken the lead in the research of laser display technology in the industry. The Company is able to precisely catch the development trend of the display industry, and continuously release new laser display products with prominent prospects in response to market demands.

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

Applicable  N/A

## **IV. Discussion and analysis of business situations**

### **(I) Analysis of the overall business situation during the reporting period**

After the pandemic, the film, large venue projection and business education projection markets are gradually recovering, and the household business segment is growing rapidly. Driven by the market, technology, environment, demand and other factors, the new display industry such as laser display

embraces new development opportunities.

During the reporting period, the Company seized market opportunities and deepened adjustments to its business structure, further promoted TO C business, and explored a new growth curve; meanwhile, the domestic film market continued to pick up and recovered to 90% compared to the corresponding period in 2019. Benefiting from the good performance of the film market, the Company's cinema business achieved recovery growth, contributing a stable cash flow and net profit to the performance of the first half of the year; in addition, with the gradual control of the pandemic and being supported by a series of stable investment and growth policies, the large venue and business education markets are gradually recovering. The Company has obvious competitive advantages in terms of large venue and business education, and obtains outstanding performance in the first half of the year. For core devices, the Company has further expanded its leading advantage in the supply of core devices in the laser display industry by virtue of cost-effective and high-performance core device products. During the reporting period, the Company established cooperation with Dangbei, Hewlett-Packard, Hisense, Changhong, etc. to provide them with core device products such as laser light source, light projector and screen.

During the reporting period, the operating income of the Company was RMB 1.105 billion, up by 54.28% year on year; the net profit attributable to the Parent Company was RMB 151 million, up by 956.81% year on year. Wherein the operating income of TO C business was RMB 541 million, accounting for 48.99% of total revenue; TO B business was outstanding, with the laser cinema projection service, laser cinema projector, large venue and business education up by 576.76%, 120.09%, 154.14% and 51.09% year on year, respectively.

Unit: 0'000 Currency: RMB

Main business by sector						
Sector	Operating income	Operating cost	Gross margin (%)	% Change in operating income	% Change in operating cost	% Change in gross margin
Laser display	110,468.92	72,361.23	34.50	54.28	36.59	+8.49 percentage points
Main business by product						
Product	Operating income	Operating cost	Gross margin (%)	Year-on-year increase or decrease of operating income (%)	Year-on-year increase or decrease of operating cost (%)	Year-on-year increase or decrease of gross margin (%)
1. Sales	91,163.98	65,553.48	28.09	32.67	34.98	-1.23 percentage points
(1) Laser optical engine	10,289.48	4,324.43	57.97	-17.66	-7.47	-4.63 percentage points
(2) Complete laser projector	76,040.62	56,975.74	25.07	44.09	35.37	+4.83 percentage points

Laser cinema projector	2,855.71	1,421.36	50.23	120.09	88.04	+8.48 percentage points
Laser TV	26,060.37	18,430.82	29.28	28.21	24.80	+1.93 percentage points
Laser business education projector	10,737.15	7,357.36	31.48	51.09	40.68	+5.07 percentage points
Laser large venue projector	8,330.56	3,921.79	52.92	154.14	134.44	+3.95 percentage points
Smart mini projector	28,056.83	25,844.41	7.89	35.11	31.43	+2.57 percentage points
(3) Other products	4,833.88	4,253.31	12.01	40.23	135.87	-35.68 percentage points
2. Projection service business	18,565.59	6,437.12	65.33	576.76	51.29	+120.43 percentage points
3. Other business	739.35	370.63	49.87	420.74	135.81	+60.57 percentage points
Total	110,468.92	72,361.23	34.50	54.28	36.59	+8.49 percentage points

**The Company completed the following main tasks during the reporting period:**

**1. Deepen the adjustment of business structure and continue to develop TO C business**

During the reporting period, the Company's TO C business continued to implement the dual-driver strategy of "hardware + software". In terms of hardware, the Company focuses on developing its own C-end brand by relying on its core technology advantages in the laser display field, and the subsidiary Fengmi keeps launching new C-end products and increasing the sales. In May 2021, the laser TV C2 was launched on Xiaomi YouPin, a crowdfunding platform, with the amount exceeding RMB 10.32 million, and became the first popular product with the crowdfunding amount exceeding RMB 10 million among the digital 3C category in YouPin in 2021. In 618 Shopping Festival, Fengmi's overall sales exceeded RMB 100 million, up by 106% year on year, and won the double champion of online sales and sales volume of 618 laser TV on JD.com, Tmall and Xiaomi YouPin platforms for four consecutive years. Also, Fengmi actively expands offline channels. The first offline experience store opened in Chongqing in May to create a closer product experience and improve the offline distribution network. In addition, the Company plans to launch new laser smart mini projectors within the year to further enhance its market competitiveness in TO C business and continues to improve profitability.

Regarding software, in the context of large-screen ecology, Feng OS system maintains a fast iterative space, providing end users with smart services and more convenient and comfortable large-screen human-computer interaction experiences. During the reporting period, the number of domestic users of Feng OS system kept increasing and the penetration rate of paid members took the lead in the industry.

What's more, Fengmi successfully completed round A financing and was based in Chongqing. In future, Fengmi will simultaneously construct R&D centers, data centers, transformation centers of scientific and technological achievements, laboratories and other supporting service facilities in Chongqing, deploy R&D, design and manufacturing in the field of smart projection, and increase new product R&D and market investment, integrate superior resources, and expand existing product categories and application fields.

## **2. Cinema business recovered well and the large venue and business education grew rapidly**

During the reporting period, the Company launched cost-effective cinema light source products, and steadily promoted the penetration of cinema light source projection service business to more cinemas. As of the disclosure date of this report, Appotronics has over 23,000 ALPD® laser projectors installed throughout China, an increase of 3,000 sets compared to the beginning of the period, and the authorized timed broadcasting exceeded 168 million hours, taking the absolute leading position on the market.

Meanwhile, the Company cooperated with UME Cinema to launch the first ALPD® laser highlighting theater in China. As an upgraded version of ALPD® version, the projection brightness is 180% higher than that of ordinary movies. At the end of the reporting period, CINEAPPO, the controlled subsidiary of the Company, has established 268 ALPD® highlighting theaters throughout China. Meanwhile, CINEAPPO has jointly worked with producers to successively develop "Secret Visitor", "On the Cliff", "Chinese Doctors" and other laser highlighting films, improving the additional commercial value of laser film projection services and creating stronger market competitiveness.

In the field of large venue, the Company provided the projection solutions for many cultural tourism projects including "Mr. Big" light show for the 110th anniversary of Tsinghua University, "Jiameng Chunqiu" in Guangyuan, Sichuan, and "Strange Life Travel" in Beijing 798 Art District. The Company also promoted the implementation of the first domestic Chinese outstanding cultural immersive digital experience center, i.e. "Liaocang" project in Beijing. The Company lighted up the stage of the theatrical performance "Great Journey" for the centenary of the founding of the CPC by providing ALPD® laser light source. At the end of the reporting period, the Company's large venue business achieved a year-on-year increase of 154.14%.

In the field of business education, the Company further developed many cost-effective and competitive products. During the reporting period, the Company expanded many higher education projects, covering core universities in multiple regions, and reserved higher education projects including Project 985 and 211. The revenue of higher education business increased by approx. 200% compared with last year. Meanwhile, the Company actively advanced the development of the business office market, paid attention to application scenarios such as emerging industries, script killing, and immersive restaurants, and expanded new business increments.

## **3. Speed up overseas layout and create synergy**

Although the overseas pandemic prevention and control is still severe, the Company still actively improved its overseas layout and expanded overseas markets during the reporting period.

With the continuous implementation of the EU's relevant mercury restriction regulations, the mercury



light projection stock market is shrinking, and the demand for the laser projection in business education market is increasing. During the reporting period, the Company focused on expanding overseas customers including Russia and Turkey, and the revenue from the overseas business education increased by over 400% from the previous year. As the next step, the Company will continue to focus on the overseas business education market and explore market opportunities in Europe, the Middle East and other regions.

Further, in the first half of the year, the sales of Company's overseas large venue projector light source returned to the pre-COVID 19 level basically, and the Company also actively engaged with major overseas cinema customers, followed up the reform of cinema light source, and promoted the penetration of the cinema laser projection service model on the overseas markets.

#### **4. Achieve significant results in terms of intellectual property operations and phased progress in the case involving Delta**

Regarding R&D results, during the reporting period, the Company was granted 115 new patents, including 82 patents for invention, 23 patents for utility model and 10 patents for design; the Company filed 38 new PCT international patent applications, totaling 193 valid PCT international patent applications. At the end of the reporting period, the Company applied for and was granted 2,221 patents in total worldwide.

On the principle of cooperation in good faith and win-win development, and based on its intellectual property rights and core devices, the Company is exploring the mode of patent operation to establish and gradually improve the ecology of the laser display industry chain. During the reporting period, the Company actively promoted cooperation with the leading downstream customers in the industry, and achieved certain results in the sales of core devices from the intellectual property operations.

During the reporting period, significant progress was made in the case on the intellectual property litigation between the Company and Delta. For the STAR Market Patent No. 1 Case ( (2019) Yue 73 Zhi Min Chu No. 664), the judgment of the first instance was delivered, in which the defense of non-infringement of Appotronics was established, and all claims made by Delta were dismissed by the court of the first instance; Delta withdrew its case in the second instance, and the Supreme People's Court issued a final ruling, allowing Delta to withdraw the lawsuit.

#### **(II) Completion of other key tasks during the reporting period**

During the reporting period, the Company achieved favorable results in innovative scenario applications, talent team building, and investor relationship management:

##### **1. Establish an innovation center and explore innovative scenario applications**

During the reporting period, the Company established an innovation center, and extended the innovative application research and development to multiple fields. In May 2021, the Company and ACIC reached a strategic partnership. The two parties will explore possibilities of various aviation applications based on laser light source technology and laser display solutions. Application scenarios include commercial fixed-wing aircraft and helicopters. Meanwhile, the Company actively deployed in-vehicle laser display, smart home and other application fields.

##### **2. Launch a new phase of equity incentives and strengthen the building of talents**

In order to further establish and improve the Company's long-term incentive mechanism, strengthen the building of talents, and fully mobilize the enthusiasm of the Company's core team, the Company developed a new phase of equity incentive plan during the reporting period, under which 18.5 million restricted shares were issued, representing 4.09% of the share capital of the Company; such shares were first granted to the Company's business backbone, totaling 220 persons, accounting for 17% of the total employees of the Company.

### **3. Systematize capital market communication and establish a good image of the capital market**

During the reporting period, the Company improved the talent building of investor relations, and established a dedicated capital market communication mechanism for which a designated person takes special duties in order to build a two-way communication bridge between the Company and the capital market through multi-channel and multi-level communication. As of the disclosure date of this report, the securities companies have published several in-depth research reports on the Company, and completed more than a hundred investor exchange activities covering thousands of people. The investor relations team aims to serve shareholders and tap potential investors, significantly increasing the Company's activity in the capital market and establishing a good image in the capital market.

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

Applicable  N/A

#### **V. Risk factors**

Applicable  N/A

##### **1. Risk related to the supply of important raw materials**

Affected by the tight industry supply chain, the core suppliers are unable to supply components in a timely manner with both quality and quantity guaranteed, resulting in a slowdown in the growth of the Company's TO C business and delay in the shipment progress of some core devices or complete equipment products, hence the operating performance growth rate of the Company would fail to meet the expectation.

##### **2. Risk of impairment of inventories**

During the reporting period, the Company implemented strategic stocking as affected by the tight industry supply chain, to be specific, reserving raw materials in advance. At the end of the reporting period, the carrying amount of the Company's inventories was RMB 641.5780 million, accounting for 17.57% of total assets of the Company. If the future sales do not meet expectation or market trends change, the recoverable amount of the inventories will be lower than their carrying amount. The impairment of inventories will have a negative effect on our earnings.

##### **3. Risk of loss on external investments**

The Company established or invested in subsidiaries or participating companies in other countries and regions. There may exist the following risks: first, the policy, culture and law environments and other factors of the country where an overseas company is incorporated would increase the management risk of the Company's overseas subsidiaries; second, if the operating performance of the investee decreases

sharply because the technological level or market expansion of the investee falls short of the Company's expectation, or the investee poorly operates or manages, the Company needs to recognize an impairment loss on the long-term equity investment, which will adversely affect the Company's operating performance; third, if the Company fails to achieve a synergy effect through acquisition of the investee, the Company's strategic plan may be unable to be implemented as scheduled.

#### 4. Risk of COVID-19

As continuously affected by the pandemic, the Company failed to expand its overseas business as scheduled, and overseas customers also slowed down in product delivery and acceptance; the Company's cinema projection service business was also affected to a certain extent due to the closure of a small number of theaters and the delay of film schedules as part of domestic anti-epidemic control measures. However, if the prevention and control of the epidemic on the world remain grim, this would increase the uncertainty in the production and operation of the Company.

## VI. Main business activities during the reporting period

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

### (I) Analysis of main business

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

Unit: Yuan Currency: RMB

Item	Current period	Amount of the prior period	% Change
Operating income	1,104,689,243.59	716,025,207.34	54.28
Operating costs	723,612,305.19	529,787,789.94	36.59
Sales expenses	89,686,195.83	50,833,894.50	76.43
Administrative expenses	83,960,516.92	77,813,657.09	7.90
Financial expenses	1,532,019.30	8,037,691.04	-80.94
R&D expenses	95,128,483.66	87,295,450.75	8.97
Net cash flows from operating activities	170,659,313.90	63,006,061.80	170.86
Net cash flows from investment activities	-365,535,026.25	-92,315,802.97	N/A
Net cash flows from financing activities	75,588,344.51	-115,291,912.69	N/A

Description of reasons for changes in the operating income: The operating income increased by 54.28% year on year, primarily due to the rapid growth of the household business revenue and the basic recovery of cinema business revenue.

Description of reasons for changes in operating costs: The operating costs increased by 36.59% year on year, primarily due to the increase in the operating income.

Description of reasons for changes in the sales expenses: The sales expenses increased by 76.43% year on year, primarily due to the increase in marketing expenses caused by the Company's furthered promotion and the increase in employee salaries caused by the rise in sales personnel in the current period.

Description of reasons for changes in the financial expenses: The financial expenses decreased by 80.94% year on year, primarily due to the improvement in operating cash flow, drop in capital cost and rise in interest income in the current period.

Description of reasons for changes in the R&D expenses: The R&D expenses increased by 8.97% year on year, primarily due to the rise in the salaries of R&D employees and services fees in the current period.

Description of reasons for changes in the net cash flows from operating activities: primarily due to the increase in the operating income and receipts in the current period.

Description of reasons for changes in the net cash flows from investment activities: primarily due to the increase in the net purchase amount of wealth management products and payment of remaining equity.

Description of reasons for changes in the net cash flows from financing activities: primarily due to the receipt of strategic investment funds by Chongqing Fengmi as the subsidiary in the current period.

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

Applicable  N/A

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

Applicable  N/A

During the reporting period, the year-on-year increase of RMB 39.8920 million in non-recurring profit or loss was primarily due to the increase by RMB 41.9565 million in the government grants recognized in the profit or loss for the current period and recognition of the performance compensation amounting to RMB 38.1759 million of the participating company.

### (III) Analysis of assets and liabilities

Applicable  N/A

#### 1. Status of assets and liabilities

Unit: Yuan

Item	Balance at the end of the period	% of total assets at the end of the period	Balance at the end of the prior period	% of total assets at the end of the prior period	% Change	Explanation
Held-for-trading financial assets	457,982,988.00	12.54	114,000,000.00	3.53	301.74	Primarily due to the purchase of wealth management products by the Company with idle offering proceeds and recognition of the performance compensation for external investment
Receivables	168,553,862.09	4.62	341,660,832.43	10.59	-50.67	Primarily due to recovery of opening receivables during this period
Receivables financing	1,214,306.00	0.03	11,959,000.00	0.37	-89.85	Primarily due to the receipt in the current period of bank's acceptance bills at the end of the prior period

Prepayments	83,781,122.54	2.29	47,447,601.43	1.47	76.58	Primarily due to the increase in prepayments to some suppliers for stocking demand in the current period.
Inventories	641,578,029.45	17.57	418,812,140.80	12.98	53.19	Primarily due to the increase in raw materials for stocking demand during this period
Contract assets	2,388,492.32	0.07	3,744,655.50	0.12	-36.22	Primarily due to receipt of contract assets during this period
Other current assets	49,693,022.76	1.36	13,002,195.46	0.40	282.19	Primarily due to the increase in the input VAT to be deducted during this period
Construction in progress	88,984,744.00	2.44	51,576,850.72	1.60	72.53	Primarily due to the increase in the construction of the headquarters building
Use right assets	36,066,334.54	0.99			N/A	Primarily due to first implementation of new lease standard
Other non-current assets	15,891,524.06	0.44	6,299,781.06	0.20	152.26	Primarily due to the increase in prepayments for long-term assets
Short-term borrowings	28,097,875.42	0.77	88,778,852.86	2.75	-68.35	Primarily due to repayment of short-term borrowings during this period
Notes payable	180,257,484.74	4.94	116,822,674.67	3.62	54.30	Primarily due to the increase in payment by bank's acceptance bills for procurement during this period
Taxes	43,934,753.55	1.20	19,871,846.94	0.62	121.09	Primarily due to

payable						the increase in provision for enterprise income tax during this period
Other payables	255,483,098.01	7.00	59,848,053.83	1.86	326.89	Primarily due to the increase in the equity repurchase payments payable of Chongqing Fengmi during this period
Long-term borrowings	102,690,487.26	2.81	64,845,281.53	2.01	58.36	Primarily due to the new increase in long-term borrowings of the subsidiaries during this period
Leasing liabilities	18,391,443.49	0.50			N/A	Primarily due to first implementation of new lease standard by the Company

Other information

None

## 2. Overseas assets

Applicable  N/A

### (1) Asset size

Including: Overseas assets of 388,409,538.98 (Unit: Yuan Currency: RMB), accounting for 10.64% of total assets.

### (2) Descriptions of overseas assets

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount	Reason
Bank deposits	40,000,000.00	Term deposits
Other monetary funds	20,292,090.37	Security deposit for notes and letters of credit
Intangible assets	297,566,999.88	Land use rights used to be as the loan mortgage

## 4. Other information

Applicable  N/A

**(IV) Analysis of investments****1. Overall analysis of external equity investments**

√ Applicable □ N/A

At the end of the reporting period, the Company holds the long-term equity investment of RMB 265.9005 million, RMB 3.1557 million more than the opening amount, which is primarily due to the increase in the investment return of the investee, changes in other comprehensive income and exchange rate changes.

**(1) Material equity investments**

□ Applicable √ N/A

**(2) Material non-equity investments**

□ Applicable √ N/A

**(3) Financial assets at fair value**

√ Applicable □ N/A

As of June 30, 2021, the balance of held-for-trading financial assets of the Company was RMB 457,982,988.00, including RMB 420,000,000.00 of structured deposits and RMB 37,982,988.00 of performance compensation of the participating company;

The balance of investment in other equity instruments was RMB 11,975,419.38, which is investment in two investee companies with zero change in the fair value during the reporting period;

The receivables financing was RMB 1,214,306.00, which is bank's acceptance bills.

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

□ Applicable √ N/A

**(VI) Analysis of major investees**

√ Applicable □ N/A

Unit: 0'000 Currency: RMB

Company	Main business	Registered capital	Shareholding percentage	Total assets	Net assets	Operating income	Net profit
CINEAPPO	Provision of cinema laser light source projection service and sales of projectors	10,000.00	63.20%	93,873.42	41,077.12	24,400.67	5,901.25
Chongqing Fengmi	R&D and sale of household display products	7,017.54	39.19%	79,894.87	-10,062.30	53,121.69	1,276.14

Appotronics HK	R&D and sale of laser light source	30,116.15	100.00%	37,772.96	35,099.11	2,180.96	3,144.50
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Other information:

None

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

Applicable  N/A

**VII. Other disclosures**

Applicable  N/A

Considering that the participating company GDC BVI failed to meet the 2020 performance commitment goal, the Company communicated with GDC Cayman with respect to performance compensation. Through multiple negotiations, the two parties reached an agreement on the 2020 performance compensation and signed a settlement agreement and relevant documents on this performance compensation plan. Please refer to the Announcement No. 2021-005 issued by the Company on www.sse.com.cn and the designated media for information disclosure on July 16, 2021.

2020 Performance Compensation Plan provides that GDC Cayman shall transfer 8% of ordinary shares held by it in GDC BVI (i.e. 20,682,627 shares) to Appotronics HK as the time when the settlement agreement is signed. GDC Cayman shall pay Appotronics HK RMB 1.2 million in cash as the compensation within 12 months from the date of signing the settlement agreement.

The said 2020 Performance Compensation Plan has been reviewed and approved by the general meeting of shareholders. The performance compensation agreement concluded by the two parties is an adjusting event after the balance sheet date. On June 30, 2021, the Company recognized the performance compensation as the held-for-trading financial assets in an amount of RMB 37.9830 million while recording gains or losses from changes in fair values in an amount of RMB 38.1759 million (the difference between the two is the effect of translation exchange rate of the statements).



## Section IV Corporate Governance

### I. General meetings of shareholders held

Session	Date of meeting	Reference to resolutions published on the designated website	Date of disclosure of resolutions	Resolutions
1 <sup>st</sup> extraordinary general meeting of shareholders in 2021	February 25, 2021	www.sse.com.cn	February 26, 2021	All proposals submitted to the general meeting have been reviewed and passed.
2 <sup>nd</sup> extraordinary general meeting of shareholders in 2021	April 12, 2021	www.sse.com.cn	April 13, 2021	All proposals submitted to the general meeting have been reviewed and passed.
Annual general meeting of shareholders in 2020	May 14, 2021	www.sse.com.cn	May 15, 2021	All proposals submitted to the general meeting have been reviewed and passed.

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

Applicable  N/A

Explanation about the general meetings of shareholders

Applicable  N/A

During the reporting period, the Company held 1 annual general meeting and 2 extraordinary general meetings in total. After being certified by Beijing JunHe (Shenzhen) Law Firm engaged by the Company, the convening and holding procedures of general meetings of shareholders comply with the relevant laws and regulations as well as the provisions of the Articles of Association. The qualifications of the persons attending the meeting and conveners are legal and valid, and voting procedures and results of general meetings of shareholders are legal and valid. All proposals submitted to the general meetings by the Board of Directors have been reviewed and passed.

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

Applicable  N/A

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

Applicable  N/A

1. Considering that the members of the 1st Board of Directors and Board of Supervisors of the Company expire in July 2021, the Company elected members of Board of Directors and Board of Supervisors. On July 15, 2021, the Company held the 32nd meeting of the 1st Board of Directors and the 19th meeting of the 1st Board of Supervisors, electing six persons including LI Yi, BO Lianming, ZHANG Wei, NING Xiangdong, TANG Guliang and CHEN Youchun as the candidates of the 2nd Board of

Directors, and two persons including GAO Lijing and SUN Hongdeng as the candidates of members of the Company's Second Board of Supervisors who are not representatives of the staff and workers. On August 3, 2021, the Company held the 3rd extraordinary general meeting of shareholders in 2021, reviewing and approving the said proposal.

2. The Company held the conference of the representatives of the staff and workers on July 15, 2021, electing Ms. WANG Yingxia as the director of the Second Board of Directors who is the representative of the staff and workers, and Ms. WANG Yanyun as the supervisor of the Second Board of Supervisors who is the representative of the staff and workers. The said director and supervisor, together with the directors and supervisors elected by the 3rd extraordinary general meeting of shareholders in 2021 of the Company, respectively form the Second Board of Directors and the Second Board of Supervisors of the Company. Their respective term of office shall be three years from the date of review and approval by the general meeting of shareholders.

3. On August 3, 2021, the Company held the 1st meeting of the Second Board of Directors, electing Mr. LI Yi as the Chairman of the Second Board of Directors, and engaging Mr. BO Lianming as the general manager of the Company, Ms. WANG Yingxia as the CFO of the Company, and Ms. YAN Li as the secretary of the Board of Directors of the Company. On the same day, the Company held the 1st meeting of the Second Board of Supervisors, electing Ms. GAO Lijing as the Chairman of the Second Board of Supervisors.

4. During the reporting period, the Company's key technical staff included LI Yi, HU Fei, YU Xin, WANG Lin, GUO Zuqiang and WU Xiliang. On August 23, 2021, after reassessment, the Company's key technical staff include LI Yi, HU Fei, YU Xin, WANG Lin, WANG Zeqin and GUO Zuqiang.

Description of determination of key technical staff of the Company

Applicable  N/A

After taking into account technology R&D, obtainment of patent for invention and other factors, the Company optimized and adjusted the specific determination standards of key technical staff as follows in order to standardize and improve the building of the Company's R&D system:

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

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

**III. Proposals for profit distribution and capitalization of the capital reserve****Profit distribution proposal or proposal for capitalization of capital reserve during the reporting period**

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

**IV. Share incentive plan, employee stock ownership plan and other employee incentive measures of the Company and their effect****(I) Equity incentives already disclosed in the interim announcements about which no new information is available**

√ Applicable □ N/A

Summary	Reference
On March 26, 2021, the Company held the 30th meeting of the 1st Board of Directors and the 17th meeting of the 1st Board of Supervisors, which reviewed and approved the Proposal on the 2021 Restricted Share Incentive Plan (Draft) of the Company and Summary of the Plan and other related proposals.	Please refer to the relevant announcement issued by the Company on www.sse.com.cn and the designated media for information disclosure on March 27, 2021.
On April 12, 2021, the Company held the 2nd extraordinary general meeting of shareholders in 2021, which reviewed and approved the Proposal on the 2021 Restricted Share Incentive Plan (Draft) of the Company and Summary of the Plan and other related proposals.	Please refer to the relevant announcement issued by the Company on www.sse.com.cn and the designated media for information disclosure on April 13, 2021.
On April 22, 2021, the Company held the 31th meeting of the 1st Board of Directors and the 18th meeting of the 1st Board of Supervisors, which reviewed and approved the Proposal on the Adjustment of the 2021 Restricted Share Incentive Plan and the Proposal on Initial Grant of Restricted Shares to Grantees, pursuant to which, the Company initially granted 17.1 million shares to 220 grantees at the price of RMB 21.00 per share (for special grantees), RMB 17.5 per share (for Type I grantees) and RMB 18.5 per share (for Type II grantees) on April 22, 2021. The Company's independent directors expressed their independent opinions on such proposals, and the Board of Supervisors expressed its opinion after review of such proposals.	Please refer to the relevant announcement issued by the Company on www.sse.com.cn and the designated media for information disclosure on April 24, 2021.

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

Share incentives

□ Applicable √ N/A

Other information

□ Applicable √ N/A

Employee stock ownership plan

□ Applicable √ N/A

Other incentives

Applicable  N/A

## Section V Environment and Social Responsibilities

### I. Environment

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

The Company has not been identified as a major polluter during the reporting period. The Company attaches importance to environmental protection and has taken measures, the details of which are seen in “I. Environment” - “(V) Measures taken to reduce carbon emissions during the reporting period and their effect” in “Section V Environment and Social Responsibilities”.

**3. Reason for failure to disclose environmental protection information**

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

1. In the production process, the Company keeps improving “energy saving and emission reduction”. To be specific, the Company independently researches, develops and implements waste water recycling and reuse systems, implements special energy-saving measures for central air-conditioning systems, air compressors, UV purifier systems, aging products and product equipment, so as to minimize the energy consumption and impact on the environment. During the reporting period, the Company’s key environmental indicators all met standards. The average water consumption per unit of production equipment decreased by 38.46% year on year, and electricity consumption per unit decreased by 10.01% year on year.

Key environmental indicators for the first half of 2021				
No.	Item	Goal	Actual	Meet the relevant standard or not
1	Litigation filed by outsiders	0	0	Yes

2	Average electricity consumption per unit	not more than 26 kwhs	24.53 kwhs	Yes
3	Average water consumption per unit	not more than 0.1 tons	0.08 tons	Yes
4	Total hazardous waste discharges	not more than 3.3 tons	2.33 tons	Yes
5	Rate of passing the review by the environmental protection system	100%	100%	Yes

2. The Company has not been identified as a major polluter during the reporting period. The Company attaches importance to environmental protection and has taken the following environmental protection measures to fulfill its social responsibility:

#### **Disposal of solid wastes**

The Company's solid wastes include consumer wastes, general industrial solid wastes and hazardous wastes. The consumer wastes are collected and then handed over to the environmental sanitation entity for centralized treatment. The general industrial solid wastes mainly consist of leadless waste scruff and waste packing materials generated in the production process, which are collected by category and then handed over to the relevant resource recycling entities for recycling. The hazardous wastes mainly consist of waste active carbon generated in the waste gas treatment process, and wastes containing industrial alcohol and waste packing materials containing cleaning agents that are generated in the production process, which are collected and then handed over to the qualified entities for treatment.

#### **Sewage treatment**

The Company's sewage includes domestic sewage and industrial sewage. The domestic sewage is pre-treated through septic tank or otherwise, and after meeting the relevant standard, discharged to the municipal sewage treatment pipelines and sewage treatment plant. The industrial sewage is handed over to the qualified entities for treatment. In addition, the Company has optimized the technologies currently used to reduce the sewage discharged. The Company appoints a third party to inspect its domestic sewage every year.

#### **Waste gas treatment**

The Company's waste gas mainly includes waste gas containing tin and organic waste gas generated in the production process. The Company has built a waste gas treatment system, comprising UV photolysis, active carbon adsorption plant, air purification equipment and other equipment. After the treatment, the concentration of tin and NmHc in the waste gas discharged by the Company to the air meets the local standard for Atmospheric Pollutant Emission Limit. In addition, the Company appoints a third party to conduct the relevant inspections every year.

#### **Certifications relating to environmental protection**

The Company passed ISO14001 environmental management system certification in 2008, and continues to conduct the certification. In 2019, the Company passed QC080000 hazardous substance process management system certification. All of the Company's products are green products and have passed RoHS, REACH and China environmental labeling product certification, among others.

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

√ Applicable □ N/A

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

## 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 specific extended period	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 specific extended period, 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	Refer to IPO Prospectus	36 months after completion of the IPO and the specific	Yes	Yes	N/A	N/A



		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		extended period				
Covenant relating to IPO	Restriction on the sale of shares	Covenant by the directors regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	12 months after completion of the IPO and the specific extended period	Yes	Yes	N/A	N/A
Covenant relating to IPO	Restriction on the sale of shares	Covenant by the supervisors regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	12 months after completion of the IPO	Yes	Yes	N/A	N/A
Covenant relating to IPO	Restriction on the sale of shares	Covenant by HU Fei, as a senior officer and member of key technical staff, regarding restriction on the sale of shares held by him, voluntary lock-up of such shares,	Refer to IPO Prospectus	12 months after completion of the IPO and the specific extended period, and 6 months after termination of	Yes	Yes	N/A	N/A

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

		intention to hold and dispose of shares and other issues						
Covenant relating to IPO	Restriction on the sale of shares	Covenant by the other shareholders regarding restriction on the sale of shares held by them, voluntary lock-up of such shares, extension of lock-up period, intention to hold and dispose of shares and other issues	Refer to IPO Prospectus	12 months after completion of the IPO and listing of stock	Yes	Yes	N/A	N/A
Covenant relating to IPO	Restriction on the sale of shares	Covenant by senior officers and core employees participating in strategic allotment regarding restriction on the sale of shares held by 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	At least 12 months after completion of the IPO and listing of stock	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 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	Controlling shareholder and the actual	Refer to IPO Prospectus	36 months after completion	Yes	Yes	N/A	N/A

		controller's plan for stabilizing the Company's stock price and covenant regarding share repurchase measures within three years after the listing		of the IPO and listing of stock				
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	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A

		in the current period						
Covenant relating to IPO	Others	Controlling shareholder, actual controller and their concert parties' covenant regarding remedial measures for diluted earnings in the current period	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant relating to IPO	Others	Directors, 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 and liability for compensation in the event of failure to fulfill their covenants	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A

Covenant relating to IPO	Others	Directors, supervisors and senior officers' covenant regarding restraint measures and liability for compensation in the event of failure to fulfill their covenants	Refer to IPO Prospectus	Term of office	No	Yes	N/A	N/A
Covenant relating to IPO	Resolve horizontal competition 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
Covenant relating to IPO	Resolve related-party transaction issues	Actual controller's covenant on avoiding horizontal competition and regulating and reducing related-party transactions	Refer to IPO Prospectus	Permanent	No	Yes	N/A	N/A
Covenant related to share incentives	Others	Covenant by the grantee of share incentives regarding information disclosure documents	Refer to the 2019 Restricted Share Incentive Plan (Draft) and 2021 Restricted Share Incentive Plan (Draft) of the Company	Permanent	No	Yes	N/A	N/A
	Others	Company's covenant on refraining from providing financial assistance	Refer to the 2019 Restricted Share Incentive Plan (Draft) and 2021 Restricted Share	Permanent	No	Yes	N/A	N/A

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			Incentive Plan (Draft) of the Company					
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**II. Non-operational occupation of funds by the controlling shareholder and its affiliates during this report**

Applicable  N/A

**III. Guarantees in violation of applicable regulations**

Applicable  N/A

**IV. Audit of semiannual report**

Applicable  N/A

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

Applicable  N/A

**VI. Matters relating to bankruptcy and reorganization**

Applicable  N/A

**VII. Material litigations and arbitrations**

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

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

Applicable  N/A

Summary and type of case	Reference
I. Case for changing the inventor of patent 19-cv-00466-RGD-LRL in the United States District Court for the Eastern District of Virginia The Company brings a suit against Delta in the United States District Court for the Eastern District of Virginia for breach of non-disclosure agreement, wrongful appropriation of the technical solutions actually invented by the Company's employees LI Yi and HU Fei, and filing for patent application in the United States without authorization, and petitions the court to order that the inventors of the patent-in-suit US 9,024,241 shall be changed from WANG Bo, ZHANG Kesu and HUA Jianhao into LI Yi and HU Fei.	Refer to the Announcement on Litigation disclosed on September 9, 2019 (No. 2019-012).
II. Cases of dispute over infringement on patents for invention [2019] Jing 73 Min Chu No. 1275, 1276, and 1278 In September 2019, Delta Electronics, Inc. initiated a civil litigation on the ground that the Company and its controlled subsidiary Fengmi infringed the patents for invention ZL201610387831.8, ZL201410249663.7, and ZL201010624724.5, requesting the court to order to stop the acts of infringing the patent rights and the damages for infringement in the amount of RMB 48.03 million.	Refer to the Announcement on Litigation disclosed on September 21, 2019 (No. 2019-014), and the Announcement on Litigation disclosed on June 13, 2020 (No. 2020-022).
III. (2020) Yue 73 Zhi Min Chu No. 1335-1341, 1353, 1355-1361 In August 2020, the Company initiated a civil litigation on the ground that Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, Digital Protection (Beijing) Electronics Technology Co., Ltd. and other entities infringed the patents for invention ZL200880107739.5 and ZL200810065225.X owned by the Company, requesting the court to order to stop the acts of infringing the Company's patent rights and the damages for infringement in the amount of RMB 80.00 million.	Refer to the Announcement on Litigation Against Delta Electronics (Shanghai) Co., Ltd. and Other Entities disclosed on August 11, 2020 (No. 2020-037).

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

Applicable  N/A

Unit: 0'000 Currency: RMB



During the reporting period:									
Plaintiff/ claimant	Defendant /respondent	Party jointly and severally liable	Type of litigation /arbitration	Background	Amount claimed	Whether any provision is recognized and the amount	Status	Result and effect	Enforce ment 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	RMB 10.00 million released, and in trial of the first instance	In trial of the first instance	
Delta Electronics, Inc.	Appotronics Corporation Limited	Futian SPN Projector & Video System Firm of Shenzhen	Infringement on patent for invention	[2019] Yue 73 Zhi Min Chu No. 663, the Plaintiff alleges that it is the owner of the patent for invention ZL201310017478.0 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,614.53	No	Pending second trial	Judgment of the first instance: All claims made by the Plaintiff were dismissed.	
Delta Electronics, Inc.	Appotronics Corporation Limited	Futian SPN Projector & Video System Firm of Shenzhen	Infringement on patent for invention	[2019] Yue 73 Zhi Min Chu No. 664, the Plaintiff alleges that it is the owner of the patent for invention ZL20310625063.1 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the	1,614.53	No	Trial of the second instance completed	Ruling of the second instance: Delta was allowed to withdraw the litigation.	

				Plaintiff.					
Delta Electronics, Inc.	Fengmi (Beijing) Technology Co., Ltd.	Appotronics Corporation Limited	Infringement on patent for invention	[2019] Jing 73 Min Chu No. 1277, the Plaintiff alleges that it is the owner of the patent for invention ZL201310017478.0 and the Defendant infringed such patent for invention of the Plaintiff and caused economic losses to the Plaintiff.	1,601.00	No	Pending second trial	Ruling of the first instance: The case of the Plaintiff was rejected.	
Appotronics Corporation Limited	Delta Electronics (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited; Shenzhen Super Network Technology Co., Ltd.	Infringement on patent for invention	(2019) Yue 03 Min Chu No. 2943, 2944, 2946, 2948 and 2951, the Plaintiff alleges that Defendant 1, Defendant 2 and Defendant 3 infringed the patent for invention 200810065225.X of the Plaintiff and caused economic losses to the Plaintiff.	2,800.00	No	Pending appeal in the second instance	Judgment of the first instance: The Defendant paid the Company RMB 1,651,997.00 as the compensation	
Appotronics Corporation Limited	Delta Electronics (Shanghai) Co., Ltd.	Delta Video Display System (Wujiang) Limited; Shenzhen Super Network Technology Co., Ltd.	Infringement on patent for invention	(2019) Yue 03 Min Chu No. 2942, 2945, 2947, 2949 and 2950, the Plaintiff alleges that Defendant 1, Defendant 2 and Defendant 3 infringed the patent for invention 200880107739.5 of the Plaintiff and caused economic losses to the Plaintiff.	2,800.00	No	The Plaintiff withdrew its case	The court ordered the case to be withdrawn.	
Appotronics Corporation	Delta Electronics,		Case of dispute over title to	(2019) Yue 03 Min Chu No. 4309, the Plaintiff	30.00	No	The Plaintiff	The court ordered the	

Limited	Inc.		patents	petitions the court to declare that the patent ZL201610387831.8 “phosphor color wheel and its applicable light source system” is owned by the Company.			withdrew its case	case to be withdrawn.	
Appotronics Corporation Limited, LI Yi and HU Fei	Delta Electronics, Inc.	ZHANG Kesu, HUA Jianhao and WANG Bo	Case of dispute over title to patents	(2021) Yue 03 Min Chu No. 2295, the Plaintiff petitions the court to declare that the patent ZL201610387831.8 “phosphor color wheel and its applicable light source system” is owned by the Company.	30.00	No	In trial of the first instance		
Appotronics Hong Kong Limited	GDC Technology Limited (Cayman Islands)		Dispute over performance compensation	01-021-0003-7526 U.S. case of arbitration GDC BVI failed to achieve the performance covenant for the year 2020, hence triggering the performance compensation provisions. Therefore, GDC Cayman needs to fulfill the performance compensation commitment. In May 2021, the subsidiary Appotronics HK applied with American Arbitration Association for the arbitration against GDC Cayman, requesting	GDC BVI: 46,535,911 ordinary shares or USD 5.6 million in cash	No	Closed	The American Arbitration Association has issued the closing receipt.	

				the Respondent to pay the Company performance compensation.					
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**(III) Other information**

√ Applicable □ N/A

At the end of this reporting period, a total of 14 invalidation petitions have been raised against the Company's patent for invention ZL200880107739.5, and a total of 9 invalidation petitions have been raised against the Company's patent for invention ZL200810065225.X. These 23 cases have been decided by the China National Intellectual Property Administration, with the patents sustained, or withdrawn by the petitioner. Only 1 invalidation case with the Company as a patentee and WANG Lihua as a petitioner is in trial at the China National Intellectual Property Administration, and the number and name of the patent involved in the case is ZL201110086731.9 and High-brightness Laser Method and Light-emitting Device based on Light Wavelength Conversion.

At the end of the reporting period, there was 1 invalidation case where the Company acted as a petitioner. The case is in trial at the China National Intellectual Property Administration, and is related to the invalidation petition with Delta Electronics, Inc. as patentee.

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

□ Applicable √ N/A

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

□ Applicable √ N/A

**X. Material related-party transactions**

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

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

√ Applicable □ N/A

Summary	Reference
The Company expects to engage in routine related-party transactions with China Film Equipment Co., Ltd. and its affiliates, Xiaomi Communications Technologies Co., Ltd. and its affiliates, Beijing DonView Education Technology Co., Ltd. and its affiliates, CINIONIC, Shenzhen YLX Technology Development Co., Ltd., GDC Technology Limited and its affiliates, and WeCast Technology Corp. and its affiliates for a total expected amount of RMB 1.56195 billion in 2021.	Please refer to the Announcement No. 2021-003 "Announcement on expected routine related-party transactions in 2021" and the Announcement No. 2021-031 "Announcement on increase in expected quota of routine related-party transactions in 2021" issued by the Company on www.sse.com.cn and the designated media for information disclosure on February 10, 2021 and April 24, 2021.

**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

**(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

Summary	Reference
The controlled subsidiary Fengmi (Chongqing) Innovative Technology Co., Ltd. intends to increase capital of USD 4 million to the wholly-owned subsidiary Formovie Limited, which will be used for subscribing for 51% of equity in WeCast Technology Corp. After completion of this subscription, WeCast will be included in the scope of the consolidated financial statements of the Company. LI Yi, the actual controller and the Chairman of the Company, acts as a director of WeCast, hence this subscription constitutes a related-party transaction according to the provisions.	Please refer to the Announcement No. 2021-018 “Announcement on increase by Fengmi of capital to the wholly-owned subsidiary and subscription for 51% of equity of WeCast Technology Corp. and on related-party transactions” issued by the Company on www.sse.com.cn and the designated media for information disclosure on March 27, 2021.

**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) Material related-party transactions**

Applicable  N/A

**(VII) Others**

Applicable  N/A

**XI. Material contracts and performance thereof****1 Trusteeship, contracting and lease**

Applicable  N/A

**(1) Trusteeship**

Applicable  N/A

**(2) Contracting**

Applicable  N/A

**(3) Lease**

Applicable  N/A

Unit: 0'000 Currency: RMB

Name of lessor	Name of lessee	Leased assets	Amount of leased assets	Start date	End date	Lease income	Basis for determining lease income	Impact of lease income on the Company	Related-party transaction or not	Related-party relation
Shenzhen Meisheng Industry Co., Ltd.	Appotronics Corporation Limited	Office, R&D, factory, employee dormitory	1,237.67	December 1, 2018	November 30, 2022	/	/	/	No	None

Description of lease  
None

**2 Material guarantees that have been performed or have not yet been fully performed during the report period**

√ Applicable □ N/A

Unit: 0'000 Currency: RMB

The Company's guarantees to external parties (excluding those to subsidiaries)															
Guarantor	Relationship between the guarantor and the listed company	Obligor	Guaranteed amount	Commencement date of guarantee (signing date of agreement)	Guarantee start date	Guarantee expiry date	Type of guarantee	Principal debt	Collateral (if any)	Whether the obligation guaranteed has been discharged	Whether the obligation guaranteed has become overdue	Amount of the overdue obligation guaranteed	Counter guarantee	Whether a guarantee for a related party	Related relationship
Total amount of guarantees provided during the reporting period (excluding those provided for the subsidiaries)										0					
Balance of guarantees at the end of the reporting period (excluding those provided for the subsidiaries) (A)										0					
Guarantees provided by the Company or its subsidiaries for the subsidiaries of the Company															
Guarantor	Relationship between the guarantor and the listed company	Obligor	Relationship between the obligor and the listed company	Guaranteed amount	Commencement date of guarantee (signing date of agreement)	Inception date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the obligation guaranteed has been discharged	Whether the obligation guaranteed has become overdue	Amount of the overdue obligation guaranteed	Whether there's a counter guarantee			
Appotronics Corporation Limited	Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	70,000	2020-5-31	2020-5-31	Three years after the due date for the obligations under the master contract	Joint and several liability	No	No		No			
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing)	Controlled subsidiary	16,500	2019-10-21	2019-10-21	Two years after the due date	Joint and several liability	No	No		No			



		Technology Co., Ltd.					for the obligations					
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	10,000	2020-12-1	Initial utilization date or actual date of utilization under the financing letter	Two years after the latest due date of the loans under the financing letter	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	10,000	2020-7-1	2020-7-1	Three years after the due date for the obligations under the master contract	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Controlled subsidiary	23,000	2021-1-26	2021-1-26	Two years after the last instalment of payment under this single contract expires	Joint and several liability	No	No		No
Appotronics Corporation Limited	Headquarters	Fengmi (Beijing) Technology Co., Ltd.	Controlled subsidiary	5,500	2021-4-2	2021-4-2	Two years after the due date for the obligations	Joint and several liability	No	No		No
Total amount of guarantees provided for the subsidiaries during the reporting period							39,852					

Balance of guarantees provided for the subsidiaries at the end of the reporting period (B)	41,586
Total amount of guarantees provided by the Company (including those provided for the subsidiaries)	
Total amount guaranteed (A+B)	41,586
Proportion of total amount guaranteed to the net assets of the Company (%)	17.89
Including:	
Total amount of guarantees provided for the shareholders, actual controller and their affiliates (C)	0
Total amount of debt guarantees directly or indirectly provided for the obligors whose equity-debt ratio exceeds 70% (D)	20,738
Total amount guaranteed in excess of 50% of the net assets of the Company (E)	0
Total amount guaranteed (C+D+E)	20,738
Explanation about outstanding guarantees for which the Company may assume joint and several liability	N/A
Explanation about guarantees	N/A

**3 Other material contracts**

Applicable  N/A

**XII. Use of offering proceeds**

√ Applicable □ N/A

Unit: 0'000 Currency: RMB

Total offering proceeds			106,247.08			Total offering proceeds used in this year			4,587.51			
Total offering proceeds with the purpose changed			N/A			Cumulative total offering proceeds used			49,810.75			
Proportion of total offering proceeds with the purpose changed (%)			N/A									
Investment project promised	Changed project, including partial change (if any)	Total offering proceeds committed	Post-adjustment total investment	Committed investment amount by the end of the period <sup>①</sup>	Amount invested in this year	Cumulative amount invested by the end of the period <sup>②</sup>	Difference between the cumulative amount invested and the committed investment amount by the end of the period <sup>③=②-①</sup>	Investment progress by the end of the period (%) <sup>④=②/①</sup>	Date for the project to reach the working condition for its intended use	Benefits realized in the current year	Whether to obtain expected benefits	Material changes in the project feasibility
R&D and industrialization of new generation of laser display products	No change	31,300.00	31,300.00	31,300.00	3,302.59	12,174.06	-19,125.94	38.89	March 2022	N/A	N/A	No
R&D center at the head office of Appotronics	No change	28,400.00	28,400.00	28,400.00	1,013.90	2,321.00	-26,079.00	8.17	August 2022	N/A	N/A	No

Information system upgrade and building	No change	7,000.00	7,000.00	7,000.00	271.02	1,776.19	-5,223.81	25.37	March 2022	N/A	N/A	No
Supplementary working capital	No change	33,300.00	33,300.00	33,300.00	0	33,539.50		100.72	N/A	N/A	N/A	No
Total	-	100,000.00	100,000.00	100,000.00	4,587.51	49,810.75	-50,428.75	-	-		-	-
Reason for not reaching the planned progress (by specific investment project)	<p>During the implementation of the R&amp;D and industrialization of new generation of laser display products, based on the principle of ensuring quality, controlling costs, and reducing risks, the Company acted more diligently in the specific planning and use of funds for the projects, which delayed the overall implementation progress expected; the headquarters building of the Company is still in construction, as a result, the R&amp;D center at the head office and the information system upgrade and building cannot be implemented in a large scale.</p> <p>As of the date when this Report is released, the Company expects that the aforesaid three proceeds-invested projects will not reach the working condition for its intended use on the original scheduled date. Subsequently, the Company will evaluate the progress of the project according to the actual situation and request the Board of Directors to review the adjustments to the proceed-invested projects.</p>											
Description of material changes in project feasibility	No material change											
Early investment and replacement of offering proceeds	<p>On July 29, 2019, the Proposal on Replacing Early Funds Invested with Offering Proceeds was reviewed and passed at the 16th meeting of the first Board of Directors, approving the Company to replace the invested funds of RMB 18.9584 million as of July 19, 2019 with the offering proceeds, and replace the offering expenses paid in the amount of RMB 3.1056 million with the offering proceeds. The matters above have been assured by Pan-China Certified Public Accountants (Special General Partnership), which issued the Assurance Report on Replacement of Funds with Offering Proceeds by Appotronics Corporation Limited (Tian Jian Shen [2019] No. 7-393).</p>											
Temporarily supplement the working capital with idle offering proceeds	None											
Cash management of idle offering proceeds, and investment in relevant products	<p>On July 21, 2020, the 23rd meeting of the first Board of Directors of the Company reviewed and approved the Proposal on the Cash Management of Temporarily Idle Offering Proceeds, agreeing that the Company would conduct cash management of temporarily idle offering proceeds up to RMB 670 million, provided that it shall ensure that the normal progress of the Company's investment plan of proceeds would not be affected, and agreeing that the Company would use these proceeds to purchase investment products with high security, good liquidity and guaranteed principal (including but not limited to structural deposits, agreed deposits, call deposits, time deposits, large certificates of deposit, income certificates), among them, the total purchase amount of income certificates shall not exceed RMB 200 million and the service life shall not exceed 12 months; and the valid period shall be 12 months from the date of review and approval by the Board of Directors and the Board of Supervisors.</p>											

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Permanently supplement working capital or repay bank loans with excess offering proceeds	None
Balance of offering proceeds and reasons thereof	N/A
Other use of offering proceeds	None

[Note] In the process of the project, the total wealth management returns of RMB 2.3950 million were derived 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. Shenzhen Branch (Houhai Subbranch), account number: 10869000000251463) has been deregistered. The interest RMB 1,418.11 incurred after completion of the project has been paid to the basic account of the Company to be used as supplementary working capital.

**XIII. Other significant matters**

Applicable  N/A

## Section VII Changes in Shares and Shareholders

### I. Changes in ordinary shares

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

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

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

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

### II. Shareholders

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

Total number of shareholders of ordinary shares as of the end of the reporting period	11,551
Total number of shareholders of preferred shares whose voting right has been restituted as of the end of the reporting period	0
Total number of shareholders of shares with special voting rights as of the end of the reporting period	0

#### Number of holders of depository receipts

Applicable  N/A

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

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

Applicable  N/A

Unit: Share

Shares held by top 10 shareholders							
Shareholder (Full name)	Change during the reporting period	Balance of shares held as at the	Percen tage (%)	Number of non- tradable	Number of non-tradable shares held,	Shares pledged or frozen	Sharehol der nature



		end of the reporting period		shares held	including the shares lent out under the refinancing arrangement	Share status	Number	
Shenzhen Appotronics Holdings Limited	0	79,762,679	17.62	79,762,679	79,762,679	None	0	Domestic non-stated owned corporation
SAIF IV Hong Kong (China Investments) Limited	-20,410,779	33,502,956	7.40	0	0	None	0	Foreign corporation
CITIC PE Investment (Hong Kong) 2016 Limited	-7,060,800	30,352,232	6.70	0	0	None	0	Foreign corporation
Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	0	24,139,500	5.33	24,139,500	24,139,500	None	0	Domestic non-stated owned corporation
Nantong Strait Appotronics Investment Partnership (LP)	-1,984,408	23,080,329	5.10	0	0	None	0	Domestic non-stated owned corporation
Shenzhen Appotronics Daye Investment Partnership (LP)	0	20,430,250	4.51	20,430,250	20,430,250	None	0	Domestic non-stated owned corporation
Shenzhen Appotronics Hongye Investment Partnership (LP)	0	15,662,374	3.46	15,662,374	15,662,374	None	0	Domestic non-stated owned corporation
GREEN FUTURE HOLDINGS LIMITED	-3,770,272	12,734,246	2.81	0	0	None	0	Foreign corporation
Shenzhen Jinleijing Investment Limited Partnership (LP)	0	12,353,106	2.73	12,353,106	12,353,106	None	0	Domestic non-stated owned corporation

Shenzhen Appotronics Chengye Consulting Partnership (LP)	0	10,394,846	2.30	10,394,846	10,394,846	None	0	Domestic non-stated owned corporation
Shares held by top 10 holders of tradable shares								
Shareholder	Number of tradable shares held		Type and number of shares					
			Category	Number				
SAIF IV Hong Kong (China Investments) Limited	33,502,956		RMB-denominated ordinary share	33,502,956				
CITIC PE Investment (Hong Kong) 2016 Limited	30,352,232		RMB-denominated ordinary share	30,352,232				
Nantong Strait Appotronics Investment Partnership (LP)	23,080,329		RMB-denominated ordinary share	23,080,329				
GREEN FUTURE HOLDINGS LIMITED	12,734,246		RMB-denominated ordinary share	12,734,246				
Shenzhen Guochuang Chenggu Capital Management Co., Ltd. - Shenzhen Chengguhui Equity Investment Partnership (LP)	8,114,369		RMB-denominated ordinary share	8,114,369				
Smart Team Investment Limited	6,799,660		RMB-denominated ordinary share	6,799,660				
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	5,930,409		RMB-denominated ordinary share	5,930,409				
Shenzhen Liansong Capital Management Partnership (LP)	5,833,817		RMB-denominated ordinary share	5,833,817				
ICBC-AXA Life Co., Ltd. - Traditional 2	4,900,000		RMB-denominated ordinary share	4,900,000				
China Merchants Bank Co., Ltd. - One-year ABC Huili Strategic Income Hybrid Securities Investment Fund	3,778,794		RMB-denominated ordinary share	3,778,794				
Description of special repurchase shareholders among top 10 shareholders	N/A							
Description of entrusting voting right, entrusted voting right and waiver of voting right of the shareholder above	N/A							
Affiliates or concert parties among the shareholders stated above	<p>1. As of June 30, 2021, among the Company's top 10 shareholders, Appotronics Holdings, Yuanshi, Appotronics Daye, Appotronics Hongye and Jinleijing are concert parties. The Company has not received any notice about affiliates or concert parties among other shareholders stated above.</p> <p>2. The Company is not aware whether there are affiliates or concert parties as defined in the Administrative Measures for the Acquisition of the Listed Companies among other shareholders.</p>							
Holders of preferred shares whose voting right has been restituted and the number of shares held by them	N/A							

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

√ Applicable □ N/A

Unit: Share

No.	Holder of non-tradable shares	Number of non-tradable shares held	Unlocking of non-tradable shares		Lock-up period
			Unlock date	Number of shares newly unlocked	
1	Shenzhen Appotronics Holdings Limited	79,762,679	July 22, 2022	0	36 months after the listing date
2	Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP)	24,139,500	July 22, 2022	0	36 months after the listing date
3	Shenzhen Appotronics Daye Investment Partnership (LP)	20,430,250	July 22, 2022	0	36 months after the listing date
4	Shenzhen Appotronics Hongye Investment Partnership (LP)	15,662,374	July 22, 2022	0	36 months after the listing date
5	Shenzhen Jinleijing Investment Limited Partnership (LP)	12,353,106	July 22, 2022	0	36 months after the listing date
6	Shenzhen Appotronics Chengye Consulting Partnership (LP)	10,394,846	July 22, 2022	0	36 months after the listing date
7	BLACKPINE Investment Corp. Limited	3,994,011	July 22, 2022	0	36 months after the listing date
8	Huatai Venture Capital Investment Co., Ltd.	2,720,000	July 22, 2021	0	24 months after the listing date
Affiliates or concert parties among the shareholders stated above		As of June 30, 2021, among the shareholders of the restricted shares above, Appotronics Holdings, Yuanshi, Appotronics Daye, Appotronics Hongye, Jinleijing, Appotronics Chengye, and BLACKPINE Investment Corp. Limited are concert parties. The Company has not received any notice about affiliates or concert parties among other shareholders stated above.			

**Statement of top 10 holders of domestic depository receipts as of the end of the reporting period**

□ Applicable √ N/A

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

□ Applicable √ N/A

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

□ Applicable √ N/A

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

Applicable  N/A

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

Applicable  N/A

Other information

Applicable  N/A

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

Applicable  N/A

**2.Type I restricted shares**

Applicable  N/A

**3.Type II restricted shares**

Applicable  N/A

Unit: Share

Name	Title	Number of restricted shares already granted as at the beginning of the reporting period	Number of restricted shares granted during the reporting period	Number of restricted shares that could be vested in the reporting period	Number of restricted shares that have been vested in the reporting period	Number of restricted shares already granted as of the end of the reporting period
LI Yi	Chairman of the Board of Directors & key technical staff	0	3,500,000	0	0	3,500,000
BO Lianming	Director & General Manager	100,000	3,500,000	30,000	30,000	3,570,000
WANG Yingxia	Director & CFO	51,400	150,000	15,420	15,420	185,980
YAN Li	Board Secretary	150,000	350,000	15,000	15,000	485,000
HU Fei	Key technical staff	100,000	350,000	30,000	30,000	420,000
YU Xin	Key technical staff	50,000	200,000	15,000	15,000	235,000

WANG Lin	Key technical staff	50,000	200,000	15,000	15,000	235,000
WANG Zejin	Key technical staff	40,000	200,000	12,000	12,000	228,000
GUO Zuqiang	Key technical staff	40,000	200,000	12,000	12,000	228,000
Total	/	581,400	8,650,000	144,420	144,420	9,086,980

Notes: In August 2021, the directors, supervisors, senior officers and key technical staff of the Company change, and the above table shows the grant of Type II restricted shares of the directors, supervisors, senior officers and key technical staff in office on the disclosure date of this report and their vesting status.

### (III) Other information

Applicable  N/A

#### IV. Changes in the controlling shareholder or actual controller

Applicable  N/A

#### V. Implementation of and changes in arrangements relating to depository receipts during the reporting period

Applicable  N/A

#### VI. Shares with special voting rights

Applicable  N/A

## Section VIII Preferred Shares

Applicable  N/A

## Section IX Bonds

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

Applicable  N/A

#### II. Convertible corporate bonds

Applicable  N/A

## Section X Financial Report

#### I. Auditor's report

Applicable  N/A

**II. Financial statements****Consolidated Balance Sheet**

At June 30, 2021

Prepared by: Appotronics Corporation Limited

Unit: Yuan Currency: RMB

Item	Note	At June 30, 2021	At December 31, 2020
<b>Current Assets:</b>			
Cash and bank balances	VII. 1	923,880,253.21	1,037,760,573.27
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	VII. 2	457,982,988.00	114,000,000.00
Derivative financial assets			
Notes receivable	VII. 4	3,798,593.29	3,726,328.91
Accounts receivable	VII. 5	168,553,862.09	341,660,832.43
Receivables financing	VII. 6	1,214,306.00	11,959,000.00
Prepayments	VII. 7	83,781,122.54	47,447,601.43
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	VII. 8	10,381,304.06	12,534,062.15
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	VII. 9	641,578,029.45	418,812,140.80
Contract assets	VII. 10	2,388,492.32	3,744,655.50
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	VII. 13	49,693,022.76	13,002,195.46
Total Current Assets		2,343,251,973.72	2,004,647,389.95
<b>Non-current Assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	VII. 16	13,495,945.96	13,196,087.78
Long-term equity investments	VII. 17	265,900,452.67	262,744,772.48
Other equity instrument investments	VII. 18	11,975,419.38	11,975,419.38
Other non-current financial assets			
Investment properties			
Fixed assets	VII. 21	448,824,286.12	447,571,328.91
Construction in progress	VII. 22	88,984,744.00	51,576,850.72
Bearer biological assets			
Oil and gas assets			
Use right assets	VII. 25	36,066,334.54	

Intangible assets	VII. 26	313,157,523.55	320,488,235.60
Development expenditure			
Goodwill			
Long-term prepaid expenses	VII. 29	9,976,802.17	11,572,346.79
Deferred tax asset	VII. 30	103,610,372.30	96,132,114.02
Other non-current assets	VII. 31	15,891,524.06	6,299,781.06
Total Non-current Assets		1,307,883,404.75	1,221,556,936.74
Total assets		3,651,135,378.47	3,226,204,326.69
<b>Current Liabilities:</b>			
Short-term borrowings	VII. 32	28,097,875.42	88,778,852.86
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII. 35	180,257,484.74	116,822,674.67
Accounts payable	VII. 36	272,203,766.10	226,494,815.90
Receipts in advance	VII. 37	141,944,076.60	153,258,189.88
Contract liabilities	VII. 38	40,048,659.77	31,518,312.59
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	VII. 39	33,220,367.56	46,105,566.15
Taxes payable	VII. 40	43,934,753.55	19,871,846.94
Other payables	VII. 41	255,483,098.01	59,848,053.83
Including: Interest payable			
Dividends payable	VII. 41	3,851,339.04	
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one year	VII. 43	146,220,719.05	181,417,412.46
Other current liabilities	VII. 44	3,391,139.20	3,045,831.07
Total Current Liabilities		1,144,801,940.00	927,161,556.35
<b>Non-current Liabilities:</b>			
Insurance contract reserves			
Long-term borrowings	VII. 45	102,690,487.26	64,845,281.53
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Leasing liabilities	VII. 47	18,391,443.49	
Long-term accounts payable	VII. 48	3,230,050.00	3,262,450.00
Long-term employee benefits payable			

Provisions	VII. 50	30,519,379.89	28,799,354.65
Deferred income	VII. 51	16,959,926.67	16,723,257.15
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities		171,791,287.31	113,630,343.33
Total Liabilities		1,316,593,227.31	1,040,791,899.68
<b>Owners' (or Shareholders') Equity:</b>			
Paid-in capital (or share capital)	VII. 53	452,756,901.00	452,756,901.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	1,360,104,339.28	1,249,020,991.15
Less: Treasury shares			
Other comprehensive income	VII. 57	-7,977,590.58	-3,214,291.93
Special reserve			
Surplus reserve	VII. 59	35,242,179.57	35,242,179.57
General risk reserve			
Retained profits	VII. 60	484,350,453.52	357,793,891.96
Total owners' (or shareholders') equity attributable to owners of the Parent Company		2,324,476,282.79	2,091,599,671.75
Minority interests		10,065,868.37	93,812,755.26
Total Owners' (or Shareholders') Equity		2,334,542,151.16	2,185,412,427.01
Total Liabilities and Owners' (or Shareholders') Equity		3,651,135,378.47	3,226,204,326.69

Legal representative: BO Lianming      Chief Accountant: WANG Yingxia      Person in Charge of the Accounting Body: LIU Jie

### Balance Sheet of the Parent Company

At June 30, 2021

Prepared by: Appotronics Corporation Limited

Unit: Yuan Currency: RMB

Item	Note	At June 30, 2021	At December 31, 2020
<b>Current Assets:</b>			
Cash and bank balances		600,116,631.85	709,932,686.71
Held-for-trading financial assets		320,000,000.00	114,000,000.00
Derivative financial assets			
Notes receivable		2,584,493.29	2,314,628.91
Accounts receivable	XVII. 1	530,618,487.97	567,539,506.79
Receivables financing		1,214,306.00	100,000.00
Prepayments		16,858,205.85	11,001,439.23
Other receivables	XVII. 2	42,129,668.23	71,654,117.57
Including: Interest receivable			



Dividends receivable			
Inventories		277,455,657.71	169,022,971.44
Contract assets		2,372,162.32	3,720,160.50
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		8,623,008.03	1,297,388.01
Total Current Assets		1,801,972,621.25	1,650,582,899.16
<b>Non-current Assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		13,495,945.96	13,196,087.78
Long-term equity investments	XVII. 3	433,116,205.54	421,648,284.99
Other equity instrument investments		7,075,419.38	7,075,419.38
Other non-current financial assets			
Investment properties			
Fixed assets		52,669,261.18	57,409,189.33
Construction in progress		65,509,824.53	37,982,329.74
Bearer biological assets			
Oil and gas assets			
Use right assets		23,267,911.80	
Intangible assets		312,406,262.35	319,438,893.42
Development expenditure			
Goodwill			
Long-term prepaid expenses		6,989,278.66	9,562,162.36
Deferred tax asset		10,135,929.15	6,680,188.67
Other non-current assets		8,005,743.64	5,411,561.28
Total Non-current Assets		932,671,782.19	878,404,116.95
Total assets		2,734,644,403.44	2,528,987,016.11
<b>Current Liabilities:</b>			
Short-term borrowings			11,410,560.27
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		34,224,409.65	32,313,678.21
Accounts payable		298,541,730.34	210,885,240.65
Receipts in advance		82,567.18	2,688,210.54
Contract liabilities		28,387,196.86	20,609,190.34
Employee benefits payable		21,977,734.49	28,514,763.09
Taxes payable		12,789,462.50	5,830,858.89
Other payables		43,426,696.22	23,058,804.83
Including: Interest payable			
Dividends payable		3,851,339.04	
Held-for-sale liabilities			
Non-current liabilities due within one year		15,704,161.94	1,001,024.66
Other current liabilities		2,027,052.47	1,918,391.60
Total Current Liabilities		457,161,011.65	338,230,723.08
<b>Non-current Liabilities:</b>			
Long-term borrowings		32,021,877.44	29,029,715.07

Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Leasing liabilities		10,438,482.41	
Long-term accounts payable		3,230,050.00	3,262,450.00
Long-term employee benefits payable			
Provisions		15,648,843.74	16,345,891.60
Deferred income		15,085,473.02	14,450,411.10
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities		76,424,726.61	63,088,467.77
Total Liabilities		533,585,738.26	401,319,190.85
<b>Owners' (or Shareholders') Equity:</b>			
Paid-in capital (or share capital)		452,756,901.00	452,756,901.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,370,268,310.79	1,351,261,718.84
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		33,964,638.84	33,964,638.84
Retained profits		344,068,814.55	289,684,566.58
Total Owners' (or Shareholders') Equity		2,201,058,665.18	2,127,667,825.26
Total Liabilities and Owners' (or Shareholders') Equity		2,734,644,403.44	2,528,987,016.11

Legal representative: BO Lianming  
Accounting Body: LIU Jie

Chief Accountant: WANG Yingxia

Person in Charge of the

### Consolidated Income Statement

Jan. - Jun. 2021

Unit: Yuan Currency: RMB

Item	Note	Half year of 2021	Half year of 2020
I. Total operating income		1,104,689,243.59	716,025,207.34
Including: Operating income	VII. 61	1,104,689,243.59	716,025,207.34
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		998,250,659.71	756,098,193.88
Including: Operating costs	VII. 61	723,612,305.19	529,787,789.94
Interest expenses			
Fee and commission expenses			
Surrenders			

Claims and policyholder benefits (net of amounts recoverable from reinsurers)			
Net withdrawal of insurance contract reserves			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Taxes and levies	VII. 62	4,331,138.81	2,329,710.56
Sales expenses	VII. 63	89,686,195.83	50,833,894.50
Administration expenses	VII. 64	83,960,516.92	77,813,657.09
R&D expenses	VII. 65	95,128,483.66	87,295,450.75
Financial expenses	VII. 66	1,532,019.30	8,037,691.04
Including: Interest expense		11,013,330.17	11,612,825.87
Interest income		10,868,184.51	4,618,971.33
Add: Other income	VII. 67	54,890,296.70	32,922,034.97
Investment income (loss is indicated by "-")	VII. 68	9,128,665.03	11,726,688.51
Including: Income from investments in associates and joint ventures		6,982,738.64	901,894.80
Gains from derecognition of financial assets at amortized assets (loss is indicated by "-")			
Foreign exchange gains (loss is indicated by "-")			
Gains from net exposure hedges (loss is indicated by "-")			
Gains from changes in fair values (loss is indicated by "-")	VII. 70	38,175,900.00	
Losses of credit impairment (loss is indicated by "-")	VII. 71	9,407,031.23	2,170,106.96
Impairment losses of assets (loss is indicated by "-")	VII. 72	-16,581,239.34	-12,109,681.09
Gains from disposal of assets (loss is indicated by "-")	VII. 73	2,806,008.82	149,620.91
III. Operating profit (loss is indicated by "-")		204,265,246.32	-5,214,216.28
Add: Non-operating income	VII. 74	22,240,680.14	270,615.48
Less: Non-operating expenses	VII. 75	405,501.61	740,701.95
IV. Total profits (total losses are indicated by "-")		226,100,424.85	-5,684,302.75
Less: Income tax expense	VII. 76	46,305,525.16	2,693,941.42
V. Net profits (net losses are indicated by "-")		179,794,899.69	-8,378,244.17
(I) Categorized by the continuity of operation			
1. Net profits from continuing operations (net losses are indicated by "-")		179,794,899.69	-8,378,244.17
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 "-")		151,413,920.79	14,327,442.96
2. Profits or losses attributable to minority shareholders (net losses are indicated by "-")		28,380,978.90	-22,705,687.13
VI. Other comprehensive income, net of tax		-4,739,767.89	1,039,650.57
(I) Other comprehensive income that can be attributable to owners of the Parent Company, net of tax		-4,763,298.65	1,013,815.20
1. Other comprehensive income that cannot be reclassified subsequently to profit or loss			
(1) Changes from remeasurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of enterprises' own credit risks			
2. Other comprehensive income that will be reclassified to profit or loss		-4,763,298.65	1,013,815.20
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method			-135,706.31
(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		-4,763,298.65	1,149,521.51
(7) Others			
(II) Other comprehensive income that can be attributable to minority shareholders, net of tax		23,530.76	25,835.37
VII. Total comprehensive income		175,055,131.80	-7,338,593.60
(I) Total comprehensive income that can be attributable to owners of the Parent Company		146,650,622.14	15,341,258.16
(II) Total comprehensive income that can be attributable to minority shareholders		28,404,509.66	-22,679,851.76
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.33	0.03

(II) Diluted earnings per share (RMB/share)		0.33	0.03
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For business combination involving entities under common control occurred during the period, net profit of the acquiree generated before the business combination is nil, and net profit of the acquiree generated in prior period is nil.

Legal representative: BO Lianming      Chief Accountant: WANG Yingxia      Person in Charge of the Accounting Body: LIU Jie

### Income Statement of the Parent Company

Jan. - Jun. 2021

Unit: Yuan Currency: RMB

Item	Note	Half year of 2021	Half year of 2020
I. Operating income	XVII. 4	572,827,875.91	384,899,378.41
Less: Operating costs	XVII. 4	381,855,853.31	256,660,786.97
Taxes and levies		2,677,366.89	1,352,141.01
Sales expenses		31,778,439.77	27,526,291.43
Administration expenses		51,914,220.61	56,310,385.85
R&D expenses		48,699,043.93	51,085,854.54
Financial expenses		-13,332,493.36	-6,218,121.07
Including: Interest expense		1,232,450.71	354,733.03
Interest income		15,462,791.57	6,827,084.77
Add: Other income		15,069,445.02	26,399,900.47
Investment income (loss is indicated by "-")	XVII. 5	15,655,417.87	10,824,793.71
Including: Income from investments in associates and joint ventures			
Gains from derecognition of financial assets at amortized assets (loss is indicated by "-")			
Gains from net exposure hedges (loss is indicated by "-")			
Gains from changes in fair values (loss is indicated by "-")			
Losses of credit impairment (loss is indicated by "-")		61,742.84	-144,581.15
Impairment losses of assets (loss is indicated by "-")		-9,536,087.28	-10,600,208.60
Gains from disposal of assets (loss is indicated by "-")			
II. Operating profit (loss is indicated by "-")		90,485,963.21	24,661,944.11
Add: Non-operating income		2,207,572.56	253,319.61
Less: Non-operating expenses		150,645.92	350,387.34
III. Total profits (total losses are indicated by "-")		92,542,889.85	24,564,876.38
Less: Income tax expense		13,606,250.04	4,758,965.06
IV. Net profits (net losses are indicated by "-")		78,936,639.81	19,805,911.32
(I) Net profits from continuing operations (net losses are indicated by "-")		78,936,639.81	19,805,911.32

(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		78,936,639.81	19,805,911.32
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative: BO Lianming  
Accounting Body: LIU Jie

Chief Accountant: WANG Yingxia

Person in Charge of the

### Consolidated Cash Flow Statement

Jan. - Jun. 2021

Unit: Yuan Currency: RMB

Item	Note	Half year of 2021	Half year of 2020
<b>I. Cash Flows from Operating Activities:</b>			

Cash receipts from the sale of goods and the rendering of services		1,453,487,844.10	857,080,419.89
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		2,222,772.52	4,632,072.61
Other cash receipts relating to operating activities	VII. 78. (1)	113,502,001.69	81,270,397.72
Sub-total of cash inflows from operating activities		1,569,212,618.31	942,982,890.22
Cash payments for goods purchased and services received		1,051,145,975.21	572,318,784.38
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		166,538,999.80	163,925,755.54
Payments of various types of taxes		46,982,376.14	43,586,182.30
Other cash payments relating to operating activities	VII. 78. (2)	133,885,953.26	100,146,106.20

Sub-total of cash outflows from operating activities		1,398,553,304.41	879,976,828.42
Net cash flow from operating activities		170,659,313.90	63,006,061.80
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		228,000,000.00	1,075,000,000.00
Cash receipts from investment income		2,145,926.39	10,824,793.71
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		7,250.00	3,600.00
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		230,153,176.39	1,085,828,393.71
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		27,639,815.32	19,930,656.68
Cash payments to acquire investments		568,048,387.32	1,158,213,540.00
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		595,688,202.64	1,178,144,196.68
Net cash flows from investment activities		-365,535,026.25	-92,315,802.97
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		10,131,579.00	
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		10,131,579.00	
Cash receipts from borrowings		113,544,066.34	98,922,683.45
Other cash receipts relating to financing activities	VII. 78. (5)	215,000,000.00	
Sub-total of cash inflows from financing activities		338,675,645.34	98,922,683.45
Cash repayments of borrowings		191,867,810.44	179,644,434.20
Cash payments for distribution of dividends or profits or settlement of interest expenses		40,008,875.22	34,547,574.58



Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		11,040,000.00	
Other cash payments relating to financing activities	VII. 78. (6)	31,210,615.17	22,587.36
Sub-total of cash outflows from financing activities		263,087,300.83	214,214,596.14
Net cash flows from financing activities		75,588,344.51	-115,291,912.69
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		-649,558.76	1,108,215.61
<b>V. Net Increase in Cash and Cash Equivalents</b>		-119,936,926.60	-143,493,438.25
Add: Opening balance of cash and cash equivalents		983,525,089.44	829,789,487.86
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		863,588,162.84	686,296,049.61

Legal representative: BO Lianming  
the Accounting Body: LIU Jie

Chief Accountant: WANG Yingxia

Person in Charge of

### Cash Flow Statement of the Parent Company

Jan. - Jun. 2021

Unit: Yuan Currency: RMB

Item	Note	Half year of 2021	Half year of 2020
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		695,738,828.66	351,592,568.58
Receipts of tax refunds		539,857.34	3,108,523.77
Other cash receipts relating to operating activities		102,652,212.97	147,176,514.17
Sub-total of cash inflows from operating activities		798,930,898.97	501,877,606.52
Cash payments for goods purchased and services received		460,644,038.55	320,604,308.34
Cash payments to and on behalf of employees		98,344,040.37	98,194,575.75
Payments of various types of taxes		32,447,369.04	4,579,897.88
Other cash payments relating to operating activities		59,619,379.08	87,411,317.15
Sub-total of cash outflows from operating activities		651,054,827.04	510,790,099.12
Net cash flow from operating activities		147,876,071.93	-8,912,492.60
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		255,500,000.00	1,075,000,000.00
Cash receipts from investment income		9,597,926.39	10,824,793.71

Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets			3,600.00
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		265,097,926.39	1,085,828,393.71
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		11,606,321.91	14,697,925.55
Cash payments to acquire investments		472,932,903.47	1,161,213,540.00
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		484,539,225.38	1,175,911,465.55
Net cash flows from investment activities		-219,441,298.99	-90,083,071.84
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions			
Cash receipts from borrowings		3,494,734.74	52,241,387.30
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities		3,494,734.74	52,241,387.30
Cash repayments of borrowings		11,737,867.15	10,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		21,319,708.05	23,000,602.77
Other cash payments relating to financing activities		8,435,056.25	22,587.36
Sub-total of cash outflows from financing activities		41,492,631.45	33,023,190.13
Net cash flows from financing activities		-37,997,896.71	19,218,197.17
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		-269,974.94	295,306.01
<b>V. Net Increase in Cash and Cash Equivalents</b>		-109,833,098.71	-79,482,061.26
Add: Opening balance of cash and cash equivalents		666,628,105.82	524,648,100.62
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		556,795,007.11	445,166,039.36

Legal representative: BO Lianming  
Accounting Body: LIU Jie

Chief Accountant: WANG Yingxia

Person in Charge of the

## Consolidated Statement of Changes in Owners' Equity

Jan. - Jun. 2021

Unit: Yuan Currency: RMB

Item	Half year of 2021														
	Equity attributable to owners of the Parent Company												Minority interests	Total Owner's Equity	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others			Sub-total
Preferr ed shares		Perpetual bonds	Others												
I. Closing balance of the preceding year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,242,179.57		357,793,891.96		2,091,599,671.75	93,812,755.26	2,185,412,427.01
Add: Changes in accounting policies											44,270.33		44,270.33	-11,248.64	33,021.69
Corrections of prior period errors															
Business combination involving entities under common control															
Others															
II. Opening balance of the current year	452,756,901.00				1,249,020,991.15		-3,214,291.93		35,242,179.57		357,838,162.29		2,091,643,942.08	93,801,506.62	2,185,445,448.70

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III. Changes for the year (decrease is indicated by "-")					111,083,348.13		4,763,298.65				126,512,291.23		232,832,340.71	-83,735,638.25	149,096,702.46
(I) Total comprehensive income							4,763,298.65				151,413,920.79		146,650,622.14	28,404,509.66	175,055,131.80
(II) Owners' contributions and reduction in capital					111,083,348.13								111,083,348.13	-101,100,147.91	9,983,200.22
1. Ordinary shares contributed by owners														20,175,439.00	20,175,439.00
2. Capital contribution from holders of other equity instruments															
3. Share-based payment recognized in owners' equity					18,461,103.38								18,461,103.38	3,890,517.84	22,351,621.22
4. Others					92,622,244.75								92,622,244.75	-125,166,104.75	-32,543,860.00
(III) Profit distribution											-24,901,629.56		-24,901,629.56	-11,040,000.00	-35,941,629.56

1. Transfer to surplus reserve															
2. Transfer to general reserve															
3. Distributions to owners (or shareholders)											24,901,629.56		24,901,629.56	11,040,000.00	35,941,629.56
4. Others															
(IV) Transfers within owners' equity															
1. Capitalization of capital reserve															
2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from															

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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				1,360,104,339.28		7,977,590.58		35,242,179.57		484,350,453.52		2,324,476,282.79	10,065.868.37	2,334,542,151.16

Item	Half year of 2020													Minority interests	Total Owner's Equity
	Equity attributable to owners of the Parent Company														
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others	Sub-total		
Preferred shares		Perpetual bonds	Others												
I. Closing balance of the preceding year	451,554,411.00				1,207,942,318.37		3,287,063.85		22,800,224.13		288,975,820.29		1,974,559,837.64	149,649,306.18	2,124,209,143.82
Add: Changes in accounting policies											1,278,734.88		1,278,734.88	-646,507.57	632,227.31

Corrections of prior period errors														
Business combination involving entities under common control														
Others														
II. Opening balance of the current year	451,554,411.00			1,207,942,318.37		3,287,063.85		22,800,224.13		290,254,555.17		1,975,838,572.52	149,002,798.61	2,124,841,371.13
III. Changes for the year (decrease is indicated by "-")				16,084,702.84		1,013,815.20				-19,539,137.87		-2,440,619.83	-21,188,011.12	-23,628,630.95
(I) Total comprehensive income						1,013,815.20				14,327,442.96		15,341,258.16	22,679,851.76	7,338,593.60
(II) Owners' contributions and reduction in capital				16,084,702.84								16,084,702.84	1,491,840.64	17,576,543.48
1. Ordinary shares contributed by owners														
2. Capital contribution from holders of other equity instruments														
3. Share-based payment recognized in owners' equity				16,084,702.84								16,084,702.84	1,491,840.64	17,576,543.48
4. Others														
(III) Profit distribution										-33,866,580.83		-33,866,580.83		-33,866,580.83



1. Transfer to surplus reserve															
2. Transfer to general reserve															
3. Distributions to owners (or shareholders)											33,866,580.83		33,866,580.83		33,866,580.83
4. Others															
(IV) Transfers within owners' equity															
1. Capitalization of capital reserve															
2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															

1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others															
IV. Closing balance of the current year	451,554,411.00				1,224,027,021.21		4,300,879.05		22,800,224.13		270,715,417.30		1,973,397,952.69	127,814,787.49	2,101,212,740.18

Legal representative: BO Lianming    Chief Accountant: WANG Yingxia    Person in Charge of the Accounting Body: LIU Jie

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

Jan. - Jun. 2021

Unit: Yuan Currency: RMB

Item	Half year of 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total Owner's Equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the preceding 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 accounting policies										349,237.72	349,237.72
Corrections of prior period errors											
Others											
II. Opening balance of the current year	452,756,901.00				1,351,261,718.84				33,964,638.84	290,033,804.30	2,128,017,062.98
III. Changes for the year (decrease is indicated by "-")					19,006,591.95					54,035,010.25	73,041,602.20

(I) Total comprehensive income										78,936,639.81	78,936,639.81
(II) Owners' contributions and reduction in capital					19,006,591.95						19,006,591.95
1. Ordinary shares contributed by owners											
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					19,006,591.95						19,006,591.95
4. Others											
(III) Profit distribution										-24,901,629.56	-24,901,629.56
1. Transfer to surplus reserve											
2. Distributions to owners (or shareholders)										-24,901,629.56	-24,901,629.56
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Retained earnings carried forward from changes in defined benefit plans											

5.Retained earnings carried forward from other comprehensive income											
6.Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Closing balance of the current year	452,756,901.00				1,370,268,310.79				33,964,638.84	344,068,814.55	2,201,058,665.18

Item	Half year of 2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total Owner's Equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the preceding year	451,554,411.00				1,310,939,867.82				21,522,683.40	211,573,548.42	1,995,590,510.64
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	451,554,411.00				1,310,939,867.82				21,522,683.40	211,573,548.42	1,995,590,510.64
III. Changes for the year					17,576,543.48					-14,060,669.51	3,515,873.97

(decrease is indicated by "-")											
(I) Total comprehensive income										19,805,911.32	19,805,911.32
(II) Owners' contributions and reduction in capital					17,576,543.48						17,576,543.48
1. Ordinary shares contributed by owners											
2. Capital contribution from holders of other equity instruments											
3. Share-based payment recognized in owners' equity					17,576,543.48						17,576,543.48
4. Others											
(III) Profit distribution										-33,866,580.83	-33,866,580.83
1. Transfer to surplus reserve											
2. Distributions to owners (or shareholders)										-33,866,580.83	-33,866,580.83
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	451,554,411.00				1,328,516,411.30				21,522,683.40	197,512,878.91	1,999,106,384.61

Legal representative: BO Lianming

Chief Accountant: WANG Yingxia

Person in Charge of the Accounting Body: LIU Jie

### III. Company profile

#### 1. Profile

√ Applicable  N/A

Appotronics Corporation Limited (hereinafter referred to as “Company” or “the Company”), formally named as Appotronics Corporation Ltd.(hereinafter referred to as “Appotronics Ltd.”), was jointly invested and established by LI Yi and XU Yanzheng and registered in Nanshan Branch of Shenzhen Administration for Market Administration on October 24, 2006 with the business license numbered 4403011245637. Upon establishment, the registered capital of Appotronics Ltd. was RMB 100,000. On May 31, 2018, the benchmark date, Appotronics Ltd. was changed into a company limited by shares as a whole. On July 20, 2018, the Company completed the registration in Nanshan Branch of Shenzhen Administration for Market Administration and headquartered in Shenzhen, Guangdong Province. The Company now holds the business license with the unified social credit code of 91440300795413991N and has registered capital amounted to RMB 452,756,901.00. The Company has 452,756,901 shares in total (with the par value of RMB 1 per share), comprising 169,456,766 restricted outstanding shares and 283,300,135 unrestricted outstanding shares. The Company’s shares were listed for trading on Shanghai Stock Exchange on July 22, 2019.

The Company is in the industry of computer, communication and other electronic equipment manufacturing. It mainly engages in research and development, production, sales and services of laser display core devices and complete equipment led by ALPD® laser display technology and architecture, to apply laser display technology to different scenarios, as well as provision of laser film screening services, with its main products including, among others, laser cinema projectors, laser TV, smart mini projectors, laser business education projectors and large venue laser projectors.

The financial statements herein have been approved by the Company’s second meeting of the second board of directors on August 24, 2021 for public disclosure.

#### 2. Scope of consolidated financial statements

√ Applicable  N/A

22 subsidiaries being Appotronics Timewaying (Beijing) Technology Co., Ltd., Shenzhen Appotronics Software Technology Co., Ltd., Shenzhen City Appotronics Xiaoming Technology Co., Ltd., Beijing Orient Appotronics Technology Co., Ltd., Fengmi (Beijing) Technology Co., Ltd., CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd., Shenzhen Appotronics Laser Display Technology Co., Ltd., Shenzhen Appotronics Laser Technology Co., Ltd., Qingda Appotronics (Xiamen) Technology Co., Ltd., Shenzhen Appotronics Home Line Technology Co., Ltd., Appotronics Hong Kong Limited, Appotronics USA, Inc., Fabulus Technology Hong Kong Limited, JoveAI Limited, JoveAI Innovation, Inc., Appotronics Technology (Changzhou) Co., Ltd., FORMOVIE TECHNOLOGY INC, WEMAX LLC, Shenzhen Appotronics Display Device Co., Ltd., JoveAI Asia Company Limited, Tianjin Bainian Film Partnership (LP) and Fengmi (Chongqing) Innovation Technology Co., Ltd. are included by the Company into the consolidated financial statements for the current period. Refer to descriptions in IIX and IX of Section X for details.

### IV. Basis of preparation of financial statements

#### 1. Basis of preparation

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

**2. Going concern**√ Applicable  N/A

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

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

Specific accounting policies and accounting estimates:

√ Applicable  N/A

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

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

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

**2. Accounting period**

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

**3. Operating cycle**√ Applicable  N/A

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

**4. Functional currency**

The Company adopts RMB as its functional currency.

**5. The accounting treatment of business combinations involving entities under common control and not involving entities under common control**√ Applicable  N/A**1. Accounting treatment of business combinations involving entities under common control**

Assets and liabilities acquired from a business combination by the Company are measured at the carrying amounts of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controller at the date of combination. The difference between the carrying amount of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying amount of the total consideration paid or total par value of the shares issued in connection with the combination is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

**2. Accounting treatment of business combinations not involving entities 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 presented in the statement of cash flows comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents refer to the enterprise's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

√ Applicable □ N/A

1. Transactions denominated in foreign currencies

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

2. Translation of financial statements denominated in foreign currencies

Asset and liability items on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items other than "retained profits" are translated at the spot exchange rates at the dates on which such items arose; income and expense items in the income statement

are translated at the exchange rates that approximate the actual spot exchange rates on the dates of the transactions. Exchange differences arising from such translations are recognized in other comprehensive income.

## 10. Financial instruments

√ Applicable □ N/A

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

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

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

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

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

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss for the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, 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 the *Accounting Standard for Business Enterprises No. 14 - Revenue*.

#### (2) Subsequent measurement of financial assets

##### 1) Financial assets at amortized cost

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

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

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

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

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

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

Financial assets at fair value through profit or loss for the current period are subsequently measured at fair value, with gains or losses arising therefrom, including interest and dividend income, recognized in

profit or loss for the current period, except the financial assets belonging to any hedging relationship.

(3) Subsequent measurement of financial liabilities

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

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

② the financial assets have been transferred and such transfer meets the criteria for derecognition

of financial assets as set forth in the Accounting Standards for Business Enterprises No. 23 -- Transfer of Financial Assets.

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

3. Recognition and measurement of financial assets transferred

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

over the financial asset, the financial asset continues to be recognized to the extent of the Company's continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

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

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

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

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

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

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

#### 5. Impairment of financial instruments

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

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

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

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

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

With respect to lease receivable, as well as accounts receivable and contract assets that arise from the transactions regulated under the *Accounting Standard for Business Enterprises No. 14 - Revenue* containing significant financing components, the Company uses the simple measurement method and recognizes a loss allowance equal to the lifetime expected credit losses.

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

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

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

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

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

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

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

Item	Basis for determining a group	Method for measuring expected credit losses
Long-term receivables - grouping by aging	Aging	rate of lifetime expected credit loss.

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

1) Groups and method for measuring expected credit losses

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

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

expected credit loss

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

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

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

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

#### 11. Notes receivable

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

Applicable  N/A

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

#### 12. Accounts receivable

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

Applicable  N/A

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

#### 13. Receivables financing

Applicable  N/A

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

#### 14. Other receivables

##### Method for recognition of expected credit losses of other receivables and relevant accounting treatments

Applicable  N/A

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

#### 15. Inventories

Applicable  N/A

##### 1. Categories of inventories

Inventories 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. Valuation method of inventories upon delivery

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

3. Basis for determining net realizable value of inventories

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

4. Inventory count system

The perpetual inventory system is maintained for stock system.

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

(1) Low cost and short-lived consumable items

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

(2) Packaging materials

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 satisfaction of performance obligation and customers' payment. The contract assets and contract liabilities under the same contract are presented in net amount after offsetting each other.

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

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

Applicable  N/A

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

## 17. Held-for-sale assets

Applicable  N/A



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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

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

**21. Long-term equity investments**

Applicable  N/A

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

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities of such arrangement require 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: (3) 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.

4. Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary

#### (1) Separate financial statements

The difference between the carrying amount of the equity disposed of and the proceeds of disposal actually received is recognized in profit or loss for the current period. If the remaining equity empowers the Company to exercise significant influence or joint control over the investee, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investee, the remaining equity is accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments.

#### (2) Consolidated financial statements

1) Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary which does not constitute a package deal

Prior to the loss of control, the difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or combination is adjusted against the capital reserve (capital premium). In case the capital premium is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

When losing control over a subsidiary, the remaining equity is re-measured at its fair value at the date of loss of control. The sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, net of the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of as calculated continuously from the date of acquisition or combination according to the previous shareholding ratio, is recognized in the investment

income for the period in which the control is lost, and the goodwill is reduced accordingly. Other comprehensive income relating to the equity investment in the subsidiary is transferred to the investment income for the period in which the control is lost.

2) Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary which constitutes a package deal

The Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary. However, the difference between the proceeds from each disposal before loss of control and the share owned by the Company in the net assets of the subsidiary in relation to the investment disposed of is recognized in other comprehensive income in the consolidated financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

## 22. Investment properties

(1). Measured at cost

Depreciation or amortization methods

N/A

## 23. Fixed assets

(1). Criteria for recognition

Applicable  N/A

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

(2). Method of depreciation

Applicable  N/A

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

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

Applicable  N/A

## 24. Construction in progress

Applicable  N/A

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

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

## 25. Borrowing costs

Applicable  N/A

### 1. Recognition for capitalization of borrowing costs

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

### 2. Period for capitalizing borrowing expenses

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

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

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

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

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

## 26. Biological assets

Applicable  N/A

## 27. Oil and gas assets

Applicable  N/A

## 28. Use right assets

Applicable  N/A

Refer to V.42 of Section X for details.

**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.

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

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

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

□ Applicable √ N/A

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

√ Applicable □ N/A

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

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

**31. Long-term prepaid expenses**

√ Applicable □ N/A

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

**32. Contract liabilities****Recognition method for contract liabilities**

√ Applicable □ N/A

The Company presents contract assets or contract liabilities in the balance sheet according to the relationship between the satisfaction of performance obligation and customers' payment. The contract assets and contract liabilities under the same contract are presented in net amount after offsetting each other..

The Company presents the obligations to transfer goods to customers for the consideration received or receivable from customers as the contract liabilities.

**33. Employee benefits**

The Employee benefits encompass short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

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

√ Applicable  N/A

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 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

When the Company can no longer withdraw the offer of termination benefits as a result of termination of employment or redundancy, or recognizes the restructuring costs or expenses relating to payment of termination benefits, whichever the earlier, the employee benefit liabilities arising from recognition of termination benefits are recognized in profit or loss for the current period.

**(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

Refer to V.42 of Section X for details.

#### **35. Provisions**

√ Applicable □ N/A

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

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

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

√ Applicable □ N/A

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

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

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

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

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

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

###### **(2) Cash-settled share-based payments**

Cash-settled share-based payments in exchange for services rendered by employees that can be executed immediately upon being granted, are recognized as related costs or expenses based on the fair value of liabilities assumed by the Company at the grant date, with a corresponding increase in liability. At each balance sheet date during the vesting period, cash-settled share-based payments in exchange for

services rendered by employees that cannot be executed until services in the vesting period are completed or required performance conditions are satisfied, are measured at the fair value of liabilities assumed by the Company based on the best estimate of exercisable conditions, and recognized as related costs or expenses and relevant liabilities.

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

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

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

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

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

Applicable  N/A

### 38. Revenue

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

Applicable  N/A

##### 1. Principles for revenue recognition

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

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

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance progress can be reasonably determined. For the obligation performed at a certain



point in time, the revenue is recognized at the time point when the customer obtains the control of the related goods and services. When judging whether the customer has obtained the control of goods, the Company considers the followings signs: (1) the Company has the current right to receive payment for such goods, that is, the customer has the current obligation to make payment for such goods; (2) the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods; (3) the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically; (4) the Company has transferred material risks and rewards of such goods to the customer, that is, the customer has obtained material risks and rewards of such goods; (5) the customer has accepted such goods; and (6) other signs that the customer has obtained control of such goods.

## 2. Principles for revenue measurement

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

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

(3) If there is a major financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services. The difference between such transaction price and the contract consideration is amortized over the period of the contract using the effective interest method. If on the commencement of a contract, the Company expects that the customer's acquisition of control of goods or services is not more than one year from the customer's payment therefor, the major financing component in the contract will not be considered.

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

## 3. Specific methods for revenue recognition

### (1) Revenue from sales of goods

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

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

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

(2) Other incomes

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

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

Applicable  N/A

**39. Contract costs**

Applicable  N/A

1. Costs for contract acquisition

The incremental costs incurred for acquiring the contract (i.e. costs that will not be incurred without acquisition of the contract) are recognized as an asset if they are expected to be recovered, and are amortized on the same basis as that for recognizing the revenue of goods or services relating to such asset and included in the current profit or loss. Where the amortization period for such asset is less than one year, the Company includes the costs in the current profit or loss when they are incurred. Other expenditures incurred by the Company for obtaining the contract are included in current profit or loss when they are incurred, except for those specified to be borne by the customer.

2. Costs for contract performance

The costs incurred by the Company for performing a contract are recognized as an asset if they do not fall within the scope of Accounting Standards for Business Enterprises other than those concerning revenue and meet all the following conditions: (1) the costs are directly related to a present or expected contract; (2) the costs lead to the increase in resources of the Company for fulfilling its performance obligations in the future; and (3) the costs are expected to be recovered. The aforesaid asset is amortized on the same basis as that for recognizing the revenue of goods or services relating to such asset and included in the current profit or loss.

**40. Government grants**

Applicable  N/A

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

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

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents. In the absence of such express provision in the applicable government documents, government grants

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

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

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

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

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

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

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

## 41. Deferred tax assets and deferred tax liabilities

√ Applicable □ N/A

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

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

**42. Leases****(1). Accounting treatment of operating leases**

Applicable  N/A

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

Applicable  N/A

**(3). Method for determination and accounting treatments of lease under new lease standards**

Applicable  N/A

A contract whereby the Company transfers or obtains the right to control the use of one or more identified assets for a certain period of time in exchange for consideration or against payment of consideration is a lease. On the commencement date of a contract, the Company assesses whether the contract is a lease or includes a lease.

## 1. The Company as lessee

## (1) Initial measurement

On the lease inception date, except short-term leases and low-value assets leases, the Company recognizes the right to use the leased asset during the lease term as use right assets, and recognizes the present value of the lease payments that have not been paid as lease liabilities. When calculating the present value of the lease payments, the interest rate implicit in the lease is adopted as the discount rate; or the lessee's incremental borrowing rate is adopted as the discount rate where it is unable to determine the interest rate implicit in the lease.

## (2) Subsequent measurement

The Company accrues depreciation for the use right assets using the straight-line method. Where there is reasonable certainty that the Company will obtain ownership of the leased assets upon expiry of the lease term, the leased assets are depreciated over its residual useful life. Where there is no reasonable certainty that the Company will obtain ownership of the leased assets upon expiry of the lease term, the leased assets are depreciated over the lease term or the residual useful life of the leased assets, whichever is shorter.

As to a lease liability, the Company calculate the interest expense of the lease liability during each period of the lease term according to the fixed periodic interest rate, and include it in the current profit or loss or the relevant asset costs. Variable lease payment not included in the measurement of lease liability is included in the current profit or loss or the relevant asset costs when actually incurred.

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.

## (3) Short-term lease and low-value assets lease

For short-term lease (a lease with a lease term of not more than 12 months from the lease inception date) and low-value assets lease, the Company adopts simplified treatment method and does not recognize the use right assets and lease liability, who instead includes the lease payment therefor in the relevant asset costs and the current profit or loss by the straight-line method or other systematic method during all periods in the lease term.

## 2. The Company as lessor

A lease is classified into finance lease or operating lease on the lease inception date based on the substance of the transaction. Financing lease means a lease that has substantially transferred almost all

risks and remunerations concerning the ownership of the leased assets. Operating lease means a lease other than financing lease.

(1) Operating lease

The Company recognizes the lease receipts of operating lease as rental income by the straight-line method during all periods in the lease term. Variable lease payment that is relevant to operating lease, and that is not included in lease receipts is included in the current profit or loss when actually incurred.

(2) Finance lease

On the lease inception date, the Company recognizes the receivable financing lease and derecognizes the financing leased assets. The receivable financing lease is initially measured according to the net investment in the lease (i.e. the sum of the unguaranteed residual value and the unreceived present lease receipts discounted at the interest rate implicit in the lease on the lease inception date), and the interest income during the lease term is calculated and recognized at the fixed periodic interest rate. Variable lease payment of the Company not included in the measurement of net investment in the lease is included in the current profit or loss when actually incurred.

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

Applicable  N/A

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

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

Applicable  N/A

Changes in accounting policies and associated reasons	Approval procedures	Remarks (name and amount of line items in financial statements that have been materially affected)
Implement the <i>Accounting Standard for Business Enterprises No. 21 - Leases</i> (Cai Kuai [2018] No. 35) amended and released by the Ministry of Finance	Approved by the management of the Company	Refer to V. 44. (3) for details

Other description:

Since January 1, 2021, the Company has implemented the *Accounting Standards for Business Enterprises No. 21 - Leases* (Cai Kuai [2018] No. 35) (“New Lease Standards”) amended by the Ministry of Finance. In accordance with relevant transitional provisions with respect to the old and new standards, the information for the comparative period is not adjusted, and the retained earnings and amounts of other relevant items in the financial statements at the beginning of the reporting period are retrospectively adjusted according to the cumulative effect from implementing the New Lease Standards on the first implementation date.

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

Applicable  N/A

**(3). Description of adjustments in opening balances of line items in financial statements of the year due to implementation of the New Lease Standards since 2021**

Applicable  N/A

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
<b>Current Assets:</b>			
Cash and bank balances	1,037,760,573.27	1,037,760,573.27	
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	114,000,000.00	114,000,000.00	
Derivative financial assets			
Notes receivable	3,726,328.91	3,726,328.91	
Accounts receivable	341,660,832.43	341,660,832.43	
Receivables financing	11,959,000.00	11,959,000.00	
Prepayments	47,447,601.43	49,174,631.52	1,727,030.09
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	12,534,062.15	12,534,062.15	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	418,812,140.80	418,812,140.80	
Contract assets	3,744,655.50	3,744,655.50	
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	13,002,195.46	13,002,195.46	
Total Current Assets	2,004,647,389.95	2,006,374,420.04	1,727,030.09
<b>Non-current Assets:</b>			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	13,196,087.78	13,196,087.78	
Long-term equity investments	262,744,772.48	262,744,772.48	
Other equity instrument investments	11,975,419.38	11,975,419.38	
Other non-current financial assets			
Investment properties			
Fixed assets	447,571,328.91	447,571,328.91	
Construction in progress	51,576,850.72	51,576,850.72	
Bearer biological assets			

Oil and gas assets			
Use right assets		39,368,070.17	39,368,070.17
Intangible assets	320,488,235.60	320,488,235.60	
Development expenditure			
Goodwill			
Long-term prepaid expenses	11,572,346.79	11,572,346.79	
Deferred tax asset	96,132,114.02	96,455,790.38	323,676.36
Other non-current assets	6,299,781.06	6,299,781.06	
Total Non-current Assets	1,221,556,936.74	1,261,248,683.27	39,691,746.53
Total assets	3,226,204,326.69	3,267,623,103.31	41,418,776.62
<b>Current Liabilities:</b>			
Short-term borrowings	88,778,852.86	88,778,852.86	
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	116,822,674.67	116,822,674.67	
Accounts payable	226,494,815.90	226,494,815.90	
Receipts in advance	153,258,189.88	153,258,189.88	
Contract liabilities	31,518,312.59	31,518,312.59	
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	46,105,566.15	46,105,566.15	
Taxes payable	19,871,846.94	19,871,846.94	
Other payables	59,848,053.83	58,821,952.01	-1,026,101.82
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one year	181,417,412.46	200,024,423.85	18,607,011.39
Other current liabilities	3,045,831.07	3,045,831.07	
Total Current Liabilities	927,161,556.35	944,742,465.92	17,580,909.57
<b>Non-current Liabilities:</b>			
Insurance contract reserves			

Long-term borrowings	64,845,281.53	64,845,281.53	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Leasing liabilities		23,804,845.36	23,804,845.36
Long-term accounts payable	3,262,450.00	3,262,450.00	
Long-term employee benefits payable			
Provisions	28,799,354.65	28,799,354.65	
Deferred income	16,723,257.15	16,723,257.15	
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities	113,630,343.33	137,435,188.69	23,804,845.36
Total Liabilities	1,040,791,899.68	1,082,177,654.61	41,385,754.93
<b>Owners' (or Shareholders') Equity:</b>			
Paid-in capital (or share capital)	452,756,901.00	452,756,901.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	1,249,020,991.15	1,249,020,991.15	
Less: Treasury shares			
Other comprehensive income	-3,214,291.93	-3,214,291.93	
Special reserve			
Surplus reserve	35,242,179.57	35,242,179.57	
General risk reserve			
Retained profits	357,793,891.96	357,838,162.29	44,270.33
Total owners' (or shareholders') equity attributable to owners of the Parent Company	2,091,599,671.75	2,091,643,942.08	44,270.33
Minority interests	93,812,755.26	93,801,506.62	-11,248.64
Total Owners' (or Shareholders') Equity	2,185,412,427.01	2,185,445,448.70	33,021.69
Total Liabilities and Owners'(or Shareholders') Equity	3,226,204,326.69	3,267,623,103.31	41,418,776.62

Description of adjustments on each line item:

√ Applicable □ N/A

Since January 1, 2021, the Company has implemented the New Lease Standards for the first time, recognized the use right assets and lease liabilities, and adjusted relevant items in the financial statements..

Balance Sheet of the Parent Company

Unit: Yuan Currency: RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
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<b>Current Assets:</b>			
Cash and bank balances	709,932,686.71	709,932,686.71	
Held-for-trading financial assets	114,000,000.00	114,000,000.00	
Derivative financial assets			
Notes receivable	2,314,628.91	2,314,628.91	
Accounts receivable	567,539,506.79	567,539,506.79	
Receivables financing	100,000.00	100,000.00	
Prepayments	11,001,439.23	13,163,045.06	2,161,605.83
Other receivables	71,654,117.57	71,654,117.57	
Including: Interest receivable			
Dividends receivable			
Inventories	169,022,971.44	169,022,971.44	
Contract assets	3,720,160.50	3,720,160.50	
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	1,297,388.01	1,297,388.01	
<b>Total Current Assets</b>	<b>1,650,582,899.16</b>	<b>1,652,744,504.99</b>	<b>2,161,605.83</b>
<b>Non-current Assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables	13,196,087.78	13,196,087.78	
Long-term equity investments	421,648,284.99	421,648,284.99	
Other equity instrument investments	7,075,419.38	7,075,419.38	
Other non-current financial assets			
Investment properties			
Fixed assets	57,409,189.33	57,409,189.33	
Construction in progress	37,982,329.74	37,982,329.74	
Bearer biological assets			
Oil and gas assets			
Use right assets		29,494,047.23	29,494,047.23
Intangible assets	319,438,893.42	319,438,893.42	
Development expenditure			
Goodwill			
Long-term prepaid expenses	9,562,162.36	9,562,162.36	
Deferred tax asset	6,680,188.67	7,000,018.34	319,829.67
Other non-current assets	5,411,561.28	5,411,561.28	
<b>Total Non-current Assets</b>	<b>878,404,116.95</b>	<b>908,217,993.85</b>	<b>29,813,876.90</b>
<b>Total assets</b>	<b>2,528,987,016.11</b>	<b>2,560,962,498.84</b>	<b>31,975,482.73</b>
<b>Current Liabilities:</b>			
Short-term borrowings	11,410,560.27	11,410,560.27	
Held-for-trading financial liabilities			

Derivative financial liabilities			
Notes payable	32,313,678.21	32,313,678.21	
Accounts payable	210,885,240.65	210,885,240.65	
Receipts in advance	2,688,210.54	2,688,210.54	
Contract liabilities	20,609,190.34	20,609,190.34	
Employee benefits payable	28,514,763.09	28,514,763.09	
Taxes payable	5,830,858.89	5,830,858.89	
Other payables	23,058,804.83	23,058,804.83	
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	1,001,024.66	15,192,394.42	14,191,369.76
Other current liabilities	1,918,391.60	1,918,391.60	
Total Current Liabilities	338,230,723.08	352,422,092.84	14,191,369.76
<b>Non-current Liabilities:</b>			
Long-term borrowings	29,029,715.07	29,029,715.07	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Leasing liabilities		17,434,875.25	17,434,875.25
Long-term accounts payable	3,262,450.00	3,262,450.00	
Long-term employee benefits payable			
Provisions	16,345,891.60	16,345,891.60	
Deferred income	14,450,411.10	14,450,411.10	
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities	63,088,467.77	80,523,343.02	17,434,875.25
Total Liabilities	401,319,190.85	432,945,435.86	31,626,245.01
<b>Owners' (or Shareholders') Equity:</b>			
Paid-in capital (or share capital)	452,756,901.00	452,756,901.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	1,351,261,718.84	1,351,261,718.84	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	33,964,638.84	33,964,638.84	
Retained profits	289,684,566.58	290,033,804.30	349,237.72
Total Owners' (or Shareholders') Equity	2,127,667,825.26	2,128,017,062.98	349,237.72

Total Liabilities and Owners' (or Shareholders') Equity	2,528,987,016.11	2,560,962,498.84	31,975,482.73
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Description of adjustments on each line item:

Applicable  N/A

Since January 1, 2021, the Company has implemented the New Lease Standards for the first time, recognized the use right assets and lease liabilities, and adjusted relevant items in the financial statements.

**(4). Description of retrospective adjustments on comparable data in previous periods upon the first implementation of the New Lease Standards from 2021**

Applicable  N/A

**45. Others**

Applicable  N/A

**VI. Taxes**

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

Description of major categories of taxes and tax rates

Applicable  N/A

Category of tax	Basis of tax computation	Tax rate
Value-added tax (VAT)	VAT payable is the output tax based on the sales of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	3%, 6%, 9%, 13%
City maintenance and construction tax	Turnover tax payable	5%, 7%
Enterprise income tax	Taxable income	8.25%, 8.70%, 8.84%, 15%, 16.5%, 20%, 21%, 25%
Education surcharges	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%

Disclosure of taxpayers with different rates of enterprise income tax:

Applicable  N/A

Taxpayer	Rate of enterprise income tax (%)
Appotronics Corporation Limited	15.00
Fengmi (Beijing) Technology Co., Ltd.	15.00
Appotronics Hong Kong Limited	8.25, 16.50
Beijing Orient Appotronics Technology Co., Ltd.	20.00
Fabulus Technology HongKong Limited	16.50
JoveAI Innovation, Inc.	8.70, 8.84, 21.00
Appotronics USA, Inc.	21.00

FORMOVIE TECHNOLOGY INC	21.00
JoveAI Limited	Tax exemption
WEMAX LLC	21.00
Shenzhen Appotronics Display Device Co., Ltd.	20.00
Appotronics Technology (Changzhou) Co., Ltd.	20.00
Appotronics Timewaying (Beijing) Technology Co., Ltd.	20.00
Qingda Appotronics (Xiamen) Technology Co., Ltd.	20.00
Shenzhen Appotronics Home Line Technology Co., Ltd.	20.00
Shenzhen Appotronics Laser Technology Co., Ltd.	20.00
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	20.00
JoveAI Asia Company Limited	20.00
Tianjin Bainian Film Partnership (LP)	Tax exemption
Other taxpayers except above	25.00

Note:

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

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

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

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

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

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

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

## 2. Tax incentives

√ Applicable □ N/A

1. On December 9, 2019, the Company obtained the High-tech Enterprise Certificate (Certificate No.: GR201944204257) jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service of State Taxation Administration with a valid term of three years. Therefore, the Company can pay the enterprise income tax at a rate of 15% from 2019 to 2021.

2. On November 30, 2018, Fengmi (Beijing) Technology Co., Ltd. obtained the High-tech Enterprise Certificate (Certificate No.: GR201811009590) 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 can pay the enterprise income tax at a rate of 15% since 2019.

3. 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. Shenzhen Appotronics Software Technology Co., Ltd. is qualified for enjoying such tax incentive from January 1, 2015.

4. In accordance with Article 1 (26) of Annex 3 of the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No.36), taxpayers are exempted from VAT if they provide technology transfer, technology development, and technology consultation and services in connection therewith. The Company is qualified for enjoying such tax incentive from January 26, 2018.

5. In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (2021 No.13), from January 1, 2021 to December 31, 2022, the annual taxable income of a small low-profit enterprise that is not more than RMB 1 million shall be included in its taxable income at the reduced rate of 12.5%, with the applicable enterprise income tax rate of 20%; from January 1, 2019 to December 31, 2021, the annual taxable income that is not less than RMB 1 million nor not more than RMB 3 million shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%. The following subsidiaries are qualified for enjoying such tax incentives: Beijing Orient Appotronics Technology Co., Ltd., Shenzhen Appotronics Display Device Co., Ltd., Appotronics Technology (Changzhou) Co., Ltd., Appotronics Timewaying (Beijing) Technology Co., Ltd., Qingda Appotronics (Xiamen) Technology Co., Ltd., Shenzhen Appotronics Home Line Technology Co., Ltd., Shenzhen Appotronics Laser Technology Co., Ltd. and Shenzhen Appotronics Xiaoming Technology Co., Ltd..

### 3. Others

Applicable  N/A

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

### 1. Cash and bank balances

Applicable  N/A

Item	Unit: Yuan Currency: RMB	
	Closing balance	Opening balance
Cash on hand	5,847.50	5,858.56
Bank deposits	895,755,732.73	1,020,747,657.62
Other monetary funds	28,118,672.98	17,007,057.09
Total	923,880,253.21	1,037,760,573.27
Including: Total oversea deposits	32,313,655.39	78,611,378.23

Other description:

In other monetary funds, an amount of RMB 20,292,090.37 is restricted for being used as margins; while in bank deposits, an amount of RMB 40,000,000.00 as time deposit is restricted for being used.

**2. Held-for-trading financial assets**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	420,000,000.00	114,000,000.00
Including:		
Structural deposits	420,000,000.00	114,000,000.00
Designated as financial assets at fair value through profit or loss	37,982,988.00	
Including:		
Performance compensation	37,982,988.00	
Total	457,982,988.00	114,000,000.00

Other description:

√ Applicable □ N/A

Performance compensation refers to the consideration of compensation for performance that is required to be fulfilled by GDC Cayman to the non-majority-owned company GDC BVI in response to the failure of GDC BVI to fulfill the performance commitment in 2020.

**3. Derivative financial assets**

□ Applicable √ N/A

**4. Notes receivable****(1). Categories of notes receivable**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptances	700,000.00	950,000.00
Commercial acceptances	3,098,593.29	2,776,328.91
Total	3,798,593.29	3,726,328.91

**(2). Notes receivable pledged by the Company at the end of the period**

□ Applicable √ N/A

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptances		250,000.00
Commercial acceptances		1,409,666.52
Total		1,659,666.52

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

□ Applicable√ N/A

## (5). Disclosure by categories of provision for bad debts

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made by group	3,961,677.15	100.00	163,083.86	4.12	3,798,593.29	3,872,451.48	100.00	146,122.57	3.77	3,726,328.91
Including:										
Bank acceptance bills	700,000.00	17.67			700,000.00	950,000.00	24.53			950,000.00
Commercial acceptances	3,261,677.15	82.33	163,083.86	5.00	3,098,593.29	2,922,451.48	75.47	146,122.57	5.00	2,776,328.91
Total	3,961,677.15	/	163,083.86	/	3,798,593.29	3,872,451.48	/	146,122.57	/	3,726,328.91

Provision for bad debts made individually:

□ Applicable√ N/A

Provision for bad debts made by group:

√ Applicable□ N/A

Item by group: Bank acceptance bills and commercial acceptances

Unit: Yuan Currency: RMB

Name	Closing balance		
	Notes receivable	Provision for bad debts	Proportion of provision (%)
Bank acceptance bills	700,000.00		
Commercial acceptances	3,261,677.15	163,083.86	5.00
Total	3,961,677.15	163,083.86	4.12

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

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period			Closing balance
		Provision	Recovery or reversal	Write off or cancellation	
Commercial acceptances	146,122.57	16,961.29			163,083.86
Total	146,122.57	16,961.29			163,083.86

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

Applicable  N/A

Other description:

None

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

Applicable  N/A

Other description:

Applicable  N/A

**5. Accounts receivable**

**(1). Disclosure by aging**

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	175,413,179.70
1 to 2 years	1,079,789.28
2 to 3 years	2,203,450.00
Over 3 years	230,200.00
Total	178,926,618.98

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

Applicable  N/A

Unit: Yuan Currency: RMB

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



	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made by group	178,926,618.98	100.00	10,372,756.89	5.80	168,553,862.09	361,346,260.89	100.00	19,685,428.46	5.45	341,660,832.43
Including:										
Accounts receivable for which the provision for bad debts is made by aging group	178,926,618.98	100.00	10,372,756.89	5.80	168,553,862.09	361,346,260.89	100.00	19,685,428.46	5.45	341,660,832.43
Total	178,926,618.98	/	10,372,756.89	/	168,553,862.09	361,346,260.89	/	19,685,428.46	/	341,660,832.43

Provision for bad debts made individually:

Applicable  N/A

Provision for bad debts made by group:

Applicable  N/A

Item by group: provision for bad debts made by aging group

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	175,413,179.70	8,770,884.57	5.00
1-2 years	1,079,789.28	269,947.32	25.00
2-3 years	2,203,450.00	1,101,725.00	50.00
Over 3 years	230,200.00	230,200.00	100.00
Total	178,926,618.98	10,372,756.89	5.80

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

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made by group	19,685,428.46	- 9,312,671.57				10,372,756.89
Total	19,685,428.46	- 9,312,671.57				10,372,756.89

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

□ Applicable √ N/A

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

□ Applicable √ N/A

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

√ Applicable □ N/A

Entity	Carrying amount	Proportion to the balance of accounts receivable (%)	Provision for bad debts
Xiaomi Communications Technologies Co., Ltd. and its affiliates	54,205,349.26	30.29	2,710,267.46
BARCO NV and its affiliates	19,429,915.61	10.86	971,495.78
Beijing Jingdong Century Trading Co., Ltd.	14,611,460.67	8.17	730,573.03
Shenzhen Nearbyexpress Technology Development Company Limited	12,935,095.24	7.23	646,754.76
WeCast Technology Corp. and its affiliates	6,220,785.59	3.48	311,039.28
Sub-total	107,402,606.37	60.03	5,370,130.31

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

□ Applicable √ N/A

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

□ Applicable √ N/A

Other description:

□ Applicable √ N/A

**6. Receivables financing**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills receivable	1,214,306.00	11,959,000.00
Total	1,214,306.00	11,959,000.00

Changes in amount and fair value of receivables financing:

□ Applicable √ N/A

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

□ Applicable √ N/A

Other description:

□ Applicable √ N/A

**7. Prepayments****(1). Disclosure of prepayments by aging**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	80,287,925.92	95.83	45,488,048.90	92.50
1 to 2 years	3,493,196.62	4.17	3,686,582.62	7.50
2 to 3 years				
Over 3 years				
Total	83,781,122.54	100.00	49,174,631.52	100.00

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

Entity	Closing balance	Reasons for no settlement
China Film Equipment Corporation and its affiliates	1,851,026.53	The settlement time has not come
Sub-total	1,851,026.53	

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

√ Applicable □ N/A

Entity	Carrying amount	Proportion to the balance of prepayments (%)
CVTE Group and its affiliates	40,529,310.39	48.37%
NEO Chinontec Co., Ltd.	16,463,155.65	19.65%
Kyocera SLD Laser, Inc	5,814,090.00	6.94%
Matsubayashi Optics (GUANGZHOU) Co., Ltd.	2,230,439.33	2.66%

Shenzhen Colorwin Optical Technology Co., Ltd.	1,997,957.53	2.38%
Sub-total	67,036,032.90	80.00%

Other description

Applicable  N/A

[Note] Refer to the description in V. 44 of Section X for details of the difference between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

## 8. Other receivables

**Presented by items**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	10,381,304.06	12,534,062.15
Total	10,381,304.06	12,534,062.15

Other description:

Applicable  N/A

### Interest receivable

(1). Categories of interest receivable

Applicable  N/A

(2). Significant interests overdue

Applicable  N/A

(3). Provision for bad debts

Applicable  N/A

Other description:

Applicable  N/A

### Dividends receivable

(1). Dividends receivable

Applicable  N/A

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

Applicable  N/A

(3). Provision for bad debts

Applicable  N/A

Other description:

Applicable  N/A

### Other receivables

(4). Disclosure by aging

Applicable  N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	4,797,839.31
1 to 2 years	254,134.25
2 to 3 years	4,688,537.95
Over 3 years	1,162,166.40
Total	10,902,677.91

**(5). Categories by the nature of other receivables**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Nature of receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	9,425,783.99	8,832,850.67
Withholding	465,219.20	380,123.97
Temporary receivables	1,011,674.72	383,488.89
Indemnity receivable		3,577,279.61
Total	10,902,677.91	13,173,743.14

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL in the future	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2021	639,680.99			639,680.99
Balance as at January 1, 2021 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	-118,307.14			-118,307.14
Reversal				
Write-off				
Cancellation				
Other changes				

Balance as at June 30, 2021	521,373.85			521,373.85
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Description of significant changes in the balance of other receivables with changed provisions for losses in the current period:

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made by group	639,680.99	-118,307.14				521,373.85
Total	639,680.99	-118,307.14				521,373.85

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion to the balance of other receivables (%)	Provision for bad debts closing balance
Shenzhen Meisheng Industry Co., Ltd.	Deposits/margins/petty cash	3,574,618.00	2-3 years	32.79	178,730.90
Shenzhen Science and Technology Assessment Management Center	Deposits/margins/petty cash	1,310,675.20	1-2 years, over 3 years	12.02	65,533.76
Hong Kong Science & Technology Parks Corporation	Deposits/margins/petty cash	1,011,329.11	2-3 years	9.28	50,566.46

Beijing Dongsheng Bozhan Technology Development Co., Ltd.	Deposits/margins/petty cash	816,155.64	Within 1 year	7.49	40,807.77
Qingdao Haier Multimedia Co., Ltd.	Deposits/margins/petty cash	500,000.00	Within 1 year	4.59	25,000.00
Total	/	7,212,777.95	/	66.17	360,638.89

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

Other description:

Applicable  N/A

**9. Inventories****(1). Categories of inventories**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for decline in value of inventories/impairment of contract performance cost	Book value	Carrying amount	Provision for decline in value of inventories/impairment of contract performance cost	Book value
Raw materials	451,338,805.08	17,326,482.85	434,012,322.23	243,262,463.77	12,343,116.67	230,919,347.10
Work in progress	41,741,766.19	4,342,479.86	37,399,286.33	23,130,163.72	533,475.37	22,596,688.35
Goods on hand	139,693,333.22	13,191,411.80	126,501,921.42	152,306,656.10	17,204,698.44	135,101,957.66
Goods upon delivery	25,658,485.78	570,764.05	25,087,721.73	15,345,357.08		15,345,357.08
Materials for consigned processing	17,369,489.57	207,806.17	17,161,683.40	15,064,657.09	215,866.48	14,848,790.61

Contract performance cost	2,145,002.14	729,907.80	1,415,094.34			
Total	677,946,881.98	36,368,852.53	641,578,029.45	449,109,297.76	30,297,156.96	418,812,140.80

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	12,343,116.67	6,673,723.18		1,690,357.00		17,326,482.85
Work in progress	533,475.37	4,237,522.32		428,517.83		4,342,479.86
Goods on hand	17,204,698.44	4,130,260.78		8,143,547.42		13,191,411.80
Goods upon delivery		570,764.05		-		570,764.05
Materials for consigned processing	215,866.48	192,220.04		200,280.35		207,806.17
Contract performance cost		729,907.80		-		729,907.80
Total	30,297,156.96	16,534,398.17		10,462,702.60		36,368,852.53

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

□ Applicable √ N/A

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

□ Applicable √ N/A

Other description:

□ Applicable √ N/A

## 10. Contract assets

## (1). Description of contract assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
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	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Warranties receivable	280,586.00	172,869.30	107,716.70	492,467.50	181,635.38	310,832.12
Goods payment	3,741,658.43	1,460,882.81	2,280,775.62	4,842,771.16	1,408,947.78	3,433,823.38
Total	4,022,244.43	1,633,752.11	2,388,492.32	5,335,238.66	1,590,583.16	3,744,655.50

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

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Provision	Reversal	Write-off/cancellation in the period	Reason
Provision made by group	43,168.95			
Total	43,168.95			/

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

Applicable  N/A

Other description:

Applicable  N/A

Aging	Closing balance		
	Carrying amount	Provision for impairment	Proportion of provision (%)
Within 1 year	1,024,378.00	51,218.90	5.00
1 to 2 years	-	-	25.00
2 to 3 years	2,830,666.43	1,415,333.21	50.00
Over 3 years	167,200.00	167,200.00	100.00
Total	4,022,244.43	1,633,752.11	40.62

**11. Held-for-sale assets**

Applicable  N/A

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

Applicable  N/A

**13. Other current assets**

Applicable  N/A

Unit: Yuan Currency: RMB

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

Cost of returns receivable	1,072,633.94	1,381,990.01
Input VAT to be deducted	48,620,388.82	11,338,961.82
Prepaid enterprise income tax		281,243.63
Total	49,693,022.76	13,002,195.46

Other description:

None

#### 14. Debt investments

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

#### 15. Other debt investments

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

Other description:

Applicable  N/A

#### 16. Long-term receivables

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance			Discount rate range
	Carrying amount	Provision for bad debts	Book value	Carrying amount	Provision for bad debts	Book value	
Proceeds from sales of goods by installment	15,000,000.00	750,000.00	14,250,000.00	15,000,000.00	750,000.00	14,250,000.00	
Less: Unearned financing income	754,054.04		754,054.04	1,053,912.22		1,053,912.22	
Total	14,245,945.96	750,000.00	13,495,945.96	13,946,087.78	750,000.00	13,196,087.78	/

**(2) Provision for bad debts**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL in the future	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2021	750,000.00			750,000.00
Balance as at January 1, 2021 in the current period				
--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision				
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at June 30, 2021	750,000.00			750,000.00

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

□ Applicable √ N/A

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

□ Applicable √ N/A

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

□ Applicable √ N/A

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

□ Applicable √ N/A

Other description:

□ Applicable √ N/A

**17. Long-term equity investments**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investees	Opening balance	Changes for the current period								Closing balance	Closing balance of provision for impairment
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
I. Joint venture											
Sub-total											
II. Associates											
Cinionic Limited	131,406,424.64			1,686,237.88	-2,611,934.25				-1,333,341.83	129,147,386.44	
GDC Technology Limited (BVI)	131,338,347.84			5,260,676.50	1,394,857.33				-1,240,815.44	136,753,066.23	
Sub-total	262,744,772.48			6,946,914.38	-1,217,076.92				-2,574,157.27	265,900,452.67	
Total	262,744,772.48			6,946,914.38	-1,217,076.92				-2,574,157.27	265,900,452.67	

Other description

Others represent the conversion rate difference in long-term equity investments.

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Shen Zhen Timewaying Technology Co., Ltd.	7,075,419.38	7,075,419.38
Shenzhen Bevix Technology Co., Ltd.	4,900,000.00	4,900,000.00
Total	11,975,419.38	11,975,419.38

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Dividend income recognized in the current period	Aggregate gains or losses	Aggregate losses	Amount transferred from other comprehensive income to retained earnings	Reasons for being designated as at fair value through other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Shen Zhen Timewaying Technology Co., Ltd.					As per the intention for holding of the management	
Shenzhen Bevix Technology Co., Ltd.					As per the intention for holding of the management	

Other description:

√ Applicable □ N/A

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

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

□ Applicable √ N/A

**20. Investment properties**

Measurement mode of investment properties

N/A

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	448,824,286.12	447,571,328.91
Disposal of fixed assets		
Total	448,824,286.12	447,571,328.91

Other description:

None

### Fixed assets

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Machinery and equipment	Transportation equipment	Electronic equipment and others	Operating leased equipment	Total
I. Cost:					
1. Opening balance	103,894,713.95	1,020,400.05	37,318,561.28	563,293,898.80	705,527,574.08
2. Increase	10,374,215.65		4,671,280.36	46,015,079.81	61,060,575.82
(1) Purchase	10,374,215.65		4,671,280.36		15,045,496.01
(2) Transfer from construction in progress				46,015,079.81	46,015,079.81
3. Decrease	2,677,681.28		765,103.73	5,336,262.46	8,779,047.47
(1) Disposal or retirement	196,364.20		728,415.51	5,183,854.65	6,108,634.36
(2) Transfer to inventories	2,481,317.08		36,688.22	152,407.81	2,670,413.11
4. Closing balance	111,591,248.32	1,020,400.05	41,224,737.91	603,972,716.15	757,809,102.43
II. Accumulated depreciation					
1. Opening balance	41,528,570.15	447,672.23	17,109,387.09	198,870,615.70	257,956,245.17
2. Increase	9,385,522.08	68,048.82	3,493,829.66	39,495,698.30	52,443,098.86
(1) Provision	9,385,522.08	68,048.82	3,493,829.66	39,495,698.30	52,443,098.86
3. Decrease	399,842.63		587,217.52	427,467.57	1,414,527.72
(1) Disposal or retirement	158,308.83		580,647.70	382,985.33	1,121,941.86
(2) Transfer to inventories	241,533.80		6,569.82	44,482.24	292,585.86

4.Closing balance	50,514,249.60	515,721.05	20,015,999.23	237,938,846.43	308,984,816.31
III. Provision for impairment					
1.Opening balance					
2. Increase					
(1) Provision					
3. Decrease					
(1) Disposal or retirement					
4.Closing balance					
IV. Book value					
1. Closing balance	61,076,998.72	504,679.00	21,208,738.68	366,033,869.72	448,824,286.12
2. Opening balance	62,366,143.80	572,727.82	20,209,174.19	364,423,283.10	447,571,328.91

**(2). Temporarily idle fixed assets**

□ Applicable√ N/A

**(3). Fixed assets rent under finance lease**

□ Applicable√ N/A

**(4). Fixed assets leased out under operating lease**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Item	Closing balance of carrying amount
Operating leased equipment	366,033,869.72
Total	366,033,869.72

**(5). Fixed assets of which certificates of title have not been obtained**

□ Applicable√ N/A

Other description:

□ Applicable√ N/A

**Disposal of fixed assets**

□ Applicable√ N/A

**22. Construction in progress****Presented by items**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	88,984,744.00	51,576,850.72
Materials for construction		
Total	88,984,744.00	51,576,850.72

Other description:

None

### Construction in progress

#### (1). Description of Construction in progress

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Headquarter buildings	65,509,824.53		65,509,824.53	37,982,329.74		37,982,329.74
Light sources to be leased	22,071,691.77		22,071,691.77	13,594,520.98		13,594,520.98
Fitting-out works	1,403,227.70		1,403,227.70			
Total	88,984,744.00		88,984,744.00	51,576,850.72		51,576,850.72



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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Budget amount	Opening balance	Increase	Amount transferred to fixed assets	Other decreases	Closing balance	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: Capitalised interest for the period	Interest Capitalization rate for the period (%)	Source of funds
Headquarter buildings	534,635,200.00	37,982,329.74	27,527,494.79			65,509,824.53	12.25	12.25	33,383.45	33,383.45	2.22	Self-financing
Light sources to be leased		13,594,520.98	54,492,250.60	46,015,079.81		22,071,691.77						Self-financing
Fitting-out works			1,403,227.70			1,403,227.70						Self-financing
Total	534,635,200.00	51,576,850.72	83,422,973.09	46,015,079.81		88,984,744.00	/	/	33,383.45	33,383.45	/	/

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

Other description

 Applicable  N/A**Materials for construction** Applicable  N/A**23. Bearer biological assets****(1). Bearer biological assets measured at cost** Applicable  N/A**(2). Bearer biological assets measured at fair value** Applicable  N/A

Other description

 Applicable  N/A**24. Oil and gas assets** Applicable  N/A**25. Use right assets** Applicable  N/A

Unit: Yuan Currency: RMB

Item	Houses and buildings	Total
<b>I. Cost</b>		
1. Opening balance	71,832,053.32	71,832,053.32
2. Increase	6,169,798.91	6,169,798.91
3. Decrease		
4. Closing balance	78,001,852.23	78,001,852.23
<b>II. Accumulated depreciation</b>		
1. Opening balance	32,463,983.15	32,463,983.15
2. Increase	9,471,534.54	9,471,534.54
(1) Provision	9,471,534.54	9,471,534.54
3. Decrease		
(1) Disposal		
4. Closing balance	41,935,517.69	41,935,517.69
<b>III. Provision for impairment</b>		
1. Opening balance		
2. Increase		
(1) Provision		
3. Decrease		
(1) Disposal		
4. Closing balance		
<b>IV. Book value</b>		
1. Closing balance	36,066,334.54	36,066,334.54
2. Opening balance	39,368,070.17	39,368,070.17

Other description:

[Note] Refer to the description in V. 44 of Section X for details of the difference between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

## 26. Intangible assets

### (1). Description of intangible assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Total
<b>I. Cost</b>				
1. Opening balance	330,630,000.00	23,247,800.00	13,996,355.81	367,874,155.81
2. Increase			415,806.59	415,806.59
(1) Purchase			415,806.59	415,806.59
3. Decrease				
(1) Disposal				
4. Closing balance	330,630,000.00	23,247,800.00	14,412,162.40	368,289,962.40
<b>II. Accumulated Amortization</b>				
1. Opening balance	27,552,500.10	14,860,270.10	4,973,150.01	47,385,920.21
2. Increase	5,510,500.02	844,610.02	1,391,408.60	7,746,518.64
(1) Provision	5,510,500.02	844,610.02	1,391,408.60	7,746,518.64
3. Decrease				
(1) Disposal				
4. Closing balance	33,063,000.12	15,704,880.12	6,364,558.61	55,132,438.85
<b>III. Provision for impairment</b>				
1. Opening balance				
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Closing balance				
<b>IV. Book value</b>				
1. Closing balance	297,566,999.88	7,542,919.88	8,047,603.79	313,157,523.55
2. Opening balance	303,077,499.90	8,387,529.90	9,023,205.80	320,488,235.60

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

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

Applicable  N/A

Other description:

Applicable  N/A

**27. Development expenditure**

Applicable  N/A

**28. Goodwill****(1). 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 description:

Applicable  N/A

**29. Long-term prepaid expenses**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance
Renovation costs	11,020,278.57	1,956,427.58	3,357,124.60		9,619,581.55
Software	552,068.22		194,847.60		357,220.62
Total	11,572,346.79	1,956,427.58	3,551,972.20		9,976,802.17

Other description:

None

**30. Deferred tax assets and deferred tax liabilities****(1). Deferred tax assets that are not offset**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of assets	32,201,815.94	5,315,456.14	28,773,276.08	4,625,714.28
Unrealized profits for inside transactions	349,171,100.96	86,655,914.03	343,108,987.56	85,451,876.99
Deductible losses			3,339,193.87	834,798.46

Provisions	26,803,968.88	5,136,107.85	24,854,195.43	4,578,959.70
Deferred income	16,381,194.52	2,586,751.33	15,797,285.68	2,504,280.31
Share-based payment expenses	29,583,779.99	5,294,789.61	639,138.44	101,038.96
Lease liability	33,572,555.38	5,878,957.55	42,411,856.75	5,283,865.43
Accrual of repurchase interest payable	1,625,248.48	406,312.12		
Total	489,339,664.15	111,274,288.63	458,923,933.81	103,380,534.13

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income taxes liabilities	Taxable temporary differences	Deferred income taxes liabilities
Value-added valuation of business combination not involving enterprises under common control				
Changes in fair value of other debt investments				
Changes in fair value of other investments in equity instruments				
Long-term receivables	13,396,889.35	2,009,533.40	13,097,031.17	1,964,554.68
Use right assets	31,924,696.40	5,654,382.93	39,368,070.17	4,960,189.07
Total	45,321,585.75	7,663,916.33	52,465,101.34	6,924,743.75

## (3). Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for which the deferred tax assets and liabilities are offset at the closing of the period	Closing balance of deferred tax assets or liabilities after offset	Amount for which the deferred income tax assets and liabilities are offset at the opening of the period	Opening balance of deferred income tax assets or liabilities after offset
Deferred tax assets	7,663,916.33	103,610,372.30	6,924,743.75	96,455,790.38
Deferred tax liabilities				

## (4). Details of unrecognized deferred tax assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	45,260,046.72	47,569,632.05
Deductible losses	270,414,001.83	275,961,696.98
Total	315,674,048.55	323,531,329.03

(5). **Deductible losses, for which no deferred tax assets are recognized, will expire in the following years**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remark
2021	9,487,530.31	9,487,530.31	
2022	11,900,336.99	11,900,329.00	
2023	42,584,893.83	47,115,450.59	
2024	66,906,177.28	86,745,720.01	
2025	76,093,109.30	120,712,667.07	
2026	63,441,954.12		
Total	270,414,001.83	275,961,696.98	/

Other description:

√ Applicable □ N/A

[Note] Refer to the description in V. 44 of Section X for details of the difference between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

**31. Other non-current assets**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Prepayment for purchase of long-term assets	15,891,524.06		15,891,524.06	6,299,781.06		6,299,781.06
Total	15,891,524.06		15,891,524.06	6,299,781.06		6,299,781.06

Other description:

None

**32. Short-term borrowings**

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Guaranteed loans	28,049,331.60	77,223,937.39

Credit loans		11,299,169.33
Interest payable	48,543.82	255,746.14
Total	28,097,875.42	88,778,852.86

Description for categories of short-term borrowings:

None

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

Applicable  N/A

Other description:

Applicable  N/A

**33. Held-for-trading financial liabilities**

Applicable  N/A

**34. Derivative financial liabilities**

Applicable  N/A

**35. Notes payable**

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptances		
Bank acceptance bills	180,257,484.74	116,822,674.67
Total	180,257,484.74	116,822,674.67

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

**36. Accounts payable**

(1). **Presented by accounts payable**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Amounts payable for purchase	272,203,766.10	226,494,815.90
Total	272,203,766.10	226,494,815.90

(2). **Accounts payable with significant amounts aged more than 1 year**

Applicable  N/A

Other description:

Applicable  N/A

**37. Receipts in advance**

(1). **Presented by receipts in advance**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Receipts in advance for goods and cinema services	141,944,076.60	153,258,189.88

Total	141,944,076.60	153,258,189.88
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**(2). Receipts in advance with significant amounts aged more than 1 year**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for not repaid or carried-forward
Jiangsu Happy Blue Sea Cinema Development Co., Ltd.	27,926,212.39	Receipts in advance from customers for cinema projection services
Total	27,926,212.39	/

Other description:

□ Applicable √ N/A

**38. Contract liabilities****(1). Description of contract liabilities**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Goods payment	40,048,659.77	31,518,312.59
Total	40,048,659.77	31,518,312.59

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

□ Applicable √ N/A

Other description:

□ Applicable √ N/A

**39. Employee benefits payable****(1). Presented by employee benefits payable**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term benefits	46,031,631.17	150,199,218.51	163,182,064.83	33,048,784.85
2. Post-employment benefits-defined contribution plan	73,934.98	6,093,810.04	5,996,162.31	171,582.71
3. Termination benefits		635,752.00	635,752.00	
4. Other benefits due within one year				
Total	46,105,566.15	156,928,780.55	169,813,979.14	33,220,367.56

**(2). Presented by short-term employee benefits**

√ Applicable □ N/A

Unit: Yuan Currency: RMB



Item	Opening balance	Increase	Decrease	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	45,956,435.30	135,085,848.73	148,183,122.44	32,859,161.59
II. Staff welfare		3,500,905.02	3,500,905.02	
III. Social security contributions	53,986.52	4,311,716.14	4,249,408.62	116,294.04
Including: Medical insurance	53,183.08	4,115,870.55	4,057,687.13	111,366.50
Work injury insurance	786.46	89,695.78	85,571.68	4,910.56
Maternity insurance	16.98	106,149.81	106,149.81	16.98
IV. Housing funds	989.00	6,923,221.59	6,923,221.59	989.00
V. Union running costs and employee education costs	20,220.35	377,527.03	325,407.16	72,340.22
VI. Short-term paid leaves				
VII. Short-term profit sharing plan				
Total	46,031,631.17	150,199,218.51	163,182,064.83	33,048,784.85

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	73,886.98	5,891,324.53	5,798,831.05	166,380.46
2. Unemployment insurance	48.00	202,485.51	197,331.26	5,202.25
3. Enterprise annuity contribution				
Total	73,934.98	6,093,810.04	5,996,162.31	171,582.71

Other description:

□ Applicable √ N/A

**40. Taxes payable**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	1,529,974.97	12,205,136.88
Enterprise income tax	40,403,724.10	5,477,611.87
Individual income tax	1,099,358.16	1,067,512.87
City maintenance and construction tax	409,277.99	478,213.88
Stamp duty	184,114.07	294,612.70

Education surcharges	175,370.30	204,948.80
Local education surcharges	116,913.53	136,632.54
Annual franchise tax	7,106.11	7,177.40
Urban land use tax	8,914.32	
Total	43,934,753.55	19,871,846.94

Other description:

None

#### 41. Other payables

##### Presented by items

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	3,851,339.04	
Other payables	251,631,758.97	58,821,952.01
Total	255,483,098.01	58,821,952.01

Other description:

Refer to the description in V. 44 of Section X for details of the difference in other payables between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

##### Interest payable

Applicable  N/A

##### Dividends payable

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends on ordinary shares	3,851,339.04	
Total	3,851,339.04	

Other description, including significant dividend payable with ageing of over 1 year, and the reason of non-payment shall be disclosed:

The balance of dividends payable represents the dividends payable to the payees determined by the Company for 2020, which has been paid on July 16, 2021.

##### Other payables

###### (1). Other payables presented by nature

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Withholding	110,137.00	110,389.10
Deposits/margins	5,581,950.19	6,600,475.05
Withdrawals in advance	28,762,556.88	21,126,906.43
Equity transfer fund payable		11,548,387.32
Borrowings		19,343,613.33

Temporary receipts payable	15,687.12	92,180.78
Equity repurchase amount payable	217,161,427.78	
Total	251,631,758.97	58,821,952.01

Other description: The equity repurchase amount payable pertains to the capital increase of the subsidiary Fengmi (Chongqing) during the reporting period. When the repurchase right trigger event occurs, Fengmi (Chongqing) is obligated to conduct repurchase. According to the relevant accounting standards, the Company recognizes the investment amount as other payables.

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

Applicable  N/A

Other description:

Applicable  N/A

**42. Held-for-sale liabilities**

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year	125,280,481.42	181,057,099.90
Lease liabilities due within 1 year	20,745,329.40	18,607,011.39
Interest payable	194,908.23	360,312.56
Total	146,220,719.05	200,024,423.85

Other description:

Refer to the description in V. 44 of Section X for details of the difference between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

**44. Other current liabilities**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Taxes to be written off	3,391,139.20	3,045,831.07
Total	3,391,139.20	3,045,831.07

Changes in short-term bonds payable:

Applicable  N/A

Other description:

Applicable  N/A

**45. Long-term borrowings**

**(1). Categories of long-term borrowings**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Guaranteed borrowings	99,087,647.00	29,000,000.00
Credit loans borrowings		2,043,500.81
Mortgaged borrowings	3,494,734.74	
Pledged and guaranteed borrowings		33,693,828.00
Interest payable	108,105.52	107,952.72
Total	102,690,487.26	64,845,281.53

Description for categories of long-term borrowings:

None

Other description, including interest range:

Applicable  N/A

#### 46. Bonds payable

##### (1). Bonds payable

Applicable  N/A

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

Applicable  N/A

##### (3). Description of converting terms and period of convertible corporate bonds

Applicable  N/A

##### (4). Description of other financial instruments classified as financial liabilities

Basic information of other financial instruments including outstanding preferred shares and perpetual bonds at the end of the period

Applicable  N/A

Changes in financial instruments including outstanding preferred shares and perpetual bonds at the end of the period

Applicable  N/A

Other financial instruments classified as financial liabilities

Applicable  N/A

Other description:

Applicable  N/A

#### 47. Lease liabilities

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	39,136,772.89	42,411,856.75
Less: Lease liabilities due within 1 year	-20,745,329.40	-18,607,011.39
Total	18,391,443.49	23,804,845.36

Other description:

Refer to the description in V. 44 of Section X for details of the difference between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

**48. Long-term accounts payable****Presented by items**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term accounts payable	3,230,050.00	3,262,450.00
Special payables		
Total	3,230,050.00	3,262,450.00

Other description:

None

**Long-term accounts payable**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Purchase of patent use rights by installment	3,230,050.00	3,262,450.00
Total	3,230,050.00	3,262,450.00

Other description:

None

**Special payables**

□ Applicable √ N/A

**49. Long-term employee benefits payable**

□ Applicable √ N/A

**50. Provisions**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Reason
Products quality warranty	27,240,470.53	29,185,988.71	Expenses for “three guarantees” services
Returns payable	1,558,884.12	1,333,391.18	
Total	28,799,354.65	30,519,379.89	/

Other description, including significant assumptions and estimates relative to material provisions:

None

**51. Deferred income**

Description of Deferred income

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	16,723,257.15	4,070,480.27	3,833,810.75	16,959,926.67	
Total	16,723,257.15	4,070,480.27	3,833,810.75	16,959,926.67	/

Projects relating to government grants:

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Projects with liabilities	Opening balance	Increased government grants for the current period	Amount recognized in non-operating income for the current period	Amount recognized in other income for the current period	Other changes	Closing balance	Related to assets/income
8K Ultra High Definition Laser Display Technology Engineering Research Center	1,699,187.35			382,994.93		1,316,192.42	Government grants related to assets
Ultra-high Brightness Laser Light Source Engineering Technology Research Center	1,683,873.26			1,414,127.27		269,745.99	Government grants related to income
Ultra-high Brightness Laser Light Source Engineering Technology Research Center	13,340,196.54	2,815,480.27		1,781,688.55		14,373,988.26	Government grants related to income
Research and Development of Key Technologies of Ultra High Definition Micro Laser Projection Optical Engine Based on Light-emitting		1,000,000.00				1,000,000.00	Government grants related to income

Ceramic Devices							
Key Technology of Trichromatic Laser Display Complete Equipment Industrialization		255,000.00		255,000.00			Government grants related to income
Total	16,723,257.15	4,070,480.27		3,833,810.75		16,959,926.67	

Other description:

Applicable  N/A

Refer to the description in VII. 84 of Section X for details of government grants of this period included in the current profit or loss

## 52. Other non-current liabilities

Applicable  N/A

## 53. Share capital

Applicable  N/A

Unit: Yuan Currency: RMB

	Opening balance	Changes (+, -)					Closing balance
		Issue New share	Bonus shares	Capitalization of capital reserve	Others	Sub-total	
Total shares	452,756,901.00						452,756,901.00

Other description:

None

## 54. Other equity instruments

(1) **Basic information of other financial instruments including outstanding preferred shares and perpetual bonds at the end of the period**

Applicable  N/A

(2) **Changes in financial instruments including outstanding preferred shares and perpetual bonds at the end of the period**

Applicable  N/A

Changes of other equity instruments in the current period, reasons for such change and basis for related accounting treatments:

Applicable  N/A

Other description:

Applicable  N/A

**55. Capital reserve**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share premium)	1,241,202,420.08	92,622,244.75		1,333,824,664.83
Other capital reserve	7,818,571.07	18,461,103.38		26,279,674.45
Total	1,249,020,991.15	111,083,348.13		1,360,104,339.28

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

(1) The capital premium (share premium) increased by RMB 92,622,244.75 due to the capital increase made by minority shareholders of subsidiaries in the current period;

(2) The total expense of equity-settled share-based payments in the current period amounted to RMB 22,351,621.22, of which RMB 18,461,103.38 was recognized in the capital reserve (other capital reserve) and RMB 3,890,517.84 was charged to the amount attributable to minority interests.

**56. Treasury shares**

□ Applicable √ N/A



**57. Other comprehensive income**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Amount recognized in the current period						Closing balance
		Amount incurred for current period before tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Less: Income tax expense	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								
II. Other comprehensive income that will be reclassified to profit or loss	-3,214,291.93	-4,739,767.89				-4,763,298.65	23,530.76	-7,977,590.58

Exchange differences on translation of financial statements denominated in foreign currencies	-3,214,291.93	-4,739,767.89				-4,763,298.65	23,530.76	-7,977,590.58
Total other comprehensive income	-3,214,291.93	-4,739,767.89				-4,763,298.65	23,530.76	-7,977,590.58

Other descriptions, including adjustments on transferring effective portion of cash flow hedges to amount upon initial recognition of the hedged item:

None

**58. Special reserve**

□ Applicable√ N/A

**59. Surplus reserve**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	33,964,638.84			33,964,638.84
Surplus reserve recovered through business combination involving entities under common control	1,277,540.73			1,277,540.73
Total	35,242,179.57			35,242,179.57

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

None

**60. Retained profits**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Item	Current period	Last year
Retained profits at the end of prior period before adjustment	357,793,891.96	288,975,820.29
Total adjusted retained profits at the beginning of the period (Add: +; Less: -)	44,270.33	1,278,734.88
Retained profits at the beginning of the period after adjustment	357,838,162.29	290,254,555.17
Add: Net profit attributable to owners of the Parent Company for the period	151,413,920.79	113,847,873.06
Less: Appropriation to statutory surplus reserve		12,441,955.44
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Declaration of dividends on ordinary shares	24,901,629.56	33,866,580.83
Conversion of ordinary shares' dividends into share capital		
Retained profits at the end of the period	484,350,453.52	357,793,891.96

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

- 1) As a result of the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, retained profits at the beginning of the period were affected by RMB 44,270.33.
2. Retained profits at the beginning of the period were affected by RMB 0 due to changes in accounting policies.
3. Retained profits at the beginning of the period were affected by RMB 0 due to the correction of significant accounting errors.
4. Retained profits at the beginning of the period were affected by RMB 0 due to changes in the scope of consolidation resulting from business combination involving entities under common control.
5. Retained profits at the beginning of the period were affected by RMB 0 in total due to other adjustments.

## 61. Operating income and operating costs

### (1). Description of operating income and operating costs

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Main business	1,104,689,243.59	723,612,305.19	716,025,207.34	529,787,789.94
Total	1,104,689,243.59	723,612,305.19	716,025,207.34	529,787,789.94

### (2). Description of incomes from contracts

Applicable  N/A

### (3). Description of performance obligations

Applicable  N/A

### (4). Description of allocation to remaining performance obligations

Applicable  N/A

Other description:

Presentation of income by major category

Item	Sub-total
Main business areas	
Domestic	978,637,241.86
Overseas	52,602,507.28
Sub-total	1,031,239,749.14
Main product types	
Laser optical engine	102,894,753.59
Laser projector	760,406,207.52
Others	167,938,788.03
Sub-total	1,031,239,749.14
Revenue recognition time	
Goods (transferring at a certain point in time)	911,639,750.72
Service (rendering over time)	119,599,998.42
Sub-total	1,031,239,749.14

Note: The information on income presented above represents the income amount, net of the rental income and other income to which the new revenue standards are not applicable.

**62. Taxes and levies**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
City maintenance and construction tax	1,720,331.86	854,951.57
Education surcharges	741,743.40	378,217.31
Local education surcharges	499,046.18	248,054.96
Stamp duty	1,096,478.56	591,733.50
Others	273,538.81	256,753.22
Total	4,331,138.81	2,329,710.56

Other description:

None

**63. Sales expenses**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	32,606,069.47	23,380,108.03
Marketing fees	35,119,978.09	11,258,761.35
After-sale repair expenses	6,280,390.31	7,335,750.91
Advertising costs and business publicity expenses	2,043,151.94	2,025,841.22
Business travel expenses	1,601,757.27	650,816.90
Business entertainment expenses	1,073,975.75	344,196.59
Other expenses	10,960,873.00	5,838,419.50
Total	89,686,195.83	50,833,894.50

Other description:

1. During the reporting period, the Company focused on increasing its marketing efforts, resulting in an increase in the marketing fees;
2. Other expenses are mainly patent royalties paid.

**64. Administration expenses**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	31,797,608.54	27,739,712.49
Rent expense	4,795,962.93	3,676,664.67
Service fees	16,698,545.91	17,562,845.34
Depreciation and amortization fees	3,365,970.11	8,228,493.80
Share-based payment expenses	22,312,482.85	17,576,543.47
Other expenses	4,989,946.58	3,029,397.32
Total	83,960,516.92	77,813,657.09

Other description:

The decrease in depreciation and amortization fees is mainly due to the amortization of land use right being recognized in construction in progress in the current period.

### 65. R&D expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Employee benefits	60,494,851.79	54,917,336.45
Material consumption expenses	8,429,853.23	9,045,544.84
Rent expense	4,649,585.35	4,614,423.44
Service fees	7,094,850.80	2,313,102.75
Depreciation and amortization fees	4,710,875.84	6,299,814.11
Testing expenses	2,384,569.29	1,963,709.91
Patent fees	2,067,359.08	4,325,481.23
Other expenses	5,296,538.28	3,816,038.02
Total	95,128,483.66	87,295,450.75

Other description:

None

### 66. Financial expenses

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	11,013,330.17	11,612,825.87
Less: Interest income	-10,868,184.51	-4,618,971.33
Exchange profit or loss	508,948.95	189,748.99
Bank service charges	877,924.69	854,087.51
Total	1,532,019.30	8,037,691.04

Other description:

None

### 67. Other income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Government grants related to assets	382,994.93	17,881.98
Government grants related to income	51,598,892.61	31,357,361.04
Refund of commissions for withholding individual income tax	571,819.78	
Additional deduction of input VAT	2,336,589.39	1,546,791.95
Total	54,890,296.70	32,922,034.97

Other description:

Government grants recognized in other income in the current period are disclosed in VII.84 of Section X in details.

**68. Investment income**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Long-term equity investment accounted for using the equity method	6,982,738.64	901,894.80
Investment income from disposal of held-for-trading financial assets	2,145,923.39	10,824,793.71
Others	3.00	
Total	9,128,665.03	11,726,688.51

Other description:

None

**69. Income from net exposure hedges**

□ Applicable √ N/A

**70. Gains from changes in fair values**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Source of gains from changes in fair values	Amount for the current period	Amount for the prior period
Held-for-trading financial assets	38,175,900.00	
Including: Gains from changes in fair values on derivative financial instruments		
Held-for-trading financial liabilities		
Investment properties measured at fair value		
Total	38,175,900.00	

Other description:

Refer to VII. 2 of Section X

**71. Losses of credit impairment**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Bad debt losses	9,407,031.23	2,170,106.96
Total	9,407,031.23	2,170,106.96

Other description:

None

**72. Impairment losses of assets**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
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I. Loss of contract assets	-43,168.95	
II. Losses of decline in value of inventories and losses of contract performance cost	-16,538,070.39	-12,109,681.09
Total	-16,581,239.34	-12,109,681.09

Other description:

None

### 73. Gains on disposal of assets

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Gains on disposal of assets	2,806,008.82	149,620.91
Total	2,806,008.82	149,620.91

Other description:

Applicable  N/A

### 74. Non-operating income

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total gains or losses from disposal of non-current assets;	4,100.00	8,412.77	4,100.00
Including: Gains from disposal of fixed assets	4,100.00	8,412.77	4,100.00
Gain from disposal of intangible assets			
Gains from debt restructuring			
Gains from exchange of non-monetary assets			
Acceptance of donations			
Government grants	21,500,000.00		21,500,000.00
Amounts not required for payment		4,200.00	
Indemnity	630,000.00	252,001.08	630,000.00
Others	106,580.14	6,001.63	106,580.14
Total	22,240,680.14	270,615.48	22,240,680.14

Government grants included in profit or loss for the period



√ Applicable □ N/A

Unit: Yuan Currency: RMB

Project with grants	Amount for the current period	Amount for the prior period	Related to assets/income
Grants for Fostering Restructuring and Listing in 2021	1,500,000.00		Government grants related to income
Project Support Fund of Chongqing Liangjiang New Area Finance Bureau - Project Landing Reward	20,000,000.00		Government grants related to income

Other description:

□ Applicable √ N/A

**75. Non-operating expenses**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	170,231.21	140,563.32	170,231.21
Including: Losses on disposal of fixed assets	170,231.21	140,563.32	170,231.21
External donations		563,138.63	
Penalties and overdue fines	18,205.90	1,000.00	18,205.90
Others	217,064.50	36,000.00	217,064.50
Total	405,501.61	740,701.95	405,501.61

Other description:

None

**76. Income tax expense****(1) Statement of income tax expense**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Income tax expense in the current period	52,765,981.28	7,761,319.12
Deferred income tax expenses	-6,460,456.12	-5,067,377.70
Total	46,305,525.16	2,693,941.42

**(2) Reconciliation of income tax expenses to the accounting profit**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period
Total profit	226,100,424.85
Income tax expense calculated based on statutory/applicable tax rate	33,915,063.74
Effect of different tax rates of subsidiaries operating in other jurisdictions	12,796,123.23
Effect of adjustment on income tax for the period	694,125.81
Effect of non-taxable income	-11,417,223.52
Effect of non-deductible cost, expense and loss	459,671.41
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	9,988,835.94
Changes in the opening balance of deferred income tax assets due to tax rate adjustment	-131,071.45
Effect of additional R&D expenses deduction	
Income tax expense	46,305,525.16

Other description:

□ Applicable √ N/A

**77. Other comprehensive income**

√ Applicable □ N/A

Refer to the notes for details

**78. Items in cash flow statement****(1). Other cash receipts relating to operating activities**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Government grants	72,650,106.88	29,527,428.69
Non-operating income	665,006.61	258,002.71
Interest income	11,045,718.76	4,618,971.33
Other monetary funds-margins	21,445,628.07	20,402,679.86
Bank deposits-frozen funds due to litigation		10,000,000.00
Receivables and payables	7,695,541.37	16,463,315.13
Total	113,502,001.69	81,270,397.72

Description of other cash receipts relating to operating activities:

None

**(2). Other cash payments relating to operating activities**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Sales expenses, administrative and R&D expenses paid in cash	95,588,810.53	67,811,667.43
Financial expenses paid in cash	1,863,849.47	854,087.51
Non-operating expenses	47,599.90	600,138.63
Other monetary funds-margins	28,107,696.66	27,484,998.92
Receivables and payables	8,277,996.70	3,395,213.71
Total	133,885,953.26	100,146,106.20

Description of other cash payments relating to operating activities:

None

**(3). Other cash receipts relating to investing activities**

□ Applicable √ N/A

**(4). Other cash payments relating to operating activities**

□ Applicable √ N/A

**(5). Other cash receipts relating to financing activities**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Investment funds with repurchase right	215,000,000.00	
Total	215,000,000.00	

Description of other cash receipts relating to financing activities:

None

**(6). Other cash payments relating to financing activities**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Share-based payment expenses	20,559.65	22,587.36
Repayment to shareholders	19,320,000.00	
Lease expenses	11,870,055.52	
Total	31,210,615.17	22,587.36

Description of other cash payments relating to financing activities:

None

**79. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Supplementary information	Current period	Prior period
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	179,794,899.69	-8,378,244.17
Add: Provision for impairment of assets	16,581,239.34	12,109,681.09

Losses of credit impairment	-9,407,031.23	-2,170,106.96
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	52,443,098.86	47,418,126.65
Amortization of use right assets	9,471,534.54	
Amortization of intangible assets	2,236,018.62	7,660,838.99
Amortization of long-term prepaid expenses	3,551,972.20	3,409,529.26
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “—”)	-2,806,008.82	-149,620.91
Losses on retirement of fixed assets (gains are indicated by “—”)	166,131.21	132,150.55
Losses on changes in fair values (gains are indicated by “—”)	-38,175,900.00	
Financial expenses (income is indicated by “—”)	11,522,279.12	11,802,574.86
Investment losses (income is indicated by “—”)	-9,128,665.03	-11,726,688.51
Decrease in deferred tax assets (increase is indicated by “-”)	-7,154,581.92	-5,071,725.84
Increase in deferred tax liabilities (decrease is indicated by “-”)		
Decrease in inventories (increase is indicated by “—”)	-272,867,132.22	-142,500,844.11
Decrease in receivables from operating activities (increase is indicated by “—”)	154,269,042.05	67,912,872.37
Increase in payables from operating activities (decrease is indicated by “—”)	58,149,792.82	64,980,975.06
Others	22,012,624.67	17,576,543.47
Net cash flow from operating activities	170,659,313.90	63,006,061.80
<b>2. Significant investing and financing activities that do not involve cash receipts and payments:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		

<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	863,588,162.84	686,296,049.61
Less: Opening balance of cash	983,525,089.44	829,789,487.86
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-119,936,926.60	-143,493,438.25

**(2) Net cash paid to acquire subsidiaries for the current period**

Applicable  N/A

**(3) Net cash receipts from disposal of subsidiaries for the current period**

Applicable  N/A

**(4) Composition of cash and cash equivalents**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	863,588,162.84	983,525,089.44
Including: Cash on hand	5,847.50	5,858.56
Bank deposit that can be paid at any time	855,755,732.73	980,570,123.37
Other monetary funds that can be paid at any time	7,826,582.61	2,949,107.51
Deposits in the Central Bank that can be used for payments		
Deposits made with other banks		
Placements with banks		
II. Cash equivalents		
Including: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	863,588,162.84	983,525,089.44
Including: Restricted cash and cash equivalents of the Parent Company or subsidiaries within the Group		

Other description:

Applicable  N/A

**80. Notes to items in the statement of changes in owners' equity**

Describe matters such as the names and the adjustment amounts of the items included in "others" in respect of adjustments to the closing balances of the prior year:

Applicable  N/A

**81. Assets with limited ownership or use right**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance of carrying amount	Reason
Other monetary funds	20,292,090.37	Margins
Bank deposits	40,000,000.00	Time deposits
Land use rights	297,566,999.88	Mortgage
Total	357,859,090.25	/

Other description:

None

**82. Foreign currency monetary items**

(1). Foreign currency monetary items

√ Applicable □ N/A

Unit: Yuan

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent balance
Cash and bank balances			
Including: USD	10,081,456.17	6.4601	65,127,215.00
GBP	365.96	8.9410	3,272.05
HKD	1,703,453.28	0.83208	1,417,409.41
VND	93,612,676.00	0.0002806	26,267.72
Accounts receivable			
Including: USD	4,071,799.30	6.4601	26,304,230.66
Other receivables			
Including: USD	168,481.83	6.4601	1,088,409.47
VND	112,935,000.00	0.0002806	31,689.56
Accounts payable			
Including: USD	13,324,802.64	6.4601	86,079,557.53
EUR	11,804.35	7.6862	90,730.59
Other payables			
Including: USD	461,803.47	6.4601	2,983,296.61
VND	3,200,185,170.00	0.0002806	897,971.96
Non-current liabilities due within one year			
Including: USD	316,838.82	6.4601	2,047,190.67
HKD	2,293,226.99	0.83208	1,908,148.31
VND	436,491,213.68	0.0002806	122,479.43

Other description:

None

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

√ Applicable □ N/A

Item	Major operation place overseas	Functional currency	Choosing basis
Appotronics Hong Kong Limited	Hong Kong	USD	Common currency
Appotronics USA, Inc.	United States	USD	Common currency
Fabulus Technology Hong Kong Limited	Hong Kong	USD	Common currency
JoveAI Limited	Cayman Islands	USD	Common currency
JoveAI Innovation, Inc.	United States	USD	Common currency
FORMOVIE TECHNOLOGY INC	United States	USD	Common currency
JoveAI Asia Company Limited	Vietnam	VDN	Local currency
WEMAX LLC	United States	USD	Common currency

**83. Hedge**

□ Applicable √ N/A

**84. Government grants****1. Basic government grants**

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Amount	Item presented	Amount recognized in current profit or loss
Government grants related to assets		Other income	382,994.93
Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods	4,070,480.27	Other income	3,450,815.82
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	48,152,127.98	Other income	48,152,127.98
Government grants related to income and used for compensation of the Company's relevant costs or losses that have been incurred	21,500,000.00	Non-operating income	21,500,000.00

## 1) Government grants related to assets

Item	Opening balance	Increased government	Amortization for the	Closing balance	Amortized item	Description
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	of deferred income	grants for the current period	current period	of deferred income	presented for the current period	
8K Ultra High Definition Laser Display Technology Engineering Research Center	1,699,187.35		382,994.93	1,316,192.42	Other income	Contract on Project of 8K Ultra High Definition Laser Display Technology Engineering Research Center made by the Development and Reform Commission of Shenzhen Municipal (XMHT20190101023)
Sub-total	1,699,187.35		382,994.93	1,316,192.42		

2) Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods

Item	Opening balance of deferred income	Increased government grants for the current period	Carrying forward for the current period	Closing balance of deferred income	Carrie d- forwar d item presen ted for the curren t period	Description
Ultra-high Brightness Laser Light Source Engineering Technology Research Center	1,683,873.26		1,414,127.27	269,745.99	Other income	Contract on Shenzhen Science and Technology Plan Project made by Shenzhen Science and Technology Innovation Commission (Shen Ke Ji Chuang Xin [2019] No. 33)



Trichromatic Laser Display Complete Equipment Production Demonstration Line	13,340,196.54	2,815,480.27	1,781,688.55	14,373,988.26	Other income	Notice on the Approval of Key Projects of Strategic Advanced Electronic Materials of National Key R&D Plan in 2018 issued by the High Technology Research and Development Center of the Ministry of Science and Technology (Guo Ke Gao Fa Ji Zi [2018] No. 41)
Research and Development of Key Technologies of Ultra High Definition Micro Laser Projection Optical Engine Based on Light-emitting Ceramic Devices		1,000,000.00		1,000,000.00	Other income	Electronic Office Report on Technology Breakthrough Project of Shenzhen Science and Technology Innovation No. 2021124 issued by Shenzhen Science and Technology Innovation Commission
Key Technology of Trichromatic Laser Display Complete Equipment		255,000.00	255,000.00		Other income	Assignment of R&D Plan Projects in key Areas of Guangdong Province made by Shenzhen Finance Bureau

Industrialization						(2019B010926001)
Sub-total	15,024,069.80	4,070,480.27	3,450,815.82	15,643,734.25		

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
VAT Refund	1,673,676.21	Other income	
Job Stabilization Subsidy	5,696.29	Other income	
Maternity Subsidy from Shenzhen Social Security Bureau	124,908.48	Other income	Provisions of Guangdong Province on Employees Maternity Insurance promulgated by Shenzhen Social Insurance Fund Administration
Fund from Shunyi Park Management Committee of Zhongguancun Science and Technology Park in 2019 Supporting Development of Enterprises in Shunyi District	2,200,000.00	Other income	Notice of Shunyi District People's Government of Beijing Municipality on Issuing the Support Measures for Promoting the Development of Enterprises in Shunyi District (Shun Zheng Fa [2017] No. 38 )
2020 Industrial Added Value Award Project of Shenzhen Nanshan District Finance Bureau	3,830,100.00	Other income	Special Fund for Independent Innovation Industry Development of Nanshan District (for Economic Development) - Application for Industrial Added Value Award Project
The First Reported Fund for the Second Batch of Patents in 2019 from the Patent Agency of Shenzhen Intellectual Property Administration 30-27	30,000.00	Other income	Notice of Shenzhen Administration for Market Administration on Handling the General Subsidy Collection Procedures on Shenzhen Intellectual Property Special Fund in 2019
One Time Subsidy on the Post-doctoral Station Unit from Shenzhen Human Resources and Social Security Bureau (the Second Batch in 2020)	500,000.00	Other income	Publicity List of Proposed One Time Subsidy on the Station Unit in Shenzhen (the Second Batch in 2020) - Website of Shenzhen Human Resources and Social Security Bureau

Subsidy for Economic Development in 2021 under Application ZK01202103000097 from Shenzhen Administration for Market Administration	300,000.00	Other income	Allocation Plan of Special Funds for Promoting High-quality Economic Development in 2020 (the Third Batch) issued by Guangdong Administration for Market Regulation
Government Subsidy from the Patent Agency of Shenzhen Intellectual Property Administration	600,000.00	Other income	Special Fund for the Development of Independent Innovation Industry in Nanshan District (for Scientific and Technological Innovation) - Science and Technology Award Support Plan of Nanshan District
Subsidy for Post-doctoral Station Unit from Human Resources Bureau of Nanshan District in Shenzhen	250,000.00	Other income	Application for Special Fund for Independent Innovation Industry Development in Nanshan District, Shenzhen - Post-doctoral Station Unit Project (2021)
Enterprise R&D Investment Support Plan of the Science and Technology Innovation Bureau of Nanshan District in Shenzhen	1,000,000.00	Other income	Special Fund for Independent Innovation Industry Development in Nanshan District (for Scientific and Technological Innovation) - Application for Enterprise R&D Investment Support Plan (2020)
Supplementary Housing Rent for Talents from the Finance Bureau of Nanshan District in Shenzhen	372,000.00	Other income	Further Notice of Nanshan District Housing and Construction Bureau on Supplementary Housing Rent for Talents in Nanshan District in 2021 issued by the Industry and Information Technology Bureau of Nanshan District in Shenzhen
Project Support Fund of Chongqing Liangjiang New Area Finance Bureau - Project Landing Reward	20,000,000.00	Non-operating income	Technology Investment Agreement between Chongqing Liangjiang New Area Management Committee and Fengmi (Contract No.: LJCY-2020-023-TZ)
Project Support Fund of Chongqing Liangjiang New Area Finance Bureau - Support Fund for Headquarters Relocation	30,000,000.00	Other income	Technology Investment Agreement between Chongqing Liangjiang New Area Management Committee and Fengmi (Contract No.: LJCY-2020-023-TZ)
The First Batch of Subsidy for Domestic and Overseas Invention	1,807,500.00	Other income	The First Batch of Subsidy for Domestic and Overseas Invention Patents in 2020 (Received on June 11, 2021)

Patents in 2020 from the Patent Agency of Shenzhen Intellectual Property Administration			
The First Batch of Grants for Enterprise R&D Funding in 2020 from the High Tech Department of Shenzhen Science and Technology Innovation Commission	1,766,000.00	Other income	Notice of Shenzhen Science and Technology Innovation Commission on Publicizing the List of the First Batch of Enterprises to be Funded and the Second Batch of Enterprises to be Reviewed under the Enterprise R&D Funding Plan in 2020
Fund for Patent Promotion and Protection Project from Administration for Market Regulation of Shunyi District in Beijing	10,000.00	Other income	Notice of Shunyi District People's Government of Beijing Municipality on Issuing the Rules for the Implementation of Patent Promotion and Protection in Shunyi District (Shun Zheng Fa (2019) No.10)
Publicity Department of Beijing Shunyi District Committee of the Communist Party of China - 2020 Cultural and Creative Fund	3,000,000.00	Other income	According to the guidance of Several Opinions on Promoting the Development of Cultural and Creative Industries in Shunyi District (Shun Zheng Fa [2013] No. 13) and the Management Measures on Special Funds for the Development of Cultural and Creative Industries in Shunyi District (Revised) (Shun Xuan Fa [2016] No. 6), the Publicity Department of the District is now soliciting projects to be granted with the special fund for the development of cultural industry in Shunyi District in 2020 ("Special Fund").
Funding for Industrial Development and Innovative Talents from the Human Resources Bureau of Nanshan District in Shenzhen	282,247.00	Other income	Application for Special Fund for Independent Innovation Industry Development of Nanshan District, Shenzhen - Funding Project for Industrial Development and Innovative Talents in Nanshan District (2020)
Allocation to the Standard Field of Shenzhen in 2020 from Shenzhen Administration for Market Administration ZK0120210600108	300,000.00	Other income	List of Activities Meeting Incentive Standard to be Funded by Shenzhen Special Fund in Standard Field in 2020

Allocation to the Standard Field of Shenzhen in 2020 from Shenzhen Administration for Market Administration ZK0120210600108	100,000.00	Other income	List of Activities Meeting Incentive Standard to be Funded by Shenzhen Special Fund in Standard Field in 2020
Grants for Fostering Restructuring and Listing in 2021 from Shenzhen SME Service Bureau	1,500,000.00	Non-operating income	Notice of Shenzhen SME Service Bureau on Handling the Allocation of Subsidy for the Restructuring and Listing Fostering Projects of the Municipal Private and Small and Medium-sized Enterprises under the Innovation and Development Support Plan in 2021
Sub-total	69,652,127.98		

## 2. Refund of government grants

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount	Reason
Hong Kong Government Employment Protection Scheme	4,051.19	The number of employees is not eligible for the government grants

Other description

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 entities under common control

Applicable  N/A

### 3. Counter purchase

Applicable  N/A

### 4. Disposal of subsidiaries

Single disposal of investments in subsidiaries, i.e. the loss of control

Applicable  N/A

Other description:

Applicable  N/A

**5. Changes in scope of consolidation for other reasons**

Description of changes in the scope of consolidation for other reasons (e.g., new subsidiary establishment and subsidiary liquidation, etc.) and the relevant information:

Applicable  N/A

Established by the Company on December 29, 2020, Fengmi (Chongqing) Innovation Technology Co., Ltd. engaged in no substantive business at the beginning of its establishment, and conducted its business on March 12, 2021 with capital injection, who accordingly is included into the scope of consolidation.

**6. Others**

Applicable  N/A

**IX. Equity in other entities****1. Equity in subsidiaries****(1). Composition of enterprise group**

√ Applicable □ N/A

Subsidiary Name	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Acquisition method
				Direct	Indirect	
Appotronics Timewaying (Beijing) Technology Co., Ltd.	Beijing	Beijing	Sales; technology development, consulting	90		Establishment
Shenzhen Appotronics Software Technology Co., Ltd.	Shenzhen	Shenzhen	Technology development and sales of computer software and hardware	100		Establishment
Beijing Orient Appotronics Technology Co., Ltd.	Beijing	Beijing	Technology promotion; computer systems, application software services	59		Establishment
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	Shenzhen	Shenzhen	Development, consultation and transfer of laser display technology	100		Establishment
Fengmi (Chongqing) Innovation Technology Co., Ltd.	Chongqing	Chongqing	Import and export of goods and technology	39.19		Establishment
Fengmi (Beijing) Technology Co., Ltd.	Beijing	Beijing	Technology and software development		39.19	Establishment
Shenzhen Appotronics Laser Display Technology Co., Ltd.	Shenzhen	Shenzhen	R&D and sales of laser display products	100		Business combination involving entities under common control
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	Beijing	Beijing	Research and development, production, technical services, sales and leasing of laser cinema projection equipment and other products	24.84	38.36	Business combination involving entities under common control

Qingda Appotronics (Xiamen) Technology Co., Ltd.	Shenzhen	Xiamen	Information technology consulting services	51		Establishment
Shenzhen Appotronics Laser Technology Co., Ltd.	Shenzhen	Shenzhen	Software development for semiconductor optoelectronic devices	100		Establishment
Shenzhen Appotronics Home Line Technology Co., Ltd.	Shenzhen	Shenzhen	Software development related to semiconductor optoelectronic products	100		Establishment
Appotronics Hong Kong Limited	Hong Kong	Hong Kong	Production, research and development, sales, consulting, investment and video content value-added business of semiconductor optoelectronic products	100		Establishment
Appotronics USA, Inc.	USA	USA	R&D, manufacture and sales of semiconductor optoelectronic products		100	Business combination involving entities under common control
Fabulus Technology Hong Kong Limited	Hong Kong	Hong Kong	R&D, manufacture and sales of screens		100	Establishment
JoveAI Limited	Cayman Island	Cayman Island	No specific business conducted		64.29	Establishment
JoveAI Innovation, Inc.	USA	USA	R&D of laser display software system		64.29	Establishment
Appotronics Technology (Changzhou) Co., Ltd.	Changzhou	Changzhou	Technical research and development of projection equipment, screen and electronic computer.	100		Establishment
FORMOVIE TECHNOLOGY INC	USA	USA	No specific business conducted		39.19	Establishment
JoveAI Asia Company Limited	Vietnam	Vietnam	Technical research and development of		64.29	Establishment



			projection equipment, screen and electronic computer.			
Tianjin Bainian Film Partnership (LP)	Tianjin	Tianjin	No specific business conducted	99.00	1.00	Business combination involving entities under common control
Shenzhen Appotronics Display Device Co., Ltd.	Shenzhen	Shenzhen	Technology development, sales and technical services of display products; import and export business	100		Establishment
WEMAX LLC	USA	USA	Sale of laser equipment		100	Establishment

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

None

Basis for holding half of the voting rights or below but still controlling the investee, and holding over half voting right but having no control over the investee:

The Company has a shareholding of 39.19% in and the largest shareholder of Fengmi (Chongqing), and together with Shenzhen Fengye Investment Consulting Limited Partnership (LP), the person acting in concert, has appointed 4 directors among the 7 members of the board of directors of Fengmi (Chongqing). Fengmi (Chongqing) is under the control of the Company and thus is included into the scope of consolidation.

Basis for controls over significant structured entities included in consolidation scope:

None

Basis to determine the company acts as the agent or the principal:

None

Other description:

None

## (2). Significant non-wholly subsidiaries

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Subsidiaries	Shareholding by minority shareholders	Profit or loss attributable to minority	Dividends declared for distribution to minority	Closing balance of minority interests
--------------	---------------------------------------	---	---	---------------------------------------

	Percentage (%)	shareholders for the current period	shareholders in the current period	
Fengmi (Chongqing) Innovation Technology Co., Ltd.	60.81	9,034,446.12		-128,397,510.69
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	36.80	22,890,606.78	11,040,000.00	151,163,808.22

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

Applicable  N/A

Other description:

Applicable  N/A

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total Liabilities
Fengmi (Chongqing) Innovation Technology Co., Ltd.	761,120,189.39	37,828,500.50	798,948,689.89	891,040,646.76	8,531,070.85	899,571,717.61	602,633,550.23	19,159,124.70	621,792,674.93	692,687,626.41	7,163,819.12	699,851,445.53
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	206,894,037.40	731,840,175.41	938,734,212.81	443,678,339.79	84,284,655.05	527,962,994.84	218,507,767.08	714,506,195.09	933,013,962.17	509,106,720.26	45,338,759.72	554,445,479.98

Subsidiaries	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Fengmi (Chongqing) Innovation Technology Co., Ltd.	531,216,939.04	12,761,375.30	12,761,391.07	31,963,176.54	396,335,864.51	-10,418,569.26	-10,418,569.26	83,212,791.30
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	244,006,736.50	59,012,508.09	59,012,508.09	99,458,332.40	78,528,870.68	-34,638,400.65	-34,638,400.65	22,787,991.80

Other description: Due to the implementation of the New Lease Standards, Fengmi (Chongqing) Innovation Technology Co., Ltd. and CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd. adjusted the opening balances on the balance sheets on a retrospective basis without adjusting comparable data.

**(4). Significant limitations on use of the group assets and paying 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 description:

Applicable  N/A

**2. Changes of shares of owners' equity in subsidiaries but continue to remain control over transactions of subsidiaries**

Applicable  N/A

**(1) Description on changes in shares of owners' equity in subsidiaries**

Applicable  N/A

During the reporting period, Fengmi (Chongqing), a subsidiary of the Company, introduced strategic investors through equity transfer and capital increase. By June 30, 2021, the capital increase has been completed, as a result of which, the Company's shareholding ratio in Fengmi (Chongqing) has decreased from 55% to 39.19%.

**(2) Effect of the transaction on the minority interests and the equity attributable to owners of the parent company**

Applicable  N/A

Unit: Yuan Currency: RMB

	Fengmi (Chongqing) Innovation Technology Co., Ltd.
Purchase cost/disposal consideration	
--Cash	202,631,579.00
--Fair value of non-cash assets	
Total purchase cost/disposal consideration	202,631,579.00
Less: Pro-rata net assets of the subsidiary calculated according to the proportion of equity acquired/disposed	110,009,334.25
Difference	92,622,244.75
Including: Capital reserve adjustment	92,622,244.75
Surplus reserve Adjustment	
Retained profits Adjustment	

Other description

Applicable  N/A

**3. Equity in joint ventures or associates**

Applicable  N/A

**(1). Significant associates or joint ventures**

Applicable  N/A

Unit: Yuan Currency: RMB

Name of associates or joint ventures	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Accounting treatment method for investments in joint ventures and associates
				Direct	Indirect	
GDC Technology Limited (BVI)	Asia and North America	British Virgin Islands	R&D, production, and sale of digital cinema servers and cinema management system		36.00	Accounting for under equity method

Description of variances between shareholding ratio and the ratio 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

Unit: Yuan Currency: RMB

	Closing balance/amount of this period	Opening balance/amount of last period
	GDC	GDC (note 2)
Current assets	547,485,818.74	553,504,350.37
Non-current assets	65,118,156.91	72,596,748.61
Total assets	612,603,975.65	626,101,098.98
Current liabilities	377,810,943.71	379,295,268.80
Non-current Liabilities	12,862,485.47	41,349,472.31
Total Liabilities	390,673,429.18	420,644,741.11
Minority interests		
Interests attributable to shareholders of the parent company	221,930,546.47	205,456,357.87
Share of net assets calculated by ownership percentage	79,894,996.73	73,964,288.83
Adjustment	62,255,140.10	62,044,191.37
--Goodwill	62,560,946.33	62,560,946.33

--Unrealized profits for inside transactions	-305,806.23	-516,754.96
--Others		
Carrying amount of investment of associate	136,753,066.23	131,338,347.84
Fair values of equity investments in associates having publicly quoted prices		
Operating income	133,586,629.37	44,845,312.70
Net profit	14,713,439.07	2,142,306.37
Net profit of discontinued operations		
Other comprehensive income	3,894,036.40	2,565,157.07
Total comprehensive income	18,607,475.46	4,707,463.44
Dividends received from associates in the current year		

Other description

None

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

	Closing balance/2019	Opening balance / 2018
Joint ventures:		
Total book value of investments		
Total amounts calculated based on shareholding proportions		
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associates:		
Total book value of investments	129,147,386.44	131,406,424.64
Total amounts calculated based on shareholding proportions		
--Net profit	1,131,089.51	217,201.22
--Other comprehensive income	-2,612,904.61	-1,059,162.87
--Total comprehensive income	-1,481,815.09	-841,961.65

Other description

Main information of associates:

Associates	Principal operation place	Registration place	Business nature	Proportion of shareholding (%)		Accounting treatment method for investments in joint ventures
				Direct	Indirect	

						and associates
Cinionic Limited	Europe and USA	Hong Kong	Sale of cinema projectors		20.00	Accounting for under equity method

**(5). Descriptions of significant limitations over the ability of joint ventures or associates to transfer funds to the Company**

Applicable  N/A

**(6). Excessive loss of joint venture or associates**

Applicable  N/A

**(7). Unrecognized commitment relating to investments in joint ventures**

Applicable  N/A

**(8). Contingent liabilities relating to investments in joint ventures or associates**

Applicable  N/A

**4. Significant joint operations**

Applicable  N/A

**5. Interests in structured entities that are not included in consolidated financial statements**

Description of structured entities that are not included in consolidated financial statements:

Applicable  N/A

**6. Others**

Applicable  N/A

**X. Risks associated with financial instruments**

Applicable  N/A

The Company's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Company's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyze its exposure to various risks, establish an appropriate maximum 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 characteristic, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

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

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

2) The qualitative criteria 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 criteria of defining defaulted asset is consistent with that of defining credit-impaired asset:

- 1) significant financial difficulty of the debtor;
- 2) a breach of contract terms with binding force by the debtor;
- 3) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession(s) that the creditor would not otherwise consider.

#### 2. Measurement of ECL

Key parameters to measure ECL include the probability of default, loss given default and the exposure at default. The Company established models of the probability of default, loss given default and the exposure at default on the basis of qualitative analysis on historical statistical data (such as counterparty ranking, guarantee methods, collateral category, and repayment way) and forward-looking information.

3. Details of reconciliation of the opening balance and the closing balance of provision for impairment of financial instruments can refer to the description in VII 4, 5 and 8 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 June 30, 2021, the Company



faced certain credit concentration risks 60.03% (December 31, 2020: 86.37%) of the Company's accounts receivable comes from top 5 customers. 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	256,263,752.33	261,284,410.71	153,573,265.07	107,711,145.64	
Notes payable	180,257,484.74	180,257,484.74	180,257,484.74		
Accounts payable	272,203,766.10	272,203,766.10	272,203,766.10		
Other payables	251,631,758.97	251,631,758.97	251,631,758.97		
Long-term accounts payable	3,230,050.00	3,536,904.75		3,536,904.75	
Sub-total	963,586,812.14	968,914,325.27	857,666,274.88	111,248,050.39	

(Continued to above table)

Item	Opening balance				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	335,041,546.85	347,893,031.23	281,565,349.76	66,327,681.47	
Notes payable	116,822,674.67	116,822,674.67	116,822,674.67		
Accounts payable	226,494,815.90	226,494,815.90	226,494,815.90		
Other payables	58,821,952.01	58,821,952.01	58,821,952.01		
Long-term accounts payable	3,262,450.00	3,572,382.75		3,572,382.75	
Sub-total	740,443,439.43	753,604,856.56	683,704,792.34	69,900,064.22	

Note: Refer to the description in V. 44 of Section X for details of the difference between the opening balance of this period and the closing balance of prior year (as at December 31, 2020)

### (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. Interest rate risk is the risk that the fair value or

future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of fair value interest rate due to financial instruments with a fixed interest rate and to the risk of cash value interest rate due to financial instruments with a floating interest rate. The Company determines the proportion between the fixed-rate financial instruments and the floating-rate financial instruments based on market conditions, and maintains appropriate portfolios of financial instruments through regular review and monitoring. The cash flow interest rate risk exposed to the Company relates primarily to the Company's floating-rate interest-bearing bank borrowings.

As of June 30, 2021, the Company held bank loans of RMB 255,912,194.76 as principal (December 31, 2020: RMB 334,317,535.43) at floating rates. On the assumption that other variables remain unchanged, a change in the interest rate by 50 base points will not cause significant impact on the total profits and shareholders' equity of the Company.

## 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. The Company's exposure to the currency risk is primarily associated with the Company's monetary assets and liabilities dominated in foreign currencies. If the monetary assets and liabilities dominated in foreign currencies are imbalanced in a short time, the Company will purchase and sell foreign currencies at the market exchange rate to keep the net risk exposure acceptable.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies are disclosed in VII.82 of Section X in details.

## XI. Disclosure of fair value

### 1. The closing balance of the fair value of assets and liabilities measured at fair value

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance of fair value			
	Level 1	Level 2	Level 3	Total
<b>I. Continuous fair value measurement</b>				
(I) Held-for-trading financial assets				
1. Financial assets at fair value through profit or loss				
(1) Investment in debt instrument				
(2) Investment in equity instrument				
(3) Derivative financial assets				
(4) Structural deposits			420,000,000.00	420,000,000.00
(5) Performance compensation consideration			37,982,988.00	37,982,988.00

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			11,975,419.38	11,975,419.38
(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. Bearer biological assets				
Receivables financing			1,214,306.00	1,214,306.00
<b>Total assets continuously measured at fair value</b>			471,172,713.38	471,172,713.38
(VI) Held-for-trading financial liabilities				
1. Financial liabilities at fair value through profit or loss				
Including: Held-for-trading bonds issued				
Derivative financial liabilities				
Others				
2. Designated as financial liabilities at fair value through profit or loss				
<b>Total liabilities continuously measured at fair value</b>				
<b>II. Non-continuous fair value measurement</b>				
(I) Held-for-sale assets				

<b>Total assets that are not continuously measured at fair value</b>				
<b>Total liabilities that are not continuously measured at fair value</b>				

**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

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

Applicable  N/A

No open market is available for the structural deposits, receivables financing and other equity instrument investments classified as financial assets at fair value through profit or loss for the current period, whose fair value is thus measured at cost.

The performance compensation classified as financial assets at fair value through profit or loss for the current period arose from the failure of GDV BVI, a subsidiary of the Company, to fulfil the performance commitment, in which case the performance promisor shall make compensation with 8% of the equity in GDV BVI and USD 1.2 million. The fair value of the said 8% equity is calculated according to the Asset Appraisal Report (Peng Xin Zi Ping Bao Zi [2021] No. S064) issued by Shenzhen Pengxin Asset Appraisal and Real Estate Valuation Co., Ltd..

**5. Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items**

Applicable  N/A

**6. Where transfers among levels occurred in the period, transfer reasons and policies for determining transfer time point for continuous fair value measurement items**

Applicable  N/A

**7. Changes in valuation techniques in the period and reasons for changes**

Applicable  N/A

**8. Fair value of financial assets and financial liabilities not measured at fair value**

Applicable  N/A

**9. Others**

Applicable  N/A

**XII. Related-party relationships and transactions****1. Parent of the Company**

Applicable  N/A

Unit: 0'000 Yuan Currency: RMB

Name of the parent	Registration place	Business nature	Registered capital	Proportion of the Company's shares held by the parent (%)	Proportion of the Company's voting right held by the parent (%)
Shenzhen Appotronics Holdings Co., Ltd.	Shenzhen	R&D and sales of semiconductor products	1,000	17.62	17.62

Description of the parent of the Company

None

The ultimate controlling party of the Company is LI Yi.

Other description:

None

**2. Subsidiaries of the Company**

Please refer to the Notes for details about the subsidiaries of the Company.

Applicable  N/A

Refer to the description in IX.1 of Section X for details about the subsidiaries of the Company.

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

Information of the significant joint ventures or associates of the Company are disclosed in the Annex.

Applicable  N/A

Refer to the description in Note IX.3 of Section X for details about the major joint ventures or 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

Name of associates or joint ventures	Relationship with the Company
Cinionic Limited	Associate
GDC Technology Limited (BVI)	Associate

Other description

Applicable  N/A

Refer to the description in IX.3 of Section X for details of the Company's associates.

**4. Other related parties of the Company**

Applicable  N/A

Name of other related party	Relationship between other related party and the Company
Shenzhen Bevix Technology Co., Ltd.	Holding more than 5% of shares in the company
Shenzhen YLX Technology Development Co., Ltd.	Controlled by the same de facto controller
China Film Equipment Corporation and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
Beijing Donview Education Technology Co., Ltd. and its affiliates	Minority shareholders holding more than 10% shares in the subsidiary and their affiliates
WeCast Technology Corp. and its affiliates	The Company's de facto controller Mr. LI Yi serves as the chairman of WeCast

Other description

None

## 5. Related-party transactions

### (1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods/receipt of services

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Related party	Subject matter	Amount for the current period	Amount for the prior period
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Electronic components and services	151,065,707.11	99,513,144.41
China Film Equipment Corporation and its affiliates	Power supply, water cooling and services	14,313,447.67	10,824,895.69
GDC and its affiliates	Electronic components	5,711,956.57	3,586,000.00
Beijing Donview Education Technology Co., Ltd. and its affiliates	Maintenance services	9,911.50	17,123.89
WeCast Technology Corp. and its affiliates	Sales agency services	155,309.88	
Sub-total		171,256,332.73	113,941,163.99

Sales of goods/rendering of services

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Related party	Subject matter	Amount for the current period	Amount for the prior period
Xiaomi Communications Technologies Co., Ltd. and its affiliates	Laser TV and smart mini projector	341,732,526.82	254,631,263.83

China Film Equipment Corporation and its affiliates	Laser light source and cinema projection services	42,679,705.11	34,976,389.39
Cinionic Limited	Cinema light source	3,130,401.43	35,973,430.61
Beijing Donview Education Technology Co., Ltd. and its affiliates	Education projector	686,049.45	6,138,857.93
GDC and its affiliates	Cinema projector and mould	3,729,645.10	13,274.34
WeCast Technology Corp. and its affiliates		6,196,785.06	
Sub-total		398,155,112.97	331,733,216.10

Description of sales and purchase of goods, rendering and receipt of services

Applicable  N/A

**(2). Details of trust with related parties/subcontracting and trust management/ contract-issuing**

Details of trust / contracting where a group entity is the trustor / main contractor:

Applicable  N/A

Description of trust/subcontracting with related parties

Applicable  N/A

Details of trust/contracting where a group entity is the trustor/main contractor:

Applicable  N/A

Description of management/contract-issuing with related parties

Applicable  N/A

**(3). Leases with related parties**

The Company as the lessor:

Applicable  N/A

The Company as the lessee:

Applicable  N/A

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Lease fees recognized in the current period	Lease fees recognized in the prior period
China Film Equipment Corporation and its affiliates	Property lease	1,037,804.47	835,379.65

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

Unit: Yuan Currency: RMB

Affiliated party	Amount of borrowings/loans	Commencement date	Maturity date	Description
Borrowings				
China Film Equipment Corporation and its affiliates	19,320,000.00	July 6, 2020	July 5, 2021	Repaid on January 26, 2021

**(6). Assets transfer/debt restructuring with related parties** Applicable  N/A**(7). Compensation for key management personnel** Applicable  N/A

Unit: 0'000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	659.61	657.82

**(8). Other related-party transactions** Applicable  N/A**6. Amounts due from / to related parties****(1). Amounts due from related parties** Applicable  N/A

Unit: Yuan Currency: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable	Beijing Donview Education Technology Co., Ltd. and its affiliates	196.18	9.81	3,017.00	150.85
Accounts receivable	GDC Technology Limited (BVI) and its affiliates	1,263,338.37	63,166.92	2,283,483.24	114,174.16
Accounts receivable	Xiaomi Communications Technologies Co., Ltd. and its affiliates	54,205,349.26	2,710,267.46	248,915,862.75	12,445,793.14



Accounts receivable	WeCast and its affiliates	6,220,785.59	311,039.28		
Accounts receivable	China Film Equipment Corporation and its affiliates	6,110,620.30	305,662.04	6,125,422.64	306,402.16
Accounts receivable	Cinionic Limited	979,577.26	48,978.86	452,175.57	22,608.78
Sub-total		68,779,866.96	3,439,124.38	257,779,961.20	12,889,129.09
Prepayments	China Film Equipment Corporation and its affiliates	1,887,660.61		3,107,696.59	
Prepayments	GDC Technology Limited (BVI) and its affiliates			2,883,384.53	
Sub-total		1,887,660.61		5,991,081.12	
Other receivables	China Film Equipment Corporation and its affiliates	313,305.00	15,665.25	296,435.00	14,821.75
Other receivables	Xiaomi Communications Technologies Co., Ltd. and its affiliates	100,000.00	5,000.00	100,000.00	5,000.00
Sub-total		413,305.00	20,665.25	396,435.00	19,821.75

## (2). Amounts due to related parties

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Related party	Closing balance of carrying amount	Opening balance of carrying amount
Accounts payable	China Film Equipment Corporation and its affiliates	9,114,032.85	
Accounts payable	GDC Technology Limited (BVI) and its affiliates	5,593.76	
Sub-total		9,119,626.61	
Receipts in advance	Beijing Donview Education Technology Co., Ltd. and its affiliates	282.94	
Receipts in advance	China Film Equipment Corporation and its affiliates	895,854.50	14,032,071.28
Sub-total		896,137.44	14,032,071.28
Contract liabilities	GDC Technology Limited (BVI) and its affiliates		15,108.32
Contract liabilities	China Film Equipment Corporation and its affiliates	80,684.07	1,384,955.75
Sub-total		80,684.07	1,400,064.07
Other payables	China Film Equipment Corporation and its affiliates		19,343,613.33

Other payables	Xiaomi Communications Technologies Co., Ltd. and its affiliates	9,620.70	101,668.48
Other payables	WeCast Technology Corp. and its affiliates	154,534.83	
Sub-total		164,155.53	19,445,281.81

**7. Related party commitments**

Applicable  N/A

**8. Others**

Applicable  N/A

**XIII. Share-based payments****1. Summary of share-based payments**

Applicable  N/A

Unit: Share Currency: RMB

Total number of the Company's equity instruments granted during the period	17,100,000.00
Total number of the Company's equity instruments executed during the period	0
Total number of the Company's equity instruments lapsed during the period	142,360.00
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	Granted on: October 14, 2019, grant price: RMB 17.425/share, remaining contractual life: 16 months; Granted on: October 13, 2020, grant price: RMB 17.425/share, remaining contractual life: 16 months; Granted on: April 22, 2021, grant price: RMB 17.5/share, remaining contractual life: 34 months; Granted on: April 22, 2021, grant price: RMB 18.5/share, remaining contractual life: 34 months; Granted on: April 22, 2021, grant price: RMB21 /share, remaining contractual life: 34 months.
Range of exercise prices and remaining contractual life of the Company's other equity instruments outstanding at the end of the period	None

Other description

None

**2. Equity-settled share-based payments**

Applicable  N/A

Unit: Yuan Currency: RMB

The method of determining the fair value of equity instruments at the grant date	Open market quotes
The basis of determining the number of equity instruments expected to be executed	Actual grant amount
Reasons for the significant difference between the estimate in the current period and that in the prior period	None
Amounts of equity-settled share-based payments accumulated in capital reserve	44,720,790.55
Total expenses recognized arising from equity-settled share-based payments	22,312,482.85

Other description

The difference between the the total expenses recognized by equity-settled share-based payments in the current period and the amount of share-based payments included in owners' equity arises from the exchange rate translation difference.

### 3. Cash-settled share-based payments

Applicable  N/A

### 4. Modification to and termination of share-based payments

Applicable  N/A

### 5. Others

Applicable  N/A

## XIV. Commitments and contingencies

### 1. Significant commitments

Applicable  N/A

Significant external commitments, and nature and amount thereof as of the balance sheet date

1. Significant lease contracts which the Company has entered into or will perform and their financial impacts are disclosed in the following table:

No.	Rent address	Rent area(square meters)	Rent purpose	Rent period	Rent expense/year
1	Yaochuan Industrial Zone, Tangwei Community, Fuhai Street, Bao'an District, Shenzhen	23,765.57	Office administration, research and development, plant and dormitory	From December 1, 2018 to November 30, 2022	12,376,721.56
2	C1003, Building B6, Dongsheng Science & Technology Park, 66 West Xiaokou Road, Haidian District, Beijing	898.30	Office administration	From May 11, 2021 to May 10, 2023	2,915,517.36

No.	Rent address	Rent area(square meters)	Rent purpose	Rent period	Rent expense/year
3	20/F, 21/F, 22/F, United Headquarter Building, High-Tech Zone, No. 63 Xuefu Road, Nanshan District, Shenzhen	6,143.79	Research and development, office administration	From August 1, 2019 to December 31, 2021	2,808,589.86
4	Section B, 1/F (1,064.92 m <sup>2</sup> ), and 2/F (2,953.09 m <sup>2</sup> ), Building 13, Jintaizhi Industrial Park, No. 22 Jinyu Avenue, Liangjiang New District, Chongqing. An area of 2,979.98 m <sup>2</sup> on 3/F, Building 13 thereof is used as reserve.	4,018.01	Office administration	From October 3, 2020 to October 2, 2025	2,366,595.29
5	23/F, United Headquarter Building, High-Tech Zone, No. 63 Xuefu Road, Nanshan District, Shenzhen	2,047.93	Research and development, office administration	From February 1, 2020 to January 31, 2025	1,918,477.00
6	Room101, 1/F, Building 22E, Phase III of Hong Kong Science and Technology Park	1,138.25	Office administration	From March 20, 2019 to March 19, 2022	1,846,366.32

## 2. Contingencies

### (1). Significant contingencies as of the balance sheet date

√ Applicable □ N/A

Pending litigation

#### 1. Civil litigation and arbitration filed by the Company

As of June 30, 2021, there are 21 civil litigation cases filed by the Company. The details are as follows:

Case No.	Cause of action	Plaintiff(s)	Defendant(s)	Patents involved	Subject amount	Progress
(2019) Yue 03 Min Chu No.s 2943, 2944, 2946, 2948, 2951	Infringement of patent rights of inventions	Appotronics Corporation Limited	Defendant 1: Delta Electronics Business Management (Shanghai) Co., Ltd. Defendant 2: Delta Video Display System (Wujiang) Limited Defendant 3: Shenzhen Super Network Technology Co., Ltd.	200810065225.X	RMB 28 million	Pending (second instance)
(2021) Yue 03 Min Chu No. 2295	Infringement of patent rights of inventions	Appotronics Corporation Limited, HU	Defendant 1: Delta Electronics, Inc.	ZL201610387831.8	RMB 300.000	Pending (first instance)

		Fei and LI Yi	Defendant 2: ZHANG Kesu Defendant 3: HUA Jianhao Defendant 4: WANG Bo			
(2020) Yue 73 Zhi Min Chu Nos. 1335-1341, 135, 1355 - 1361	Infringement of patent rights of inventions	Appotronics Corporation Limited	Defendants: Delta Electronics Business Management (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Limited, and Dijia Baosheng (Beijing) Electronic Technology Co., Ltd., etc.	ZL200880107739.5, ZL200810065225.X	RMB 80 million	Pending (first instance)

## 2. Civil litigation and arbitration filed against the Company

As of June 30, 2021, there are 6 civil litigation cases filed against the Company. The details are as follows:

Case No.	Cause of action	Plaintiff(s)	Defendant(s)	Patents involved	Subject amount	Progress
(2019) Yue 73 Zhi Min Chu No. 662	Infringement of patent rights of inventions	Delta Electronics, Inc.	Appotronics Corporation Limited; Futian SPN Projector & Video System Firm of Shenzhen	ZL201610387831.8	Damages of RMB 16.00 million + rights protection cost of RMB 145,343	Pending (first instance)
(2019) Yue 73 Zhi Min Chu No. 663	Infringement of patent rights of inventions			ZL201310017478.0	Damages of RMB 16.00 million + rights protection cost of RMB 145,343	Pending (second instance)
(2019) Jing 73 Min Chu No. 1275	Infringement of patent rights of inventions		Fengmi (Beijing) Technology Co., Ltd.; Appotronics Corporation Limited	ZL201610387831.8	Damages of RMB 15.00 million + rights protection cost of RMB 1.01 million	Pending (first instance)
(2019) Jing 73 Min Chu No. 1276	Infringement of patent rights of inventions			ZL201410249663.7	Damages of RMB 15.00 million + rights protection cost of RMB 1.01 million	Pending (first instance)
(2019) Jing 73 Min Chu No. 1277	Infringement of patent rights of inventions			ZL201310017478.0	Damages of RMB 15.00 million + rights protection cost	Pending (second instance)

					of RMB 1.01 million	
(2019) Jing 73 Min Chu No. 1278	Infringement of patent rights of inventions			ZL2010106 24724.5	Damages of RMB 15.00 million + rights protection cost of RMB 1.01 million	Pending (first instance)

**(2). Description shall also be provided even if the Company has no significant contingencies to be disclosed:**

Applicable  N/A

**3. Others**

Applicable  N/A

**XV. Events after the balance sheet date**

**1. Material non-adjusting event**

Applicable  N/A

**2. Profit distribution**

Applicable  N/A

**3. Sales return**

Applicable  N/A

**4. Description of other events after the balance sheet date**

Applicable  N/A

On April 9, 2020, the Company acquired 36% equity, holding 93,071,822 ordinary shares, of GDC BVI against the payment of USD 18.11 million as consideration. GDC BVI is subject to the performance commitment as follows: the audited net profit after deducting non-recurring profit or loss in 2020 shall not be less than USD 9.35 million; if the above performance objective fails to be achieved, GDC Cayman, a shareholder of GDC BVI, shall be obliged to make a compensation of up to USD 5.6 million or 46,535,911 ordinary shares of GDC BVI.

Given GDC BVI, a non-majority-owned company of the Company, has failed to fulfil its performance commitment for 2020, communication has been developed between the Company and GDC Cayman on performance compensation. After several rounds of negotiation and consultation, both parties have reached a settlement scheme on performance compensation for 2020 and have entered into a settlement agreement, among other relevant documents therefor. For details, refer to the Announcement 2021-055 disclosed by the Company on the website of Shanghai Stock Exchange (at [www.sse.com.cn](http://www.sse.com.cn)) and the designated information disclosure media dated July 16, 2021.

As per the settlement scheme on performance compensation for 2020, GDC Cayman shall, while executing the settlement agreement, transfer its 8% ordinary shares (i.e. 20,682,627 shares) in GDC BVI to Apotronics HK, and shall, within 12 months from the date of executing the settlement agreement, compensate Apotronics HK with USD1.2 million in cash.

Pursuant to the performance compensation agreement reached by both parties, on June 30, 2021, the Company recognized the performance compensation as held-for-trading financial assets of RMB 37.983 million, and recognized the profit or loss on changes in the fair value of RMB 38.1759 million (the difference arises from the impact of the exchange rate for translation of statements).

## **XVI. Other significant events**

### **1. Corrections of prior period errors**

#### **(1). Retrospective application**

Applicable  N/A

#### **(2). Prospective application**

Applicable  N/A

### **2. Debt restructuring**

Applicable  N/A

### **3. Asset swap**

#### **(1). Exchange of non-monetary assets**

Applicable  N/A

#### **(2). Other asset swap**

Applicable  N/A

### **4. Annuity plan**

Applicable  N/A

### **5. Discontinued operations**

Applicable  N/A

### **6. Segment reporting**

#### **(1). Determination basis and accounting policies of reporting segments**

Applicable  N/A

#### **(2). Financial information of reporting segments**

Applicable  N/A

#### **(3). If the Company has no reporting segments, or cannot disclose the total assets and liabilities of reporting segments, specify the reasons**

Applicable  N/A

#### **(4). Other description:**

Applicable  N/A

The Company has no reporting segments for the lack of multiple operations. The details of the Company's principal activity income and principal activity cost by businesses and products and by regions are as follows:

Categorized by businesses and products:

Unit: 0'000 Yuan

Item	Amount of the current period		Amount of the prior period	
	Principal activity income	Principal activity cost	Principal activity income	Principal activity cost
1. Sales	91,163.98	65,553.48	68,717.24	48,566.65
2. Projection service	18,565.59	6,437.12	2,743.30	4,254.95
3. Other business	739.35	370.63	141.98	157.18
Sub-total	110,468.92	72,361.23	71,602.52	52,978.78

Categorized by regions:

Unit: 0'000 Yuan

Project	Amount of the current period		Amount of the prior period	
	Principal activity income	Principal activity cost	Principal activity income	Principal activity cost
Domestic	105,208.67	69,458.21	64,013.91	50,343.56
Overseas	5,260.25	2,903.02	7,588.61	2,635.22
Sub-total	110,468.92	72,361.23	71,602.52	52,978.78

**7. Other significant transactions and matters having an impact on the decisions of investors**

□ Applicable√ N/A

**8. Others**

□ Applicable√ N/A

**XVII. Notes to key items in the Parent Company's financial statements****1. Accounts receivable****(1). Disclosure by aging**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	510,565,166.80
1 to 2 years	22,014,323.32
2 to 3 years	
Over 3 years	55,200.00
Total	532,634,690.12



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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made by group	532,634,690.12	100.00	2,016,202.15	0.38	530,618,487.97	569,449,754.94	100.00	1,910,248.15	0.34	567,539,506.79
Including:										
Group of aging	39,220,043.07	7.37	2,016,202.15	5.13	37,259,040.92	37,102,820.20	6.52	1,910,248.15	5.15	35,192,572.05
Combination of related parties in the scope of consolidation	493,359,447.05	92.63			493,359,447.05	532,346,934.74	93.48			532,346,934.74
Total	532,634,690.12	/	2,016,202.15	/	530,618,487.97	569,449,754.94	/	1,910,248.15	/	567,539,506.79

Provision for bad debts made individually:

Applicable  N/A

Provision for bad debts made by group:

Applicable  N/A

Item by group: Group of aging

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Group of aging	39,220,043.07	2,016,202.15	5.13
Combination of related parties in the scope of consolidation	493,359,447.05		
Total	532,634,690.12	2,016,202.15	0.38

Recognition criterion of provision for bad debt made by group and explanation:

Applicable  N/A

Refer to V.10 of Section X for the recognition criterion of provision for bad debt made by group and explanation

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

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made by group	1,910,248.15	105,954.00				2,016,202.15
Total	1,910,248.15	105,954.00				2,016,202.15

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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

Entity	Carrying amount	Proportion to the balance of accounts receivable (%)	Provision for bad debts
Fengmi (Beijing) Technology Co., Ltd.	356,534,307.62	66.94	
CINEAPPO Laser Cinema Technology (Beijing) Co., Ltd.	95,247,572.00	17.88	
Appotronics Technology (Changzhou) Co., Ltd.	18,725,821.64	3.52	
Appotronics Hong Kong Limited	17,397,682.40	3.27	
Shenzhen Nearbyexpress Technology Development Company Limited	12,935,095.24	2.43	646,754.76
Sub-total	500,840,478.90	94.03	646,754.76

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

Applicable  N/A

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

Applicable  N/A

Other description:

Applicable  N/A

**2. Other receivables**

**Presented by items**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	42,129,668.23	71,654,117.57
Total	42,129,668.23	71,654,117.57

Other description:

Applicable  N/A

**Interest receivable**(1). **Categories of interest receivable**

Applicable  N/A

(2). **Significant interests overdue**

Applicable  N/A

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

Applicable  N/A

Other description:

Applicable  N/A

**(4). Dividends receivable**

□ Applicable√ N/A

**(5). Dividends receivable with significant amounts aged more than 1 year**

□ Applicable√ N/A

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

□ Applicable√ N/A

Other description:

□ Applicable√ N/A

**Other receivables****(7). Disclosure by aging**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Aging	Closing balance of carrying amount
Within 1 year	
Including: Subitems within 1 year	
Sub-total of items within 1 year	8,924,453.98
1 to 2 years	28,738,931.85
2 to 3 years	3,627,218.00
Over 3 years	1,162,166.40
Total	42,452,770.23

**(8). Categories by the nature of the amount**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Nature of receivables	Closing balance of carrying amount	Opening balance of carrying amount
Deposits/margins/petty cash	5,723,951.27	5,911,673.21
Receivables from related parties in the scope of consolidation	35,990,730.27	62,284,074.96
Indemnity receivable		3,577,279.61
Temporary receivables	738,088.69	374,249.92
Total	42,452,770.23	72,147,277.70

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

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL in the future	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2021	493,160.13			493,160.13
Balance as at January 1, 2021 in the current period				

--transferred to Stage II				
--transferred to Stage III				
--reversed to Stage II				
--reversed to Stage I				
Provision	-170,058.13			-170,058.13
Reversal				
Write-off				
Cancellation				
Other changes				
Balance as at June 30, 2021	323,102.00			323,102.00

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

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

Applicable  N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write off or cancellation	Other changes	
Provision for bad debts made by group	493,160.13	-170,058.13				323,102.00
Total	493,160.13	-170,058.13				323,102.00

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

Applicable  N/A

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

Applicable  N/A

Description of other receivables cancellation:

Applicable  N/A

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

Applicable  N/A

Unit: Yuan Currency: RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion to the balance of other receivables (%)	Provision for bad debts Closing balance
Fengmi (Beijing) Technology Co., Ltd.	Receivables from related parties in the scope of consolidation	21,208,080.81	Within 1 year and 1-2 years	49.96	
Shenzhen Appotronics Laser Display Technology Co., Ltd.	Receivables from related parties in the scope of consolidation	14,319,500.00	Within 1 year and 1-2 years	33.73	
Shenzhen Meisheng Industry Co., Ltd.	Deposits/margins/petty cash	3,574,618.00	2-3 years	8.42	178,730.90
Shenzhen Science and Technology Assessment Management Center	Deposits/margins/petty cash	1,257,075.20	1-2 years	2.96	62,853.76
Qingdao Haier Multimedia Co., Ltd.	Deposits/margins/petty cash	500,000.00	Within 1 year	1.18	25,000.00
Total	/	40,859,274.01	/	96.25	266,584.66

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

□ Applicable√ N/A

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

□ Applicable√ N/A

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

□ Applicable√ N/A

Other description:

□ Applicable√ N/A

**3. Long-term equity investments**

√ Applicable□ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investments in subsidiaries	472,943,998.33	39,827,792.79	433,116,205.54	467,533,569.26	45,885,284.27	421,648,284.99

Investments in associates and joint ventures						
Total	472,943,998.33	39,827,792.79	433,116,205.54	467,533,569.26	45,885,284.27	421,648,284.99

## (1) Investments in subsidiaries

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of provision for impairment
Appotronics Timewaying (Beijing) Technology Co., Ltd.	27,000,000.00			27,000,000.00		27,000,000.00
Shenzhen Appotronics Software Technology Co., Ltd.	1,647,962.22	250,659.09		1,898,621.31		
Beijing Orient Appotronics Technology Co., Ltd.	5,900,000.00			5,900,000.00		
Fengmi (Beijing) Technology Co., Ltd.	30,014,636.09	824,038.89	27,500,000.00	3,338,674.98	-6,057,491.48	
Shenzhen Appotronics Laser Display Technology Co., Ltd.	18,966,857.26			18,966,857.26		
Shenzhen Appotronics Display Device Co., Ltd.	3,000,000.00			3,000,000.00		
CINEAPPO Laser Cinema Technology	32,576,902.46	3,190,227.69		35,767,130.15		

(Beijing) Co., Ltd.						
Qingda Appotronics (Xiamen) Technology Co., Ltd.	5,100,000.00			5,100,000.00		827,792.79
Shenzhen Appotronics Xiaoming Technology Co., Ltd.	12,000,000.00			12,000,000.00		12,000,000.00
Appotronics Hong Kong Limited	301,668,683.52	514,966.33		302,183,649.85		
Appotronics Technology (Changzhou) Co., Ltd.	2,000,000.00			2,000,000.00		
Tianjin Bainian Film Partnership (LP)	26,954,120.20			26,954,120.20		
WEMAX LLC	24,349.32	27,739.72		52,089.04		
Appotronics USA, Inc.	60,873.29	139,469.18		200,342.47		
JoveAI Innovation, Inc	619,184.90	88,524.85		707,709.75		
Fengmi (Chongqing) Innovation Technology Co., Ltd.		27,874,803.32		27,874,803.32		
Total	467,533,569.26	32,910,429.07	27,500,000.00	472,943,998.33	-6,057,491.48	39,827,792.79

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

Applicable  N/A

Other description:

Applicable  N/A

**4. Operating income and operating costs****(1). Description of operating income and operating costs**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
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	Revenue	Cost	Revenue	Cost
Main business	572,827,875.91	381,855,853.31	384,899,378.41	256,660,786.97
Total	572,827,875.91	381,855,853.31	384,899,378.41	256,660,786.97

**(2). Description of incomes from contracts**

Applicable  N/A

**(3). Description of performance obligations**

Applicable  N/A

**(4). Description of allocation to remaining performance obligations**

Applicable  N/A

Other description:

None

**5. Investment income**

Applicable  N/A

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Long-term equity investments accounted for using the cost method	7,452,000.00	
Investment income from disposal of long-term equity investments	6,057,494.48	
Investment income from disposal of held-for-trading financial assets	2,145,923.39	10,824,793.71
Total	15,655,417.87	10,824,793.71

Other description:

None

**6. Others**

Applicable  N/A

**XVIII. Supplementary information****1. Breakdown of non-recurring profit or loss for the current period**

Applicable  N/A

Unit: 元 Currency: 人民币

Item	Amount	Description
Gain or loss on disposal of non-current assets	2,048,154.10	
Unauthorized examination and approval, or lack of official approval documents, or tax revenue return and abatement		
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed	71,808,211.32	

amounts or determined under quantitative methods in accordance with the national standard)		
Capital occupation fees charged to the non-financial enterprises and included in profit or loss for the current period		
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the investee		
Gains or losses from exchange of non-monetary assets		
Gains or losses from entrusting others with investment or asset management	2,145,923.39	
Asset impairment provision made resulting from force majeure such as natural disasters		
Gains or losses from debt restructuring		
Enterprise restructuring fees, such as staffing expenses and integration fees		
Gains or losses that exceeds the fair value in transaction with unfair price		
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	11,386,216.47	
Gains or losses on contingencies that have no relation with the normal operation of the Company		
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	38,175,900.00	
Reversal of impairment provision of accounts receivable and contract assets that have undergone impairment test alone		
Gains or losses from outward entrusted loaning		
Gains or losses from changes in the fair values of investment properties that are subsequently measured using the fair value model		

Effect of a one-time adjustment on current profit and loss according to the requirements of tax and accounting laws and regulations		
Custody fees of entrusted operation		
Other non-operating income and expenses besides the above	501,309.74	
Other gains or losses meeting the definition of non-recurring profit or loss	571,819.78	
Effect of income tax	-17,232,653.91	
Effects attributable to minority interests	-24,952,896.18	
Total	84,451,984.71	

It is required to specify the reason for defining items as non-recurring profit or loss items according to Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss, and reasons for defining non-recurring profit or loss items illustrated in Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss as recurring profit or loss items.

Applicable  N/A

## 2. Return on net assets and earnings per share

Applicable  N/A

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	6.89	0.33	0.33
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	3.05	0.15	0.15

## 3. Differences in accounting data under Chinese Accounting Standards and Oversea Accounting Standards

Applicable  N/A

## 4. Others

Applicable  N/A

Chairman: LI Yi

Approval for submission by the Board of Directors: August 24, 2021

## Revision information

Applicable  N/A