



**Appotronics Corporation Limited  
2023 Environmental  
Social and Governance (ESG) Report**

# Table of Contents

- About This Report 001-002
- Message from the Chairman 003-006

## 1.0 About Appotronics

- 01 Company Profile 009-011
- 02 High-quality Development Philosophy 012-012
- 03 2023 ESG Highlighted Performance 012-015
- 04 Major Honors in 2023 016-016

## 3.0 Practicing ESG Through Responsible Management

- 01 ESG Management 033-034
- 02 Stakeholder Communication 035-036
- 03 Analysis of Material Topics 037-037
- 04 ESG Actions 038-038

## 5.0 Quality Safeguarding in New Manufacturing Endeavors

- 01 Quality Management 055-060
- 02 Responsible Marketing 061-062
- 03 Customer Service 063-064
- 04 Responsible Supply Chain 064-066
- 05 Conflict Minerals 066-066

## 7.0 Eco-Friendly Practices for Green Development

- 01 Green Management 095-099
- 02 Green Technology 100-101
- 03 Green Operation 101-102
- 04 Climate Information Disclosure 102-104

## 9.0 Appendix

- 01 GRI Standard Index Table 113-117
- 02 Readers' Feedback 118-118

## 2.0 Anchored in Technology Propelled by Innovation

- 01 Technological Innovation 019-021
- 02 Intellectual Property Rights 022-023
- 03 Industry Contribution 024-026
- 04 Cultural Inheritance 027-030

## 4.0 Strengthening Governance for Sustainable Operation

- 01 Corporate Governance 041-044
- 02 Integrity and Compliance 045-048
- 03 Safety Management 049-052

## 6.0 Fostering People-Oriented Growth Together

- 01 Employee Rights and Interests 069-077
- 02 Employee Development 077-082
- 03 Care for Employees 083-086
- 04 Occupational Health and Safety 087-092

## 8.0 Supporting Public Welfare for a Better Future

- 01 Public Welfare Assistance for Farmers 107-108
- 02 Science Popularization Education 109-111
- 03 Community Public Welfare 112-112



# About This Report

## Report Profile

This Report is the 2023 Environmental, Social and Governance (ESG) Report issued by Appotronics Corporation Limited (“Appotronics”, “the Company”, “we”, “us” or “our”, stock code: 688007.SH), and also the fifth non-financial information report of the Company since its listing. The purpose of preparing this Report is to reflect on the practice and performance of the Company and its subsidiaries in ESG fields. Appotronics actively fulfills the social responsibilities that a corporate citizen should bear to pursue sustainable and high-quality development.

## Report Scope

This report is an annual report covering the period from January 1, 2023, to December 31, 2023 (“reporting period”), with some contents retroactive to previous periods as appropriate.

The policies and data provided in this Report encompass the Company and its subsidiaries, with coverage consistent with the Company’s annual report. Unless otherwise specified, the currency amounts mentioned in this Report are denominated in Renminbi (RMB). The data and cases in this Report are mainly derived from the Company’s statistical reports and related documents.

## Basis for Preparation

This Report is prepared mainly based on the requirements of relevant opinions and guidelines, such as the Code of Corporate Governance for Listed Companies, the Guidelines of Shanghai Stock Exchange on Self-regulatory Supervision of Companies Listed on the STAR Market No. 1 – Standardized Operation, the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange, and Guidance on Social Responsibility Reporting (GB/T36001).

The preparation of this Report also takes reference to the Sustainable Development Goals (SDGs) of the United Nations, the Sustainability Reporting Standards from the Global Reporting Initiative (GRI standard), the Guidelines for Compiling Corporate Social Responsibility Reports in China (CASS-ESG5.0), and the Recommendations of the Task Force on Climate-related Financial Disclosures of the Task Force on Climate-related Financial Disclosures (TCFD).

## Confirmation Explanation

The financial data in the Report is sourced from the annual report of Appotronics, while other data is provided through internal or manual compilation. The Report has been reviewed by the Company’s management and approved by the Board of Directors on April 25, 2024.

## Access to the Report

In response to the national call for carbon peaking and carbon neutrality goals, the Report is only available in electronic format. Please visit the ESG page on the official website of Appotronics ([www.appotronics.com](http://www.appotronics.com)) or visit the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) to view and download the Report.

- Our email box for Appotronics’ ESG practices is [csr@appotronics.cn](mailto:csr@appotronics.cn). We look forward to your feedback and suggestions.





## Message from the Chairman

In 2023, the fifth consecutive year in which the Company disclosed an independent social responsibility/ESG report, we maintained strategic focus and successfully transformed, actively responding to the market's expectations for our high-quality development.

Domestically, with society's unprecedented focus on technological innovation across all sectors, the pursuit of high-quality development has become the common goal of all walks of life. We firmly believe that the Company's technology innovation not only fulfills our internal development needs but also drives sustainable development for the country and even the world. We have made positive contributions to the construction of a community with a shared future for mankind.

As one of the first listed companies on the STAR Market, we have centered our efforts around technology innovation, continuously strengthening our practices in environmental protection, social responsibility, and compliance corporate governance (ESG). In 2023, we have achieved some inspiring accomplishments, and I would like to review them with everyone here.

Firstly, at the governance level, the Company's Board of Directors has established a Strategic and ESG Committee responsible for reviewing the Company's strategic planning related to sustainable development, environmental, social, and governance issues and guiding the implementation of relevant initiatives. Meanwhile, at the management level, the Company has established a Sustainable Development Department responsible for promoting cross-departmental collaboration on sustainable development, disseminating internal policies and providing training relevant to sustainable development to ensure that the concept of sustainable development is deeply ingrained in employees' awareness.

Most importantly, in 2023, the Company's automotive optics business made significant progress, achieving remarkable results despite numerous obstacles and difficulties. Through this process, we gained a deeper understanding of the importance of ESG, recognizing that automobile manufacturers should not only focus on the technological capabilities, product quality, and service quality of supply chain companies but also rigorously scrutinize their ESG performance. Continuously improving and enhancing our ESG performance will effectively strengthen our overall competitiveness in the international market.

To this end, we have launched a comprehensive ESG improvement program within the Company, which has been implemented across all departments in a multi-dimensional and targeted manner from system construction to concrete actions. This initiative has led to some notable achievements, including successfully passing the global automotive supply chain SAQ review conducted by our clients.

Specifically, our ESG performance in 2023 can be summarized as follows. In terms of technological innovation, the Company's R&D investments in 2023 amounted to RMB 281 million, accounting for 12.7% of our revenue, while our R&D personnel numbered 428, making up 30.2% of the Company's total employees. The Company has been awarded over 2,000 authorized patents worldwide, including over 1,000 authorized invention patents, and has won the "China

Patent Excellence Award".

We have accelerated the application of technological achievements. In the automotive optics field, the designated automobile model AITO M9, equipped with the industry's first automobile-grade projection giant screen provided by us, has been officially released and has sold over 70,000 units cumulatively within 3 months after its launch. Additionally, the household smart projection products that adopted the Company's latest ALPD®5.0 super panchromatic laser technology, have made their global debut. Products of our overseas customers featuring this technology have won the CES 2024 Innovation Award.

Similarly, our core technology continues to contribute to energy conservation and emission reduction. According to statistics, the Company's ALPD laser light source projection solution has been installed in over 29,500 units domestically, with a total running time of approximately 316 million hours for light sources, saving around 568 million kWh of electricity. This achievement is equivalent to reducing carbon dioxide emissions by over 249 million cubic meters.

Correspondingly, the Company has hired professional agencies to conduct greenhouse gas inventories of the plants, and concludes that all environmental indicators have met the standards according to the testing results from third-party professional testing institutions.

At the same time, we have successfully obtained the ISO50001 energy management certification, and regularly review the carbon dioxide emissions. By optimizing production processes, strengthening energy management, and employing other methods, we continuously and systematically achieve energy conservation, reduce consumption, and decrease emissions.

In 2023, we continued our commitment to revitalizing the countryside. Once again, through direct public welfare assistance to farmers, we purchased agricultural products from Nandan County in the Guangxi Zhuang Autonomous Region, providing first-hand support. According to statistics from the local Rural Revitalization Bureau, our purchases would benefit 21 households, leading to an average income increase of over RMB 1,300 per person.

We take it as our mission to popularize semiconductor laser light source technology. By utilizing our corporate exhibition room, we serve a wide audience, including students, teenagers, young workers, etc. With our efforts, more people have experienced the convenience brought by technological innovation.

We collaborate closely with our employees. As of 2023, female employees represent 36.9% of our workforce, while ethnic minority employees account for nearly 8%. We have instituted a performance-based bonus distribution system that effectively motivates both teams and individuals who demonstrate exceptional performance. To ensure open and effective communication, we engage with employees through various channels, including annual staff meetings and communication sessions for new graduates. Additionally, we have established a comprehensive talent development framework, providing nearly 10,600 hours of training annually to facilitate employee growth.

At the same time, we place utmost importance on the health and safety of our employees, treating safe production as our highest priority. We have conducted occupational health examinations and organized safety drills and educational training activities to continuously improve employees' health awareness and enhance their safety skills.

In terms of corporate governance, we continuously improve our corporate governance capabilities. We have invited industry experts to join our board of directors to further ensure that the decision-making process is scientific and professional. We value the relationship with investors and strive to maintain open and smooth communication channels with investors. In 2023, we were selected in SSE STAR 100 Index, which marked that the Company's accomplishments in technology innovation and corporate governance were highly appreciated.

Our ESG practices have been recognized with various honors such as Wind ESG Rating A, Top 100 ESG Practices Among Listed Companies in China of Securities Times, and the 2023 ESG Innovative Practice Case Award of Snowball Annual Golden List.

Looking ahead, as technology continues to advance, the emergence of new, high-quality productive forces is spearheading societal development and transformation. These innovations are not only enhancing production efficiency but also delivering unprecedented convenience and comfort to everyday life.

We hold a firm belief that Appotronics' technological innovation can profoundly benefit humanity and foster a better future for all. We are dedicated to exerting every effort to ensure that the benefits of our technological advancements reach everyone and we continuously create value for our stakeholders. We aim to collaboratively forge a path towards a more prosperous and sustainable future.

LI Yi

April 2024



LI Yi

Chairman and CEO of Appotronics

We hold a firm belief that Appotronics' technological innovation can profoundly benefit humanity and foster a better future for all.

