

Stock Code: 688007

Stock Short Name: Appotronics

Appotronics Corporation Limited

2024 Third Quarter Report

The Board of Directors and all the directors of the Company warrant that the information contained in this Report is free from any misrepresentation, misleading statement or material omission, and agree to assume the liability for the truth, accuracy and completeness of this Report according to the law.

Important note:

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

The Principal of the Company, Person in Charge of the Accounting Work and Person in Charge of the Accounting Body (Chief Accountants) warrant the information presented in the financial statements in this Quarter Report is true, accurate and complete.

Whether the third quarter financial statements have been audited

2024

This is 2024 Third Quarter Report(English version) voluntarily disclosed by Appotronics Corporation Limited. In the event of any discrepancy between the English and Chinese versions of this report, the Chinese version shall prevail.

I. Main financial data
(I) Main accounting data and financial indicators

In RMB

| Item | During the reporting period | Change on a year-on-year basis (%) | From the beginning of the year to the end of the reporting period | Change on a year-on-year basis (%) |
|--|---|-------------------------------------|---|--|
| Operating revenue | 638,189,703.62 | 10.53 | 1,719,599,203.83 | 4.18 |
| Net profit attributable to shareholders of the listed company | 32,036,983.19 | -40.28 | 42,946,596.63 | -66.59 |
| Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss | 26,127,282.79 | -38.19 | 39,606,570.30 | -48.22 |
| Net cash flow from operating activities | N/A | N/A | 71,523,197.79 | -65.77 |
| Basic earnings per share (RMB/share) | 0.07 | -41.67 | 0.09 | -67.86 |
| Diluted earnings per share (RMB/share) | 0.07 | -41.67 | 0.09 | -67.86 |
| Weighted average return on net assets (%) | 1.16 | -0.77 percentage points | 1.54 | -3.18 percentage points |
| Total R&D investments | 60,404,938.21 | -11.74 | 172,023,725.41 | -11.71 |
| Proportion of R&D investments to operating revenue (%) | 9.47 | -2.38 percentage points | 10.00 | -1.8 percentage points |
| | 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 (%) |
| Total assets | 4,201,059,005.89 | 4,220,570,891.16 | | -0.46 |
| attributable to shareholders of the listed company | 2,754,080,586.20 | 2,818,869,452.99 | | -2.30 |

to the end of this quarter, same as below.

(II) Items and amounts of non-recurring profit or loss

In RMB

| Item of non-recurring profit or loss | Amount for the current period | Amount from the beginning of the year to the end of the reporting period | Description |
|---|-------------------------------|--|-------------|
| Gain or loss on disposal of non-current assets, including write-off of provision for asset impairment | -655,886.03 | -1,198,793.99 | |
| 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 accordance with established standards with continuous effects on the profit or loss of the Company according to the provisions of national policies) | 261,534.49 | 6,874,729.53 | |
| Profit or loss on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss on the disposal of financial assets and financial liabilities, other than those used in the effective hedging activities related to the normal operating business of the Company | | 19,343,730.90 | |
| Profit or loss on entrusted investments or assets management | 4,010,004.30 | 10,992,914.32 | |
| Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually | | 518,247.41 | |
| Net profit or loss of subsidiaries | 3,415,575.27 | 10,420,908.65 | |

| | | | |
|---|---------------------|---------------------|---|
| from the beginning of the period up to the business combination date recognized as a result of the business combination of enterprises involving enterprises under common control | | | |
| Other non-operating revenue and expenses | -967,549.20 | 135,909.86 | |
| Other profits or losses meeting the definition of non-recurring profit or loss | 316,302.77 | -37,036,758.84 | We made adjustment to account for GDC equity interests as other non-current financial assets, for which investment losses are recognized at fair value. |
| Less: Effect of income taxes | 668,300.23 | 5,451,028.26 | |
| Effects attributable to minority interests (net of tax) | -198,019.03 | 1,259,833.25 | |
| Total | 5,909,700.40 | 3,340,026.33 | |

It is required to specify the reason for

- (II) Items and amounts of non-recurring profit or

(III) Description of and reasons for changes in the main accounting data and financial indicators

| Item | Change (%) | Main reason |
|---|------------|--|
| Net profit attributable to shareholders of the listed company _ from the beginning of the year to the end of the reporting period | -66.59 | Primarily due to changes in the income structure in the first three quarters, which lead to the decrease in the gross profit margin, the legal service fees for the GDC arbitration, and the adjustment of the GDC equity interests to other non-current financial assets, which lead to investment losses |

adjusted net profit attributable to parent company shareholders, excluding non-recurring items, amounting to RMB 39.61 million.

During the third quarter of 2024, we achieved an operating revenue of RMB 638 million, up 10.53% compared to the same period last year. In the same quarter, the automotive optics business contributed RMB 217 million in operating revenue. During the first three quarters, this segment generated RMB 458 million in operating revenue, primarily from the timely and successful deliveries of automobile-grade laser projection giant screens to the AITO M9 SUVs, which were co-developed by Huawei and Seres. Notably, on October 10, AITO's WeChat account announced that customers have placed deposits for over 150,000 AITO M9 vehicles, positioning it as the top-selling model priced above RMB 500,000.

Since the beginning of 2024, Appotronics has maintained close and frequent technical and commercial collaborations with Seres, BAIC Motor, and other Huawei automobile partners. Our discussions have primarily centered on automotive optics projects for the upcoming new variants of Seres AITO's mainstream models and the forthcoming latest offerings in BAIC Motor's Stelato mainstream lineup. We have presented samples and engaged in detailed dialogues on next-generation technologies, including laser projection giant screens and smart vehicle headlights, earning high recognition and praise from our customers.

In October 2024, we received a second Development Nomination Letter from Beijing Electric Vehicle, a subsidiary of BAIC, appointing us as a supplier of smart cockpit display products for new Stelato models. Mass production and delivery of these vehicles are projected to commence in 2025, which will benefit our operations throughout their lifespan.

Beyond maintaining our cooperation with Huawei and its automotive partners, we have conducted in-depth talks with Great Wall Motor, Hyundai Motor, and other prominent domestic and international automobile manufacturers. Separate cooperation projects have been established to tailor vehicle-mounted products according to their unique priorities and timelines for new vehicle model development and launch. This paves the way for sustainable growth in our automotive optics business. Currently, we have secured eight development nominations encompassing automobile-grade giant screens, pixel headlights, and other products, further bolstering the future prospects of our automotive business.

II. Shareholder information
(I) Table of total number of ordinary shareholders and preferred shareholders with resumed voting rights as well as shareholding status of top 10 shareholders

Unit: Share

| Total number of ordinary shareholders as of the end of the reporting period | | | | Total number of preferred shareholders with resumed voting rights during the reporting period (if any) | | | |
|---|---------------------------------------|-----------------------|--------------------------------|--|---|----------------------------------|----------|
| Shareholder name | Shareholder nature | Number of shares held | Proportion of shareholding (%) | | Number of restricted shares held, including the shares lent out under the refinancing arrangement | Shares pledged, marked or frozen | |
| | | | | | | Share status | Quantity |
| Shenzhen Appotronics Holdings Limited | Domestic non-state owned legal person | | | | | | |

| Shenzhen Jinleijing Investment Limited Partnership (LP) | Domestic non-state owned legal person | 9,892,706 | 2.13 | 0 | 0 | None | 0 |
|---|--|--------------------------------|------------|---|---|------|---|
| Bank of China Co., Ltd. - YFD Stable Income Bond Securities Investment Fund | Others | 8,151,070 | 1.75 | 0 | 0 | None | 0 |
| LUO Xiaobin | Domestic natural person | 6,442,004 | 1.38 | 0 | 0 | None | 0 |
| China Merchants Bank Co., Ltd. - Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund | Others | 3,935,765 | 0.85 | 0 | 0 | None | 0 |
| Shares held by the top 10 holders of tradable shares (excluding shares lent out under the refinancing arrangement) | | | | | | | |
| Shareholder name | Quantity of unrestricted outstanding shares held | Type and quantity of shares | | | | | |
| | | Type | Quantity | | | | |
| Shenzhen Appotronics Holdings Limited | 79,762,679 | RMB-denominated ordinary share | 79,762,679 | | | | |
| Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP) | 24,139,500 | RMB-denominated ordinary share | 24,139,500 | | | | |
| Nantong Strait Appotronics Investment Partnership (LP) | 18,381,208 | RMB-denominated ordinary share | 18,381,208 | | | | |
| Shenzhen Appotronics Daye Investment Partnership (LP) | 17,056,167 | RMB-denominated ordinary share | 17,056,167 | | | | |
| Shenzhen Appotronics Hongye Investment Partnership (LP) | 13,601,344 | RMB-denominated ordinary share | 13,601,344 | | | | |
| Shenzhen Appotronics Chengye Consulting Partnership (LP) | 10,394,846 | RMB-denominated ordinary share | 10,394,846 | | | | |
| Shenzhen Jinleijing Investment Limited Partnership (LP) | 9,892,706 | RMB-denominated ordinary share | 9,892,706 | | | | |

| | | | |
|--|---|--------------------------------|-----------|
| Bank of China Co., Ltd. - YFD Stable Income Bond Securities Investment Fund | 8,151,070 | RMB-denominated ordinary share | 8,151,070 |
| LUO Xiaobin | 6,442,004 | RMB-denominated ordinary share | 6,442,004 |
| China Merchants Bank Co., Ltd. - Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund | 3,935,765 | RMB-denominated ordinary share | 3,935,765 |
| Affiliates or concert parties among the shareholders stated above | <p>1. As of September 30, 2024, the following entities in top 10 shareholders of the Company constituted person acting in concert: Shenzhen Appotronics Holdings Co., Ltd., Shenzhen Yuanshi Laser Industrial Investment Consulting Partnership (LP), Shenzhen Appotronics Daye Investment Partnership (LP), Shenzhen Appotronics Hongye Investment Partnership (LP), Shenzhen Jinleijing Investment Limited Partnership (LP), and Shenzhen Appotronics Chengye Consulting Partnership (LP).</p> <p>2. Except for the above, we are not aware of whether there are affiliates or concert parties as defined in the <i>Administrative Measures for the Acquisition of the Listed Companies</i> among other shareholders.</p> | | |
| Description of margin trading, short selling, and refinancing involving top 10 shareholders and top 10 holders of non-restricted shares (if any) | N/A | | |

Description of special repurchase shareholders among the top 10 shareholders: As of the end of the reporting period, the Company has repurchased 8,026,938 shares, accounting for 1.73% of the

Lending of shares in refinancing businesses by shareholders holding over 5% of shares, the top 10 shareholders, and the top 10 holders of tradable shares

Change from the prior period due to lending/payback in refinancing businesses by the top 10 shareholders and the top 10 holders of tradable shares

III. Other reminders

pay attention to during the reporting period

IV. Quarter financial statements
(I) Audit opinion
(II) Financial statements
Consolidated Balance Sheet

September 30, 2024

Prepared by: Appotronics Corporation Limited

In RMB, Unaudited

| Item | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Current Assets: | | |
| Monetary funds | 1,203,510,305.89 | 1,386,828,549.06 |
| Prepaid expenses | | |
| Placements with banks and other financial institutions | | |
| Held-for-trading financial assets | 611,867,400.05 | 514,010,000.00 |
| Derivative financial assets | | |
| Notes receivable | 8,115,823.20 | 8,951,308.71 |
| Accounts receivable | | |

| | | |
|--|------------------|------------------|
| Loans and advances | | |
| Debt investments | | |
| Other debt investments | | |
| Long-term receivables | 19,655,889.67 | 26,000,543.13 |
| Long-term equity investments | 6,583,731.30 | 144,726,776.43 |
| Investment in other equity instruments | 7,075,419.38 | 7,075,419.38 |
| Other non-current financial assets | 97,777,674.40 | |
| Investment properties | | |
| Fixed assets | 289,127,989.46 | 336,276,793.84 |
| Construction in progress | 385,095,403.24 | 347,777,138.86 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | 23,195,579.61 | 40,016,903.67 |
| Intangible assets | 273,529,992.16 | 281,961,046.22 |
| Including: Data resources | | |
| Development expenditure | | |
| Including: Data resources | | |
| Goodwill | | |
| Long-term prepaid expenses | 2,825,390.97 | 6,318,145.33 |
| Deferred tax assets | 83,861,444.42 | 85,364,732.19 |
| Other non-current assets | 22,665,787.03 | 29,348,748.27 |
| Total non-current assets | 1,211,394,301.64 | 1,304,866,247.32 |
| Total assets | 4,201,059,005.89 | 4,220,570,891.16 |
| Current Liabilities: | | |
| Short-term borrowings | 50,032,500.00 | 80,036,500.00 |
| Loans from the central bank | | |
| Taking from banks and other financial institutions | | |

| | | |
|---|------------------|----------------|
| Taxes payable | 14,325,712.42 | 6,142,704.23 |
| Other payables | 74,983,345.07 | 54,142,509.17 |
| Including: Interest payable | | |
| Dividend payable | | |
| Fees and commissions payable | | |
| Amounts payable under reinsurance contracts | | |
| Held-for-sale liabilities | | |
| Non-current liabilities due within 1 year | 253,474,294.39 | 268,748,151.67 |
| Other current liabilities | 12,490,498.10 | 18,441,685.83 |
| Total current liabilities | 1,126,725,116.56 | 973,695,487.77 |
| Non-current Liabilities: | | |
| Insurance contract reserves | | |
| Long-term borrowings | 310,897,356.06 | 370,649,631.22 |
| Bonds payable | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | 10,816,712.05 | 15,548,985.71 |
| Long-term payables | | |

| | | |
|--|------------------|------------------|
| | 2,698,445,471.43 | 2,796,638,174.01 |
| | 4,201,059,005.89 | 4,220,570,891.16 |

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

Consolidated Income Statement

January - September 2024

Prepared by: Appotronics Corporation Limited

In RMB, Unaudited

| Item | The first three quarters in 2024 (Jan. - Sep.) | The first three quarters in 2023 (Jan. - Sep.) |
|------------------------------|--|--|
| I. Total operating revenue | 1,719,599,203.83 | 1,650,629,298.46 |
| Including: Operating revenue | 1,719,599,203.83 | |
| Interest income | | |
| Premiums earned | | |
| Fee and commission income | | |

II. Total operating costs

| | | |
|---|----------------|----------------|
| Gains from derecognition of financial assets at amortized assets | | |
| Foreign exchange gains (loss is - | | |
| Gains from net exposure hedges - | | |
| Gains from changes in fair values - | 10,062,500.00 | |
| Losses of credit impairment (loss is - | -11,140,030.95 | -8,626,426.92 |
| Impairment losses of assets (loss is indicated - | -28,568,290.62 | -37,160,710.01 |
| Gains from disposal of assets (loss is - | -278,899.49 | 67,005.93 |
| III. Operating profit (loss is indicated by - | 39,793,514.97 | 88,411,240.21 |
| Add: Non-operating revenue | 1,302,456.43 | 9,564,777.53 |
| Less: Non-operating expenses | 2,015,707.05 | 849,717.64 |
| IV. Total profits (total losses are indicated - | 39,080,264.35 | 97,126,300.10 |
| Less: Income tax expenses | 15,182,301.84 | 22,251,378.07 |
| V. Net profits (net losses are indicated by - | 23,897,962.51 | 74,874,922.03 |
| (I) Categorized by the continuity of operation | | |
| 1. Net profits from continuing - | 23,897,962.51 | 74,874,922.03 |
| 2. Net profits from discontinued - | | |
| (II) Categorized by the ownership | | |
| 1. Net profits attributable to shareholders of the parent company (net - | 42,946,596.63 | 128,559,185.24 |
| 2. Profits or losses attributable to minority shareholders (net losses are - | -19,048,634.12 | -53,684,263.21 |
| VI. Other comprehensive income, net of tax | 2,921,828.27 | 2,177,529.31 |
| (I) Other comprehensive income that can be attributable to owners of the parent company, net of tax | 2,246,460.03 | 3,455,579.57 |
| 1. Other comprehensive income that cannot be reclassified subsequently to profit or loss | | |
| (1) Changes from remeasurement of | | |

2024 Third Quarter Report of

Consolidated Cash Flow Statement

January - September 2024

Prepared by: Appotronics Corporation Limited

In RMB, Unaudited

| Item | The first three quarters in 2024 (Jan. - Sep.) | The first three quarters in 2023 (Jan. - Sep.) |
|---|--|--|
| I. Cash Flows from Operating Activities: | | |
| Cash receipts from the sale of goods and the rendering of services | 1,814,743,174.16 | 1,757,565,303.26 |
| 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 | | |
| 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 | 6,426,403.89 | 9,099,429.16 |
| Other cash receipts relating to operating activities | 33,396,345.52 | 147,180,568.77 |
| Subtotal of cash inflows from operating activities | 1,854,565,923.57 | 1,913,845,301.19 |
| Cash payments for goods purchased and services received | 1,062,658,232.04 | 1,011,990,601.62 |
| 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 | | |

| | | |
|--|------------------|------------------|
| 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 | 324,814,699.07 | 335,781,983.08 |
| Payments of various types of taxes | 64,305,546.07 | 44,740,201.92 |
| Other cash payments relating to operating activities | 331,264,248.60 | 312,399,946.93 |
| Subtotal of cash outflows from operating activities | 1,783,042,725.78 | 1,704,912,733.55 |
| Net cash flow from operating activities | 71,523,197.79 | 208,932,567.64 |
| II. Cash Flows from Investing Activities: | | |
| Cash receipts from disposals and recovery of investments | 1,188,262,599.94 | 1,095,997,200.00 |
| Cash receipts from investment income | 30,293,776.57 | 7,911,315.33 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | | |

| III. Cash Flows from Financing Activities: | | |
|---|------------------|------------------|
| Cash receipts from capital contributions | 46,113,350.89 | 50,609,959.00 |
| Including: Cash receipts from capital contributions from minority shareholders of subsidiaries | | |
| Cash receipts from borrowings | 95,230,654.50 | 273,665,768.86 |
| Other cash receipts relating to financing activities | | |
| Subtotal of cash inflows from financing activities | 141,344,005.39 | 324,275,727.86 |
| Cash repayments of borrowings | 187,132,709.91 | 219,509,994.00 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | 72,716,390.73 | 57,297,337.70 |
| Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries | 23,478,300.00 | 11,040,000.00 |
| Other cash payments relating to financing activities | 143,466,652.84 | 25,485,551.97 |
| Subtotal of cash outflows from financing activities | 403,315,753.48 | 302,292,883.67 |
| Net cash flows from financing activities | -261,971,748.09 | 21,982,844.19 |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | -3,217,203.34 | 8,243,426.24 |
| V. Net Increase in Cash and Cash Equivalents | -355,051,403.64 | 2,213,303.87 |
| Add: Opening balance of cash and cash equivalents | 1,297,848,895.75 | 1,254,582,403.12 |
| VI. Closing Balance of Cash and Cash Equivalents | 942,797,492.11 | 1,256,795,706.99 |

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

The first implementation of new accounting standards or standard interpretations from 2024 onwards that involves adjusting the financial statements at the beginning of the year in which they were first implemented

Applicable

Be it hereby announced.

Board of Directors of Appotronics Corporation Limited

October 18, 2024