# 1.0



# About Appotronics





# Company Profile



## Company Profile

Appotronics Corporation Limited (stock code: 688007.SH), established in 2006, is a globally leading supplier boasting original technology and core patents for laser core devices. The Company is one of the first companies listed on the Star Market, and also the first stock in Guangdong Province on the STAR Market and the first stock in the global laser display industry.

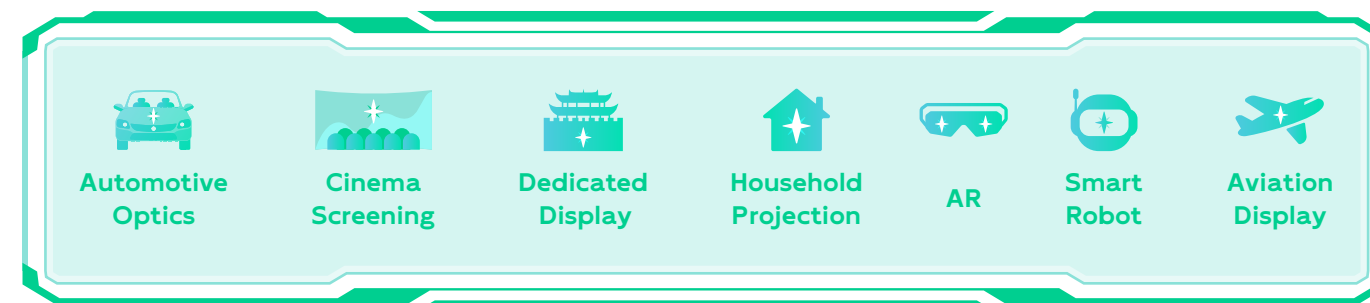
In 2007, Appotronics independently invented the ALPD<sup>®</sup> semiconductor laser light source technology, marking a groundbreaking development in the display field that overcame significant application bottlenecks in core laser display devices and imaging solutions. As this technology has become the mainstream approach within the industry, it has

been extensively applied in various sectors, including automotive, cinema, professional displays, and household applications. Notably, due to rapid advancements of this technology in automotive optics, we have earned partnerships with numerous internationally renowned automobile manufacturers. At the same time, by seamlessly integrating our core laser technology with cutting-edge developments in human-computer interaction, smart recognition, the Internet of Things, cloud platforms, big data, etc., the Company has proactively established strategic layouts in emerging fields such as augmented reality (AR), smart robotics, and aviation displays. This forward-thinking approach has led to in-depth collaborations with numerous globally recognized brands and institutions.

Furthermore, the Company has taken the lead in the National Key Research and Development Programs. We have collaborated with 12 research institutions, such as the Chinese Academy of Sciences, Beijing Institute of Technology, Sun Yat-Sen University, Zhejiang University, etc., to promote the advancement of national laser display technology and jointly drive the development of the laser industry, so as to build a robust laser industry ecosystem.

To date, in addition to being recognized as a national high-tech enterprise and a national intellectual property demonstration enterprise, the Company has been listed in SSE STAR 100 Index. Furthermore, the Company has received numerous honors, including the China Patent Excellence Award, National Enterprise Standard “Forerunner”, and Golden Bull Science and Technology Innovation Award.

Upholding the mission of “New Light, New Life”, Appotronics is committed to illuminating the world through laser light source!



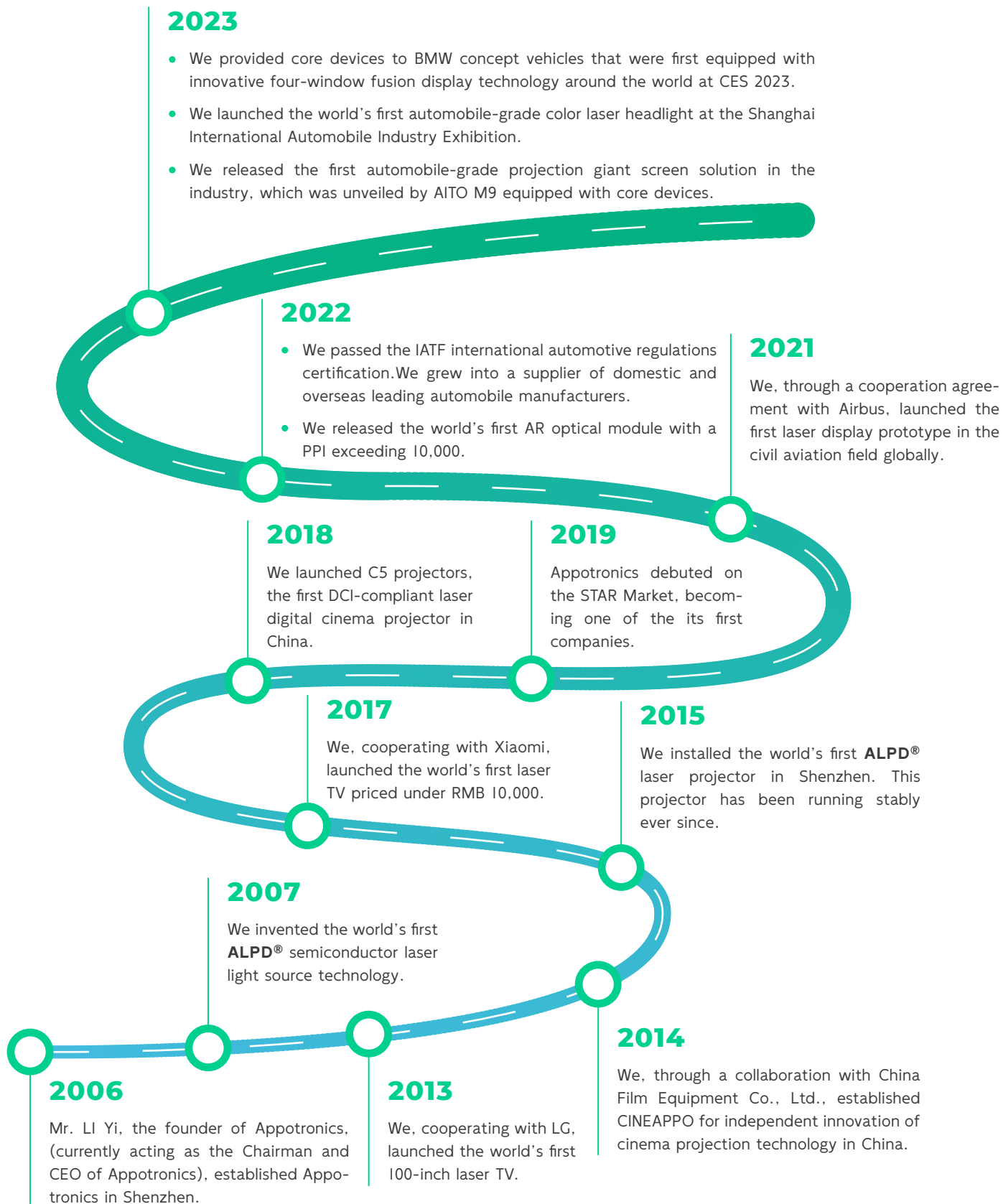
- Automotive Optics
- Cinema Screening
- Dedicated Display
- Household Projection
- AR
- Smart Robot
- Aviation Display

## Vision and Mission

New Light, New Life. On a global scale, in the realm of light, Appotronics, leveraging its original core technology advantages, is applying core devices to a wide range of new fields and markets, attracting customers, partners, investors, and talent from around the world to move forward together. Currently, Appotronics’ semiconductor laser light source technology is applied in fields such as automotive, cinema, dedicated display, household appliances. With the continuous integration and development of optical, aviation, AR, human-computer interaction, and IoT technologies, Appotronics will be applicable to more and more scenarios. In the future, Appotronics will undoubtedly bring a better life experience for countless people worldwide.



## Development History



## High-quality Development Philosophy

Appotronics is dedicated to bringing better life experiences for people and creating substantial long-term value for stakeholders through its core semiconductor laser light source technology.

Currently, as high-quality development emerges as a consensus across society, new quality productive forces characterized by technological innovation are driving industrial progress and constantly shaping new dynamics and advantages for development, in order to provide strong support for achieving high-quality growth. Insisting on strengthening the protection of intellectual property rights, the Company has accelerated the commercialization speed of technology achievements, thereby leveraging new quality productive forces to enhance its high-quality development.

## 2023 ESG Highlighted Performance

### Honors in the ESG field



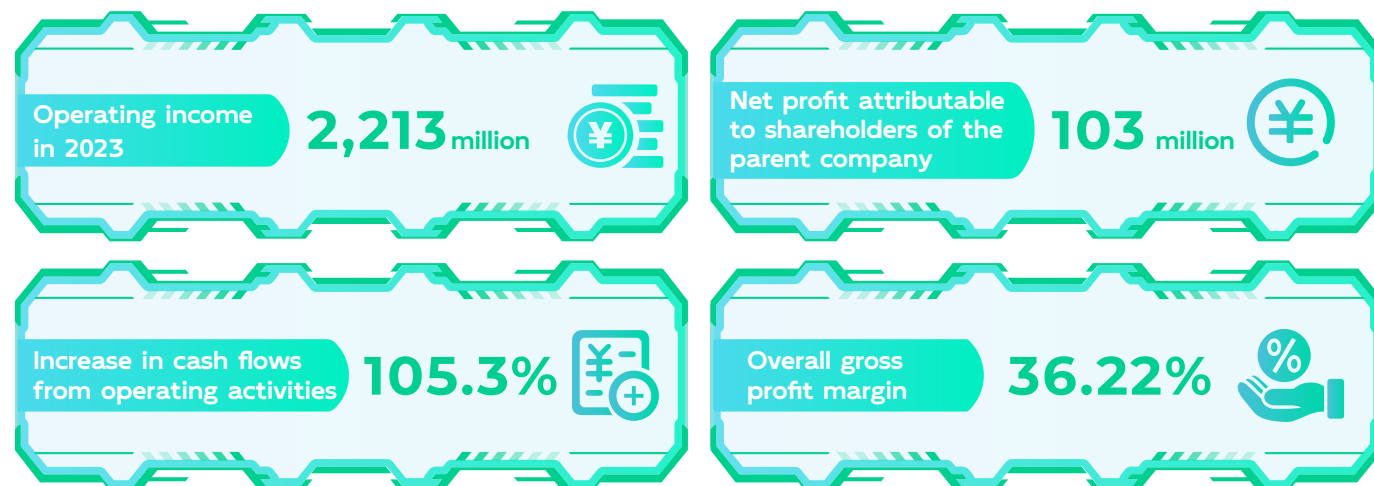




### Key Data Indicators

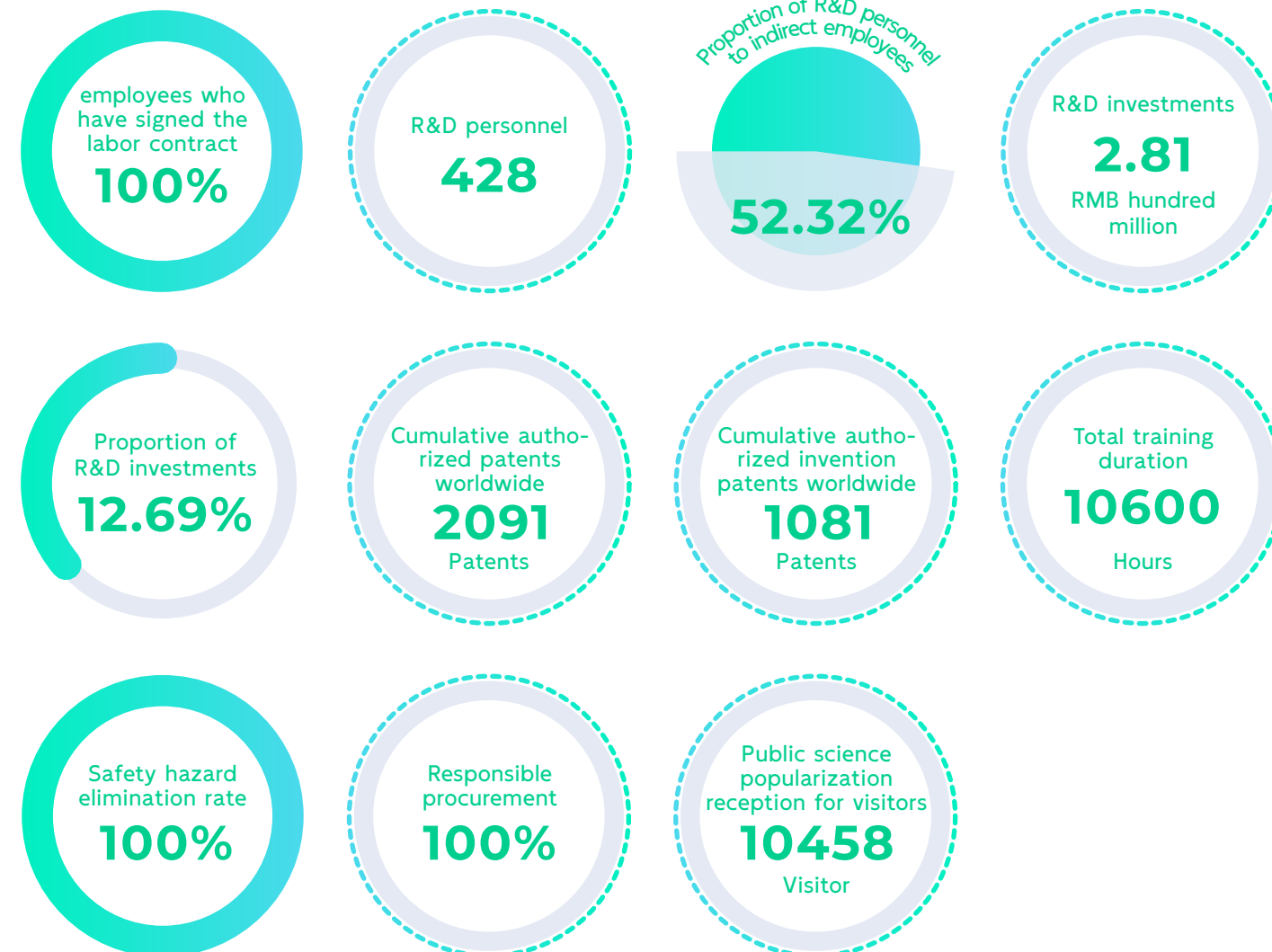
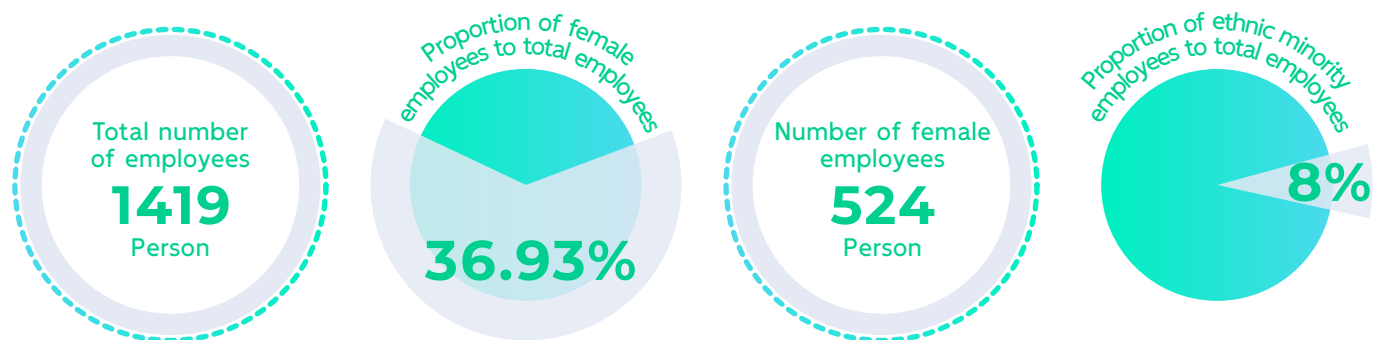
#### Economic indicators:

Unit: RMB

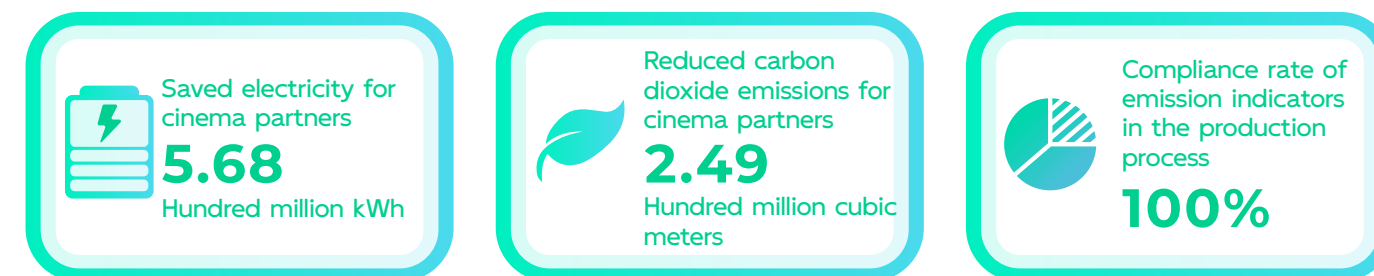


#### Social indicators:

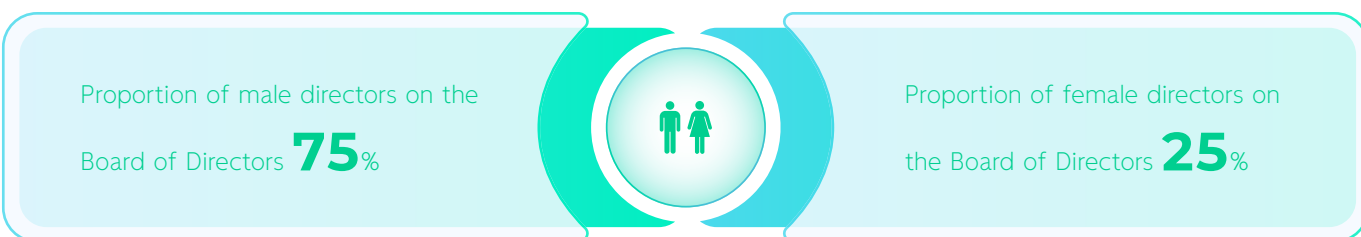
Unit: RMB/Person



#### Environmental indicators:



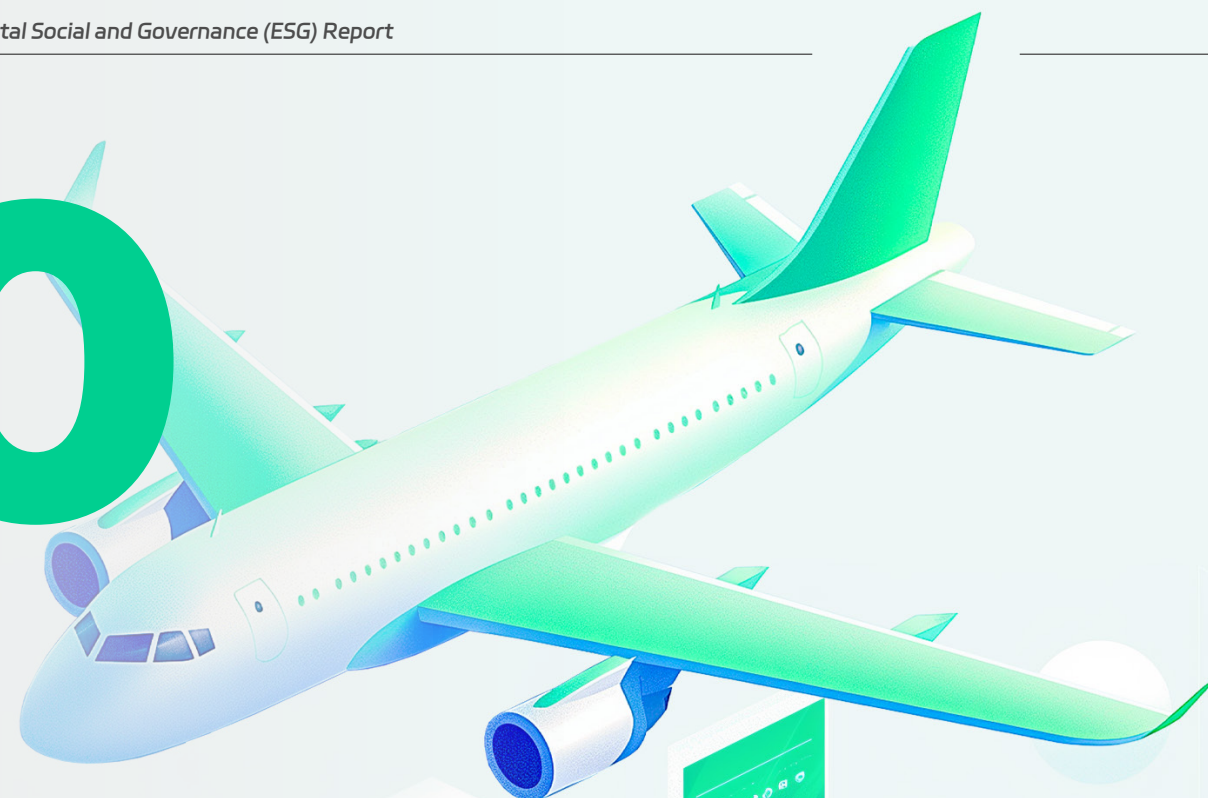
Governance indicators:



**Major Honors in 2023**

Date	Issuing Authority	Award Name
01/2023	China Environmental United Certification Center	Green Leading Enterprise
01/2023	China Society of Motion Picture and Television Engineers	Important technology innovation project
02/2023	China B2B Display System Industry Alliance, Shenzhen B2B Display System Industry Association, and AVC Cloud	2022 Most Well-known Brand Award in the Laser Projection Market
04/2023	Shenzhen Administration for Market Regulation Shenzhen CESI Information Technology Co., Ltd.	Shenzhen Standard Certification
04/2023	Red Dot Design Award	Design Zentrum Nordrhein Westfalen (client's product)
05/2023	China Electronics Standardization Institute	Collection of Innovative Cases for the Visual Health of Display Terminals
05/2023	National Business Daily	2022 Outstanding Brand Case Studies of Listed Companies in China
06/2023	Shenzhen Automobile Electronics Industry Association	Award for Outstanding Innovative Product in Science and Technology
06/2023	Guangzhou Guangya Messe Frankfurt Co., Ltd. Guangdong Guangya Lighting Research Institute	Excellent Engineering Award (Jinxiu Square Light Show in Fuling District, Chongqing) Best Product Award ( Appotronics Engineering Projector AL-GU22K) Best Engineering Award (Shanxi Zuoquan Cooling Tower Light Show) Annual Best Collaborative Partner of Aladdin Lamp Award TOP 10 of Aladdin Lamp Ten-Year Industry Classic Selection
07/2023	National Business Daily	Top 20 Companies Listed on the STAR Market with Global Technology Innovation Competitiveness
07/2023	Dangbei	Dangbei 2023 Annual Trusted Cooperation Partner
08/2023	Gaogong Smart Automobile	Annual Innovative Benchmark Award for Automotive Laser Projection Display System Solution
09/2023	Securities Times	Top 100 ESG Practices Among Listed Companies in China
10/2023	China National Intellectual Property Administration	China Patent Excellence Award
10/2023	Cajing Magazine and Science and Technology Innovation Data Research Center	2023 Leading Enterprise Award in Hard Technology on the STAR Market
10/2023	China Educational Equipment Industry Association	Enterprise Credit Rating Certificate AAA
11/2023	National Business Daily	Best Board of Directors among Listed Companies
11/2023	Guangdong Times Media Group	2023 High-Quality Communication Award
12/2023	China Audio and Video Industry Conference (AVF)	Technology Innovation Award (ALPD 5.0)
12/2023	Shenzhen Electronic Equipment Industry Association Shenzhen Intelligent Equipment Industry Association	2023 "Red Sail Award" in Shenzhen Advanced Manufacture
12/2023	Snowball	2023 ESG Innovation Practice Case Award
12/2023	China National Intellectual Property Administration	The first batch of enterprises participating in the "Thousand Enterprises in Hundred Cities" trademark brand value enhancement action
12/2023	Shenzhen Education Equipment Industry Association	Outstanding Contribution Entity

# 2.0



*Anchored in Technology  
Propelled by Innovation*





## Technological Innovation

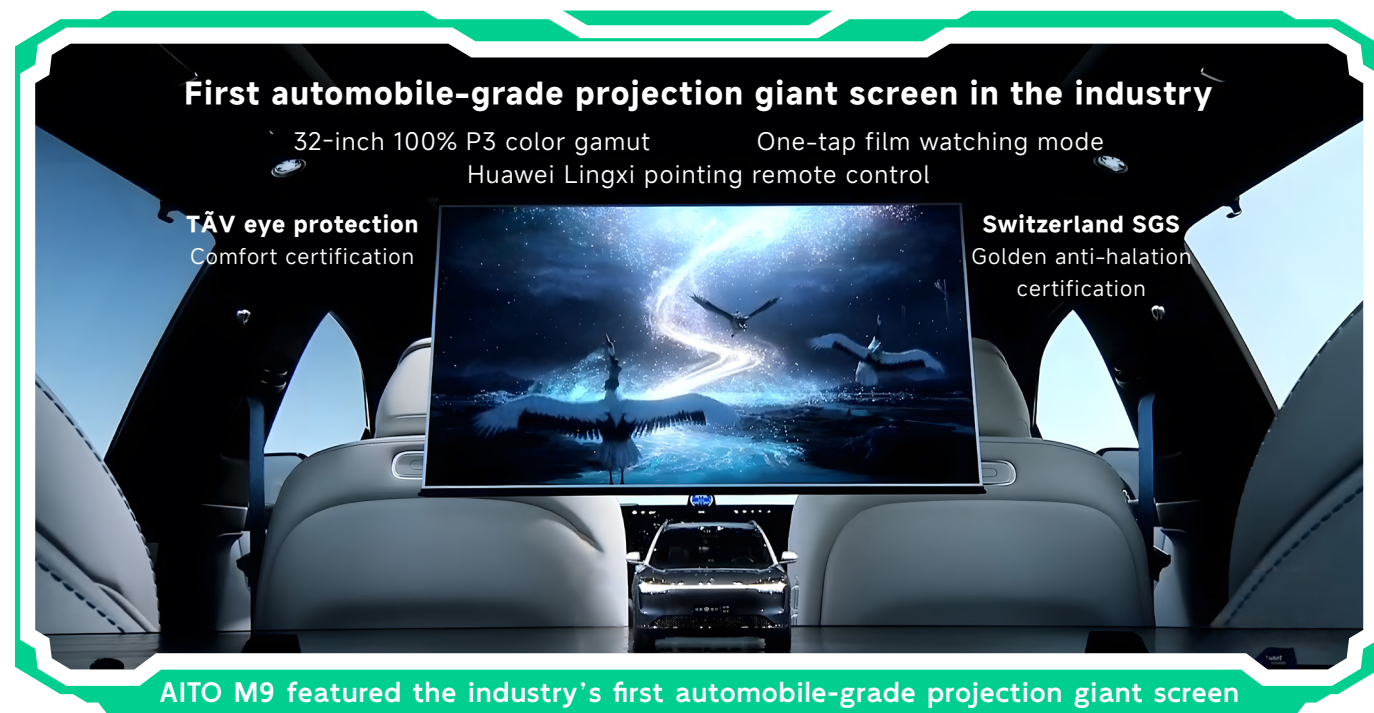
Technology innovation, which can stimulate new industries, new models, and new dynamics, serves as the core element of developing new productive forces and the strong driving force for high-quality development.

As one of the first companies listed on the STAR Market, Appotronics regards technology innovation as the soul of the Company's development. We always place technology innovation at the core of overall development, maintaining high investment in research and development with a focus on the commercialization of our research and development results. We also strengthen our efforts in intellectual property protection and improve industrialization level, leveraging our technological influence to benefit the industry. In 2023, we invested RMB 281 million in our research and development.

### Accelerating the Commercialization Speed of Advanced Technology Achievements

#### The first automobile-grade projection giant screen in the industry

In December 2023, AITO M9, the company's first designated automobile model, was officially launched. As a panoramic smart flagship SUV, the AITO M9 featured the industry's first automobile-grade giant screen projection solution provided by Appotronics. With this solution, users can initiate the viewing mode with a single click. This projection giant screen boasts a 100% P3 color gamut and can be electrically raised and lowered for storage, providing a 32-inch giant screen experience within the automotive when unfolded. It has also passed the Rhine Low Blue Light Eye Protection Certification and the Swiss SG5 Low Motion Sickness Golden Standard Certification. With this projection giant



screen, users can enjoy a clear, delicate, comfortable, and eye-protecting visual experience. When the projection giant screen is raised for storage, it is hidden inside the B-pillar crossbeam, not occupying the interior space of the vehicle, thereby ensuring a panoramic sunroof for a clearer view.

At the same time, thanks to the innovative X-shaped connection structure and unique motor locking method, the automotive projector achieves extreme shock resistance, maintaining a stable image even when driving at high speeds. The successful integration of the Company's automotive giant screen projection solution into this automobile model has redefined the automotive entertainment. Whether embarking on long journeys or short trips, users can effortlessly transform the spacious rear space into an esports room, a private meeting room, or an exclusive VIP lounge, thereby enjoying a more comfortable entertainment experience of a higher quality throughout the journey.

#### ALPD®5.0 super panchromatic laser technology

ALPD®5.0 super panchromatic laser technology is a unique super panchromatic laser technology created by Appotronics. This innovative technology uses three-color laser light sources as the foundation, superimposed and fused with three-color non-coherent and continuous spectrums. This unique combination of six light sources, maximizing the advantages and minimizing the disadvantages of the six light sources, has overcome the technical limitations associated with pure three-color laser or LED light sources. It avoids speckle and color cast problems typically associated with light sources, while maintaining the high-quality color performance of pure lasers. This translates to superior user-eye comfort and visual experience.

In September 2023, Dangbei X5 Ultra 4K Super Panchromatic Laser Projector, a household smart projection product equipped with the Company's ALPD®5.0 super panchromatic laser technology, was debuted globally. The successful launch of this product marks the perfect commercialization of ALPD®5.0 super panchromatic laser technology in the projection field, which is of milestone significance in the industry's development history.

At the same time, ALPD®5.0 has also successfully gone globally. The TriVision Ultra 4K Smart Projector, a new projection product produced by Nexight Inc. featuring ALPD®5.0 technology, has been honored with the "Innovation Award for Computer Peripherals and Accessories" at CES 2024 upon its release.

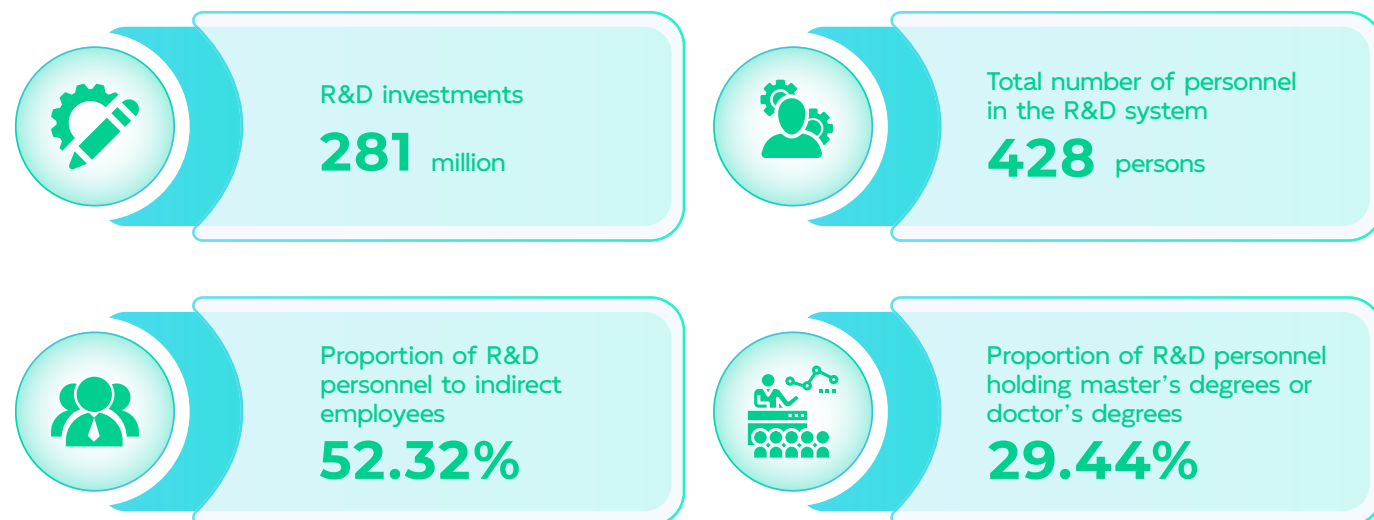


## R&D Investments and Talent Team Building

R&D Investment functions as the source of technology innovation. The Company has always maintained great investment in research and development, which has strongly supported the Company's technological innovation to move forward in big strides. In 2023, the Company invested RMB 281 million in research and development, accounting for 12.69% of our revenue.

The Company boasts a robust R&D team, with the core units led by prominent talents in the international semiconductor laser and automotive optics fields. We have successfully attracted numerous R&D professionals who graduated from renowned universities both domestically and overseas. These experts span multiple disciplines, including optics, electronics, materials science, physics, mechanical design, and precision manufacturing. As of December 31, 2023, the Company has employed 428 R&D personnel, accounting for 52.32% of the total indirect employees. Among them, 29.44% of R&D personnel held master's degrees or above. Our R&D team has provided a solid talent base for the Company's technology innovation.

At the same time, the Company, with a focus on R&D talent training and incentives, has established a complete R&D talent echelon system. Through skill training plans, career development plans, and competitive salary and benefits, we have attracted, retained, and motivated outstanding R&D personnel to drive the Company's development continuously. For more detailed information, please refer to Chapter Six "Fostering People-Oriented Growth Together" in this Report.



## Intellectual Property Rights

The cultivation and management of high-value intellectual property rights are of great significance to enhance the core competitiveness of enterprises. As the original inventor of ALPD semiconductor laser light source technology, the Company, centering on our core technologies, continues to deploy intellectual property rights globally to safeguard the Company's R&D achievements and protect the Company's intellectual property rights from infringement, thereby ensuring the Company's various production and operating activities are conducted effectively.

In 2023, based on the intellectual property cultural concept of "respecting knowledge, advocating innovation, insisting on integrity and compliance, and ensuring fair competition", the Company continued to optimize and improve the existing intellectual property rights protection system. We revised systems related to patents and trademarks including the Patent Management Regulations and the Trademark Management Regulations, to provide more robust institutional support for stimulating the Company's innovation vitality. Focused on core technologies, we insisted on an intellectual property layout globally to safeguard the Company's R&D achievements and protect the Company's intellectual property rights from infringement, thereby ensuring that the Company's various production and operating activities could be conducted effectively. At the same time, the Company advocated to respect others' intellectual property rights. We implemented the intellectual property risk warning mechanism throughout the Company to avoid infringing external intellectual property rights and cooperated with an open attitude to promote the healthy development of the laser display industry.

As of the end of the reporting period, the Company has filed a total of 2,862 patent applications globally and owned a total of 2,091 granted patents worldwide, including 1,081 invention patents.

**Case: Intellectual Property and Trade Secrets, an important lesson for new employees**

The Company has provided training on intellectual property rights and trade secrets for all new employees, fostering innovation awareness among all employees and enhancing their awareness of respecting and protecting intellectual property rights.

Providing "Intellectual Property and Trade Secrets" training for new employees

### Highlighted Honors in 2023



National Intellectual Property Demonstration Enterprise  
The 24th China Patent Excellence Award



The first batch of enterprises participating in the “Thousand Enterprises in Hundred Cities” trademark brand value enhancement action

### Industry Contribution

Appotronics actively participates in technology innovation exhibitions and professional forums and conferences organized by domestic and foreign authoritative institutions, and engages in the formulation of domestic and international standards and application for international awards, in order to continuously promote the development of the semiconductor laser light source industry.

### Participation in the Compilation of Industry White Paper

In 2023, the Company participated in the compilation of the White Paper on the Development of Laser Display Technology and Intellectual Property Rights and the 2023 White Paper on the High Quality Development of the Laser Display Industry, aiming to provide a reference for participants in the laser display industry in China for joint contribution to the sustainable and healthy development of the laser display ecosystem.



Compilation of Industry White Paper

## Development of Industry Standards

As a leading company in the field of laser display technology, the Company not only plays an active role in the formulation of domestic and overseas industry standards, but also insists on synchronizing research and development with standardization. Globally, as a member of the International Electrotechnical Commission (IEC), the Company contributes to multiple cutting-edge technology fields such as laser display, automotive optics, smart cities, etc., fostering seamless integration between domestic technologies and international standards. We have successfully participated in the development of 10 international standards.

In China, as a member of the National Standardization Management Committee, the Company has led the standardization work in the projection display industry, guiding and standardizing the industry's sustainable and healthy development. At the same time, the Company actively participates in industry association activities, holding key positions such as vice president and chairman. This involvement fosters a culture of high-quality development and high standards within the industry, contributing significantly to its sustainable development. The Company has participated in the formulation of 9 national standards, 27 industry standards, 3 local standards, 8 group standards, and 5 national enterprise standard forerunners.



Certificate of National Enterprise Standard Forerunner

## Participated in International and National Standard Organizations

### International

- International Electrotechnical Commission/Audio, video and multimedia systems and equipment/Terminals for audio, video and data services and contents
- International Electrotechnical Commission/Electronic displays/Laser displays

### Domestic

- National Standardization Management Committee/National Audio, Video and Multimedia Systems and Equipment Standardization Technical Committee
- National Standardization Management Committee/National Flat Panel Display Device Standardization Technical Committee/Laser Display Device Sub-Technical Committee
- National Standardization Management Committee/National Optical Radiation Safety and Laser Equipment Standardization Technical Committee Non-Coherent Light Sub-Technical Committee
- Green and Efficient Energy Consumption Products Professional Committee of China Energy Conservation Association (CECA)
- Shenzhen Standard Expert in Library

### Industry Association

- Chief Quality Officer of Guangdong Quality Inspection Association/Chief Quality Officer of Shenzhen Quality Promotion Association
- Laser TV Industry Branch of China Electronic Video Industry Association
- Shenzhen Excellent Performance Management Promotion Association
- Guangdong-Hong Kong-Macao Greater Bay Area Standard Innovation Alliance
- and More

Under the standardization strategy of “synchronization of R&D and standardization”, the Company actively explores and practices standardization work modes and methods with the aim of satisfying customers and achieve sustainable development and ultimately establishing a mechanism for synchronization of R&D and standardization. Guided by this mechanism, the Company has effectively shortened product development cycles, reduced costs, and enhanced product quality, leading to increased customer satisfaction and faster commercialization of scientific research achievements.

# Cultural Inheritance

## Technology and Culture

Embracing the mission of promoting the integration of technology and culture, the Company endeavors to propagate traditional culture through various ways such as large-scale cultural tourism, artistic performances, landscape lighting, and night light shows. aiming to narrate cultural stories through light and shadow technology.

For instance, the “Mountain and Sea Map Shrouded in Mist @ China Pingtan General Mountain”, which was created with the assistance of multi-series engineering projectors, presents an ultra-wide-angle real-life scenery performance that displays mountains and seas in the General Mountain scenic area and stone forests in the surrounding villages through giant integrated multimedia projection spanning nearly 18,000 square meters. Through this performance, audiences are immersed in the distinctive cultures of Pingtan, such as the Austronesian, Maritime Silk Road Culture, and Coastal Defense Culture. Additionally, at Beijing Fahai Temple Mural Art Museum, digital media display methods such as projection are employed to present the mural content and the story behind the mural in a richer, three-dimensional form. Through this initiative, the publicity and protection of murals may transcend the limitations of space, time, and other objective conditions, allowing visitors to further immerse themselves in the beauty of mural art and culture.



Appotronics assists in creating the “Mountain and Sea Map Shrouded in Mist@China Pingtan General Mountain”.

In addition, in 2023, the Company’s laser projection solutions entered into more universities across China, such as China University of Political Science and Law, Northeastern University, Jinan University, etc., to provide green, environmentally friendly, and eye-protecting modern teaching equipment for hundreds of university classrooms. The ALPD® semiconductor laser light source, features with low-carbon, environmentally friendly, and eye-protecting characteristics, not only brings a more convenient and green teaching environment for teachers and students, but also safeguards their visual health.



Appotronics assists in the light and shadow display at the Beijing Fahai Temple Mural Art Museum

## Product Social Impact

Strengthening the social impact of products is conducive to achieving sustainable development and fulfilling social responsibilities for enterprises. Additionally, it can also increase the market competitiveness and commercial value of products.

Appotronics is dedicated to enhancing the positive social impact of our products. This commitment is reflected in our design strategies, which focus on reducing usage costs and incorporating advanced innovative features, while emphasizing human-centered design principles, so as to better meet user needs and enhance usability and comfort. In addition, the Company is not only committed to developing laser products but also actively disseminating technological knowledge to enable a broader audience to experience the technological charm of Appotronics.



### Case 1: Appotronics supported aerospace knowledge popularization

During the 8th "Space Day of China" (April 24, 2023) science popularization event, Appotronics and Shenzhen Xinyi Culture and Creativity Development Co., Ltd. jointly organized the Muxing Plan - "Viewing the World" Remote Sensing Satellite Science Popularization Art Exhibition. This exhibition was guided by the Shenzhen Association for Science and Technology, the Nanshan District Association for Science and Technology, and hosted by Shenzhen Aerospace Dongfanghong Satellite Co., Ltd. under the Fifth Academy of China Aerospace Science and Technology Corporation, and Hydrogen Reaction (Shenzhen) Science and Culture Development Co., Ltd.

The Company, together with various hosts, jointly created an innovative science popularization project - Muxing X Plan. With cross-border cooperation among art, technology, trends, culture, and other aspects, we held multiple online and offline combined activities in various forms, such as the unique science popularization mode of "Aerospace +Art". During the two-month exhibition period, we received more than tens of thousands of on-site visitors. This exhibition has been covered in over 30 media outlets, with a total online view exceeding 100,000. Due to its popularity among the general public, we achieved significant scientific knowledge popularization effect.



Muxing Plan - "Viewing the World" Remote Sensing Satellite Science Popularization Art Exhibition

### Case 2: ALPD® laser projection inherited film culture

In 2023, ALPD, as the core projection technology, provided projection support for multiple cultural events, including the 17th FIRST Youth Film Exhibition, the 5th Hainan Island International Film Festival, the 6th West Lake Documentary Festival, and other film culture dissemination platforms, contributing to the inheritance of film culture. In addition, the Company's subsidiary CINEAPPO also provided technical support through its LED movie screens for the film promotion event at the Hengdian Film and TV Festival, always dedicating itself to the dissemination of film culture.



CINEAPPO supported the 5th Hainan Island International Film Festival



CINEAPPO supported the 6th West Lake Documentary Festival

# 3.0



# *Practicing ESG Through Responsible Management*

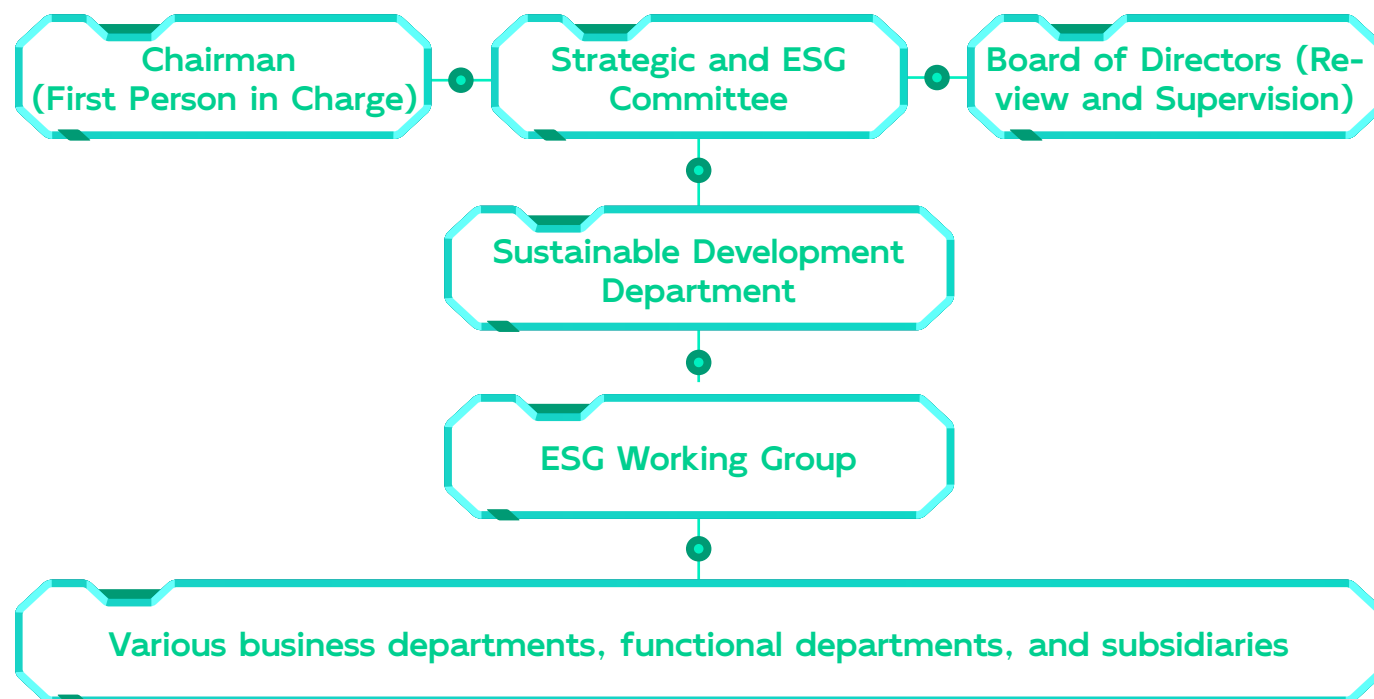


## ESG Management

By embedding sustainable development into the core of our development strategy, the Company not only steadfastly meets its responsibilities in sustainable development and high-quality development of the whole society, but also takes the concept of sustainable development as an important reference basis in the process of business decision-making.

To promote the effective implementation of ESG initiatives, the Company has established and continuously improved the ESG management communication and coordination framework. In Appotronics, the Chairman of the Board assumes primary responsibility for ESG practices while the Strategic and ESG Committee undertakes research and makes recommendations on the long-term development strategy, environment, social and governance (ESG) development and major investment decisions. The Sustainable Development Department is responsible for providing sustainable development training within the Company and servicing and coordinating relevant departments in the field of sustainable development. The ESG Working Group, consisting of specialized contacts selected by various business departments, functional departments and subsidiaries, is responsible for promoting the implementation of ESG practices within these departments, and maintaining communication with internal and external stakeholders. The Board of Directors regularly reviews the implementation of the Company's ESG initiatives. This report (Chinese version) was approved by the Board of Directors on April 25, 2024.

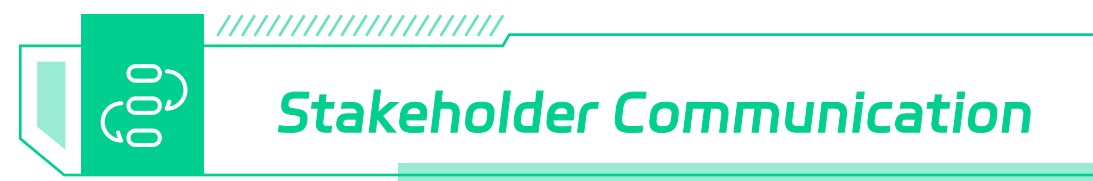
### ESG Management Framework



### Case: Upgrading the "Strategic Committee" to the "Strategic and ESG Committee"

In 2023, in order to adapt to the Company's strategic development needs, improve the investment decision-making process, strengthen the scientific nature of decision-making, enhance the efficiency and quality of major investment decisions, improve the corporate governance structure, enhance the Company's environmental, social, and governance performance, the Board of Directors of the Company specially established the Strategic and ESG Committee subordinate to the Board of Directors in accordance with the Company Law of the People's Republic of China, the Articles of Association, and other relevant regulations. The Strategic and ESG Committee, which is accountable to the Board of Directors, is mainly responsible for researching and providing recommendations on the Company's long-term development strategy, environmental, social, and governance (ESG) development, and major investment decisions.





## Stakeholder Communication

As deeply recognizes that stakeholders' communication and participation in daily operations are crucial to the Company's sustainable development, the Company has established a regular communication mechanism to ensure full listening, communication, and response to the needs of stakeholders. At the same time, the Company continuously optimizes communication methods and channels according to stakeholders' feedback and suggestions to ensure quick responses to and deep participation by stakeholders.

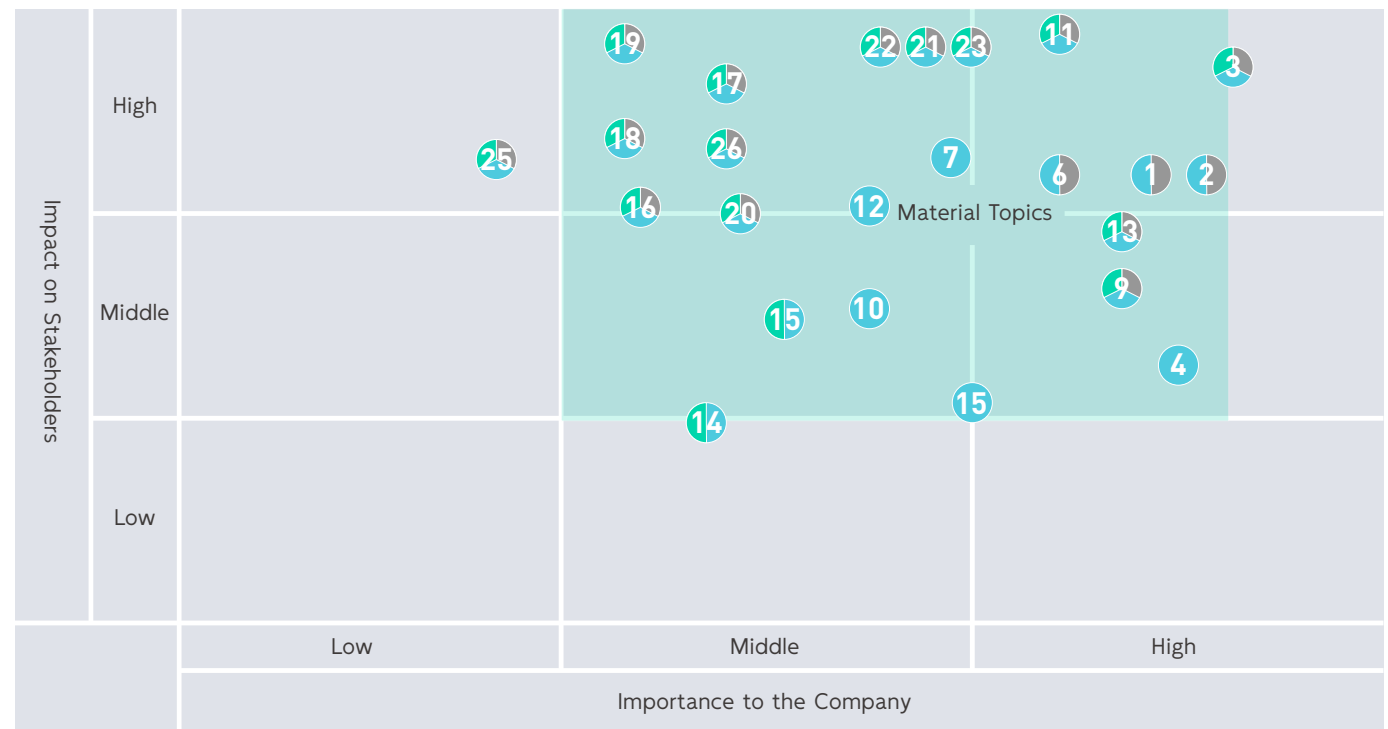
Key stakeholders	Topics concerned	Response methods
Employee	Employee rights and interests Employee development Care for employees Health and safety	Employees of trade unions, workers' representative council, employee handbook Employee training Trade union activities Online channels: company intranet, WeChat official account, enterprise WeChat, employee questionnaire survey
Government departments and regulatory agencies	Compliance operation Green development Employee rights and interests	Information disclosure Institutional investigation
Shareholders and investors	Corporate governance Information transparency Business ethics Compliance management Risk avoidance Value creation	General meetings of shareholders and performance presentation meetings Regular reports and information disclosure Roadshow survey Conference call SSE E-Interactive Platform, hotline and email exclusively for investor communication, public investor reception events, etc.
Suppliers and distributors	Responsible Supply Chain Business ethics Mutual benefit Product quality and safety	Supplier audit and evaluation Supplier conference and distributor communication activities Whistle-blower hotline and email Quality management system

Key stakeholders	Topics concerned	Response methods
Customers and consumers	Research and development innovation Product quality and safety Customer service Responsible marketing Data security	Customer service hotline Online promotion: official website, official WeChat account, official blog, etc. Offline promotion: exhibitions, stores, promotional activities Customer satisfaction survey Personal privacy protection
Partners (academic institutions, research institutions, industry associations, universities, etc.)	Research and development innovation Intellectual property rights Communication and interaction	Industry forums, exchange meetings Intellectual property protection Industry-university-research interaction Participation in the development of industry standards
General public	Public welfare Environmental protection Science popularization education	Carry out public welfare and assistance activities for farmers Adhere to green development Science popularization base for adolescents, and industry-university-research support to institutions

## Analysis of Material Topics

In accordance with international and domestic policies and standards and the Company's material topics in previous years, Appotronics has identified and determined 26 material topics after fully considering the key points concerned by internal and external stakeholders, peer benchmarking analysis, the Company's industry characteristics and strategic direction. Moreover, Appotronics has also drawn a matrix analysis chart of material topics from two dimensions, namely, "Materiality to the impact on the environment, society, and corporate governance" and "Materiality to the impact on stakeholder evaluation and decision-making". This matrix analysis chart is comprehensively evaluated by the Company's ESG Working Group and finally approved by the Company's Board of Directors.

### Matrix Analysis Chart of Material Topics



- 1 Compliance operation
- 2 Business performance
- 3 Innovation
- 4 Intellectual property rights
- 5 Corporate governance
- 6 Protection of shareholders' rights
- 7 Business ethics
- 8 Risk management
- 9 Tax compliance
- 10 Responsible supply chain
- 11 Product quality and safety
- 12 Customer service
- 13 Customer privacy protection and data security
- 14 Industry contribution
- 15 Responsible marketing
- 16 Three-wastes management
- 17 Energy management
- 18 Addressing climate change
- 19 Greenhouse gas emission management
- 20 Green operation
- 21 Employee rights and interests
- 22 Employee development
- 23 Employee health and safety
- 24 Care for employees
- 25 Social welfare
- 26 Rural revitalization

## ESG Actions

Since its listing in 2019, Appotronics has been adhering to the integration of business value and social value and continuously improving the transparency of ESG information disclosure. It is the fifth consecutive year for Appotronics to voluntarily disclose independent ESG reports. During the reporting period, the Company's ESG practices have been recognized with various honors such as Wind ESG Rating A, Top 100 ESG Practices Among Listed Companies in China of Securities Times, and the 2023 ESG Innovative Practice Case Award of Snowball Annual Golden List. The Company's stance on ESG disclosure as a long-term commitment will continuously ensure the transparency and public availability of ESG-related information.



Disclosed independent social responsibility/ESG reports

At the same time, the Company actively participates in ESG exchange and sharing activities among enterprises to learn from ESG practices of excellent companies, and further enhances the breadth and transparency of the Company's ESG communication through media channels.



Participation in ESG exchange and sharing activities

# 4.0

## *Strengthening Governance for Sustainable Operation*

# Corporate governance

Dimensions of responsibility	Indicators	Unit	2023
Governance of the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors	Number of meetings held by the Board of Directors	Time	6
	Number of meetings held by the Board of Supervisors	Time	5
	Number of general meetings of shareholders	Time	2
	Number of meetings held by the Audit Committee	Time	5
	Number of meetings of the Strategic and Investment Committee	Time	3
	Number of meetings held by the Compensation and Evaluation Committee	Time	3
	Number of meetings held by the Nomination Committee	Time	2
Composition of the Board of Directors	Number of members of the Board of Directors	Person	8
	Proportion of male directors on the Board of Directors	%	75
	Proportion of female directors on the Board of Directors	%	25
	Number of independent directors	Person	3
Investor relationship	Number of investor communication activities (roadshows, conference calls, etc.)	Time	270+
	Number of participants in investor communication activities	Person	600+

## Operation of the Board of Directors

Through continuous improvement of the operation mechanism of the Board of Directors to solidify the foundation of corporate governance, Appotronics continuously enhances the level of corporate governance to propel our business towards a trajectory of steady and expansive growth. The Company carries out its work in accordance with the provisions and requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, and relevant laws, regulations, and normative documents of the China Securities Regulatory Commission and the Shanghai Stock Exchange. The Board of Directors, which is the Company’s permanent decision-making and management body, has four professional committees: the Audit Committee, the Strategic and ESG Committee, the Compensation and Evaluation Committee, and the Nomination Committee. At the same time, the Company has formed a corporate governance structure that the General Meetings of Shareholders, the Board of Directors, the Board of Supervisors and the management have clearly defined duties to fulfill their respective responsibilities while balancing

each other to promote scientific decision-making and coordinated operation. The Company has optimized the operation mechanism including “the General Meetings of Shareholders, the Board of Directors, the Board of Supervisors and the management” to promote continuous optimization of corporate governance efficiency.

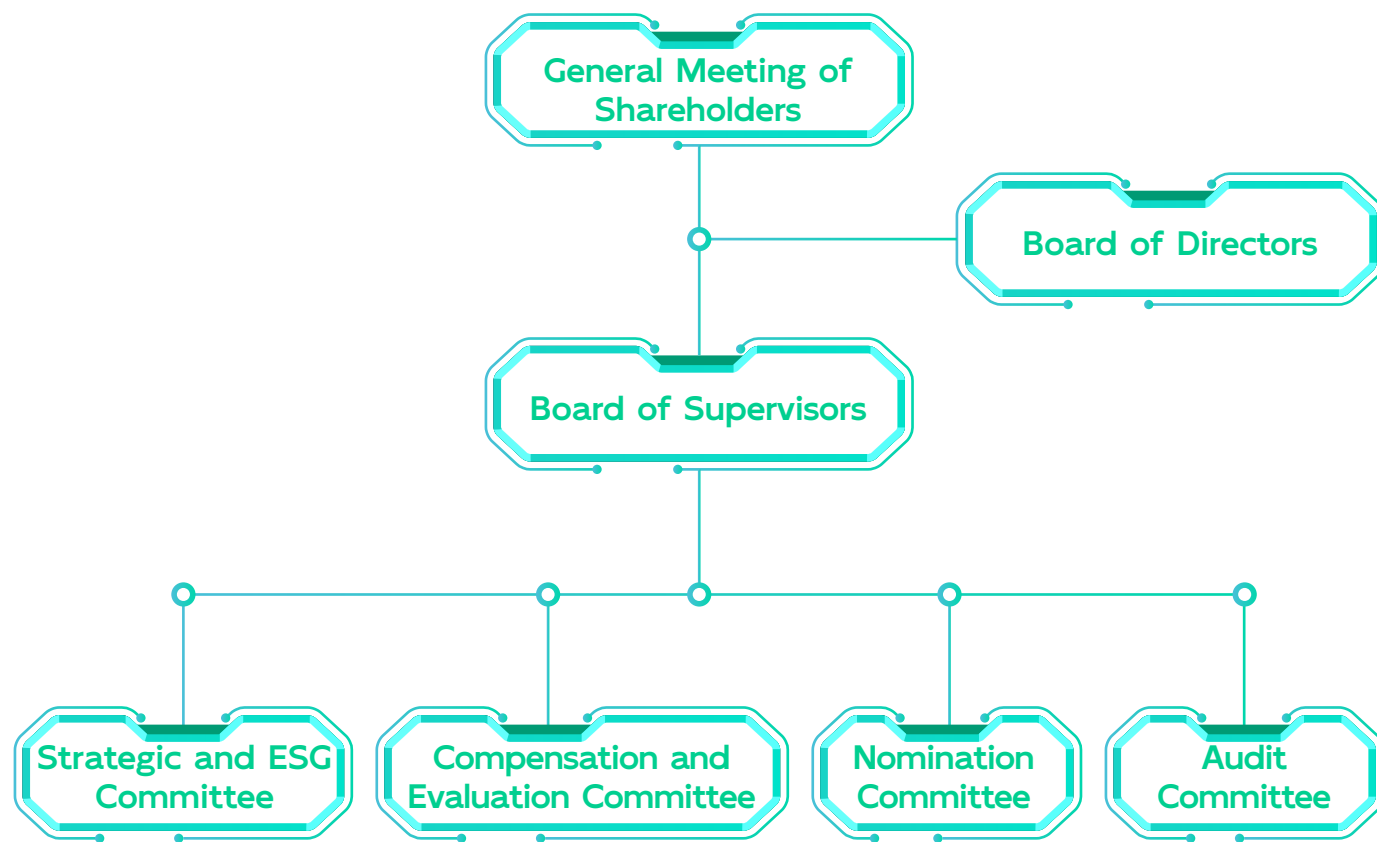
In 2023, in line with the Company’s development strategy and business needs, Mr. Ning Cunzheng, a leading figure in the upstream laser industry, was appointed as the second non-independent director of the Company. Ms. Chen Han, a financial and accounting expert, and Mr. Liang Huaquan, a consulting expert, were appointed as the second independent directors to provide recommendations for the Company’s operation and development. As of now, the Company’s second session of the Board of Directors has consisted of 8 directors, including 3 independent directors and 1 employee representative director. Members of the Board of Directors exercise their duties diligently and conscientiously to ensure scientific decision-making.

The Company’s second session of the Board of Supervisors has consisted of 3 supervisors, including 1 employee representative supervisor. The composition of the Board of Supervisors and the qualifications of its members meet the requirements of laws and regulations, and all supervisors possess professional knowledge and work experience.

In 2023, Appotronics convened a total of 2 general meetings of shareholders, 6 meetings of the Board of Directors, 5 meetings of the Board of Supervisors, and 13 meetings of professional committees. These meetings addressed various matters including equity incentives, profit distribution, regular reports, appointment and supplementation of directors, and revisions to the Articles of Association and related governance systems. Appotronics consistently standardizes the operation of the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors to improve the internal governance level.



Site of the 2022 Annual General Meeting of Shareholders



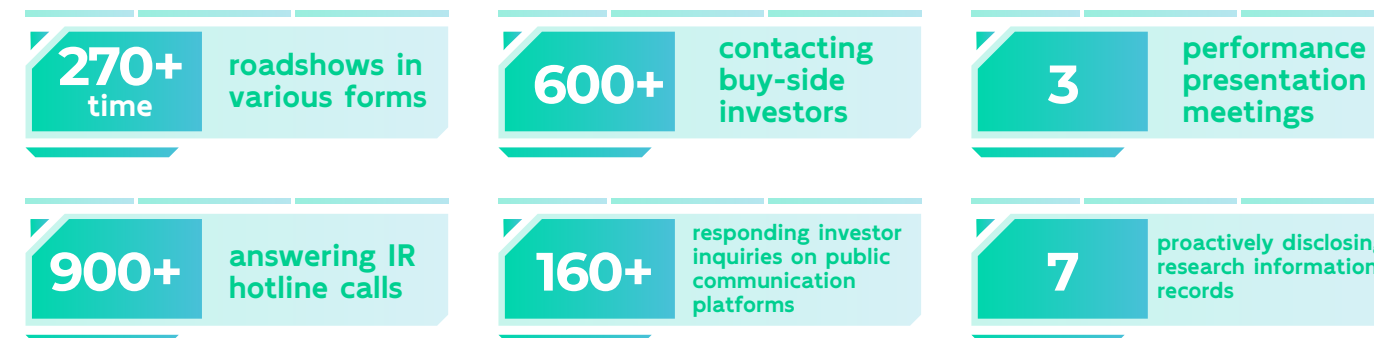
### Investor Relationship Management

In 2023, Appotronics continued to strengthen communication and interaction with investors to create more value for them and establish a good capital market image. In 2023, Appotronics held a total of 270+ roadshows in various forms, including roadshows, reverse roadshows, online and offline strategy meetings, investor open days (excluding brief phone calls), contacting more than 600 buy-side investors.

At the same time, the Company places a strong emphasis on improving its information disclosure management practices. Adhering to the requirements of relevant laws, regulations, and the Information Disclosure Management System, we are committed to truthful, accurate, complete, timely, fair and active disclosure of information. This commitment is demonstrated through the voluntary disclosure of information multiple times, including the publication of ESG reports and Letter to Shareholders. These materials may serve to guide investors in focusing on corporate responsibility and long-term development strategies. Additionally, by disclosing key partnerships with renowned domestic and overseas automobile manufacturers, we provide timely updates on the progress of the Company’s automotive business, assisting investors in making informed decisions. Furthermore, we recognize the importance of international transparency and aim to facilitate this by releasing English versions of our regular reports, ensuring that overseas investors have access to comprehensive information about the Company’s development trajectory.

Moreover, as a security with medium market value and good liquidity in the STAR Market, the Company has been successfully included in SSE STAR 100 Index. This recognition signifies that the Company is acknowledged by authori-

ties for its high innovation, growth potential, and liquidity. In 2023, the Company held a total of 3 performance presentation meetings, answering over 900 IR hotline calls, proactively disclosing 7 research information records and regularly responding to over 160 investor inquiries on public communication platforms.



#### Case: Enriching channels and methods of communication with minority shareholders

In April 2023, the Company participated in the 20th Shanghai International Automobile Industry Exhibition for the first time. The Company estimated that the exhibition, as a top public exhibition in the automotive industry, would attract many institutional investors and minority shareholders. Therefore, we arranged a dedicated IR team to receive minority shareholders at the exhibition site, and equipped with professional guiders to lead investors to intuitively experience the Company’s new products and new business.



Investor On-site Research and Communication at Shanghai International Automobile Industry Exhibition





# Integrity and Compliance

Appotronics adheres to the principle of integrity operation and strengthens internal control management to continuously improve compliance construction and operational capabilities, maintaining a zero-tolerance attitude towards any form of corruption, bribery, extortion, and unfair competition.

## Top-tier management

The Company advocates a value system of integrity and honesty from top to bottom, resolutely combating fraudulent activities with a zero-tolerance attitude. The Board of Directors is responsible for overall operational risk supervision and management, while the internal audits are responsible for detailed implementation of business ethics and integrity governance to ensure the Company's integrity and compliance operation.

## Cultural Awareness

The Company has maintained enhanced construction of a transparent and honest internal and external environment. Internally, we enhance employees' awareness of integrity and compliance through various forms such as integrity quarterly publications, staff training, and integrity publicity. Externally, we assist in building a transparent and honest business ecosystem through channels such as the execution of integrity agreements, holiday greetings regarding integrity, and offline visits.

The Company's audit department continues to carry out integrity publicity activities, such as integrating clauses of "Top Prohibitions for Employee Action" and disseminating relative cases relying on the Integrity Appotronics Quarterly, and enhancing employees' legal and compliance awareness through the form of "interpreting the law with cases". At the same time, the department also conducts integrity publicity and new employee training according to the business needs to promote the integrity values of Appotronics.

### Case: Integrity Publicity for New Employees

The Company has incorporated integrity publicity into the training for new employees, mainly introducing the Company's integrity governance goals, integrity system construction, integrity clauses interpretation, self-declaration and reporting channels, etc., so as to ensure that employees have a thorough understanding of the Company's integrity policies.



Integrity publicity induction training for new employees

The screenshots show the following content:

- 2023 Q1 第3期 主办:审计部**: 廉洁建设实施效果. 2019年以来, 廉洁光峰外部建设重点从以下四个方面开展, 促进光峰公司内部廉洁治理持续改善和提升.
- 2023 Q2 第4期 主办:审计部**: 廉洁建设实施效果. 自公司上市以来, 廉洁光峰重点通过建立监督渠道, 赋予廉洁责任, 廉洁宣导三个维度开展内部廉洁建设活动, 持续提升员工廉洁意识, 打造诚信、正直的光峰廉洁文化.
- 2023 Q3 第7期 主办:审计部**: 舞弊调查工作流程. 廉洁光峰对舞弊处理采取“查处分离”原则, 审计部负责从舞弊线索受理到舞弊事实确认的全流程调查取证, 并将调查结果向公司汇报和移交; 涉嫌违规的由 HR 和业务管理团队进行决策和处理, 涉嫌舞弊的由纪律与道德委员会进行决策和处理. 查处分离的运作流程见下图:
- 2023 Q4 第8期 主办:审计部**: 廉洁建设实施效果. 廉洁光峰成立以来, 重点围绕员工收受馈赠(回扣、好处费、分红、贵重礼品等)、业务造假(虚假报销、KPI造假、欺上瞒下等)、兼职(未披露兼职、不作为等)三个方面进行监督和高压打击, 累计查处各类舞弊及违规员工 23 人, 查实和追缴舞弊款项合计 498 万元. 同期累计受理员工收受礼品报备和自报申报 164 人次. 廉洁光峰将稳步推进诚信环境建设, 持续培育“不敢腐、不能腐、不想腐”的廉洁生态体系, 已查实各类舞弊及违规分布如下:

Partial screenshots of the Integrity Appotronics Quarterly



Maintaining independence

The Audit Department, as reporting directly to the Audit Committee of the Board of Directors, is of a high degree of independence. It adopts the project-based approach to conduct business process audits and special investigations, cyclically assessing and identifying key business process risks to drive closed-loop problem rectification, thereby achieving continuous optimization and improvement of business processes.

In addition, through special internal control governance, we comprehensively review issues in the business model, operational process, and institutional levels, addressing internal control deficiencies from the root cause, so as to enhance the effectiveness of internal controls. At the same time, we dynamically identify internal control execution and design defects through daily business process audits to promote continuous improvement of the Company's internal control.

### Anti-corruption

To build the "Clean Governance System: Resisting Corruption, Unwilling to Corrupt, and Uncompromising Against Corruption", Appotronics has successively issued documents such as the Anti-Corruption Management System, the Conflict of Interest System, and the Top Prohibitions for Employee Action. At the same time, the Company publicizes reporting channels through the official website, integrity agreements, holiday greeting emails, OA platform, and other means, to encourage all partners and employees to report corrupt behaviors. The Company arranges dedicated personnel to follow up and manage reported clues, strictly maintaining confidentiality throughout the process to protect the legitimate rights and interests of the whistleblowers. For improper behaviors, the Company adheres to the principle of "reporting must be investigated, and investigation must be completed", and may resort to judicial authorities for serious legal accountability when necessary.

The specific reporting system and processing mechanism are as follows:

<b>Whistle-blowing hotline</b>	+86 13620926735
<b>Whistle-blowing email</b>	jubao.audit@appotronics.cn
<b>Whistle-blowing reward</b>	For individuals who actively report and cooperate with the investigation and verification, Appotronics will reward the whistleblowers with 30% to 50% of the recovered amounts (up to RMB 1 million in maximum), and the whistleblowers will be exempt from punishment and given priority cooperation opportunities under the same conditions.
<b>Protection Measures</b>	For whistle-blowing clues, the Company will assign dedicated personnel to follow up and manage, and strictly maintain confidentiality to protect the legitimate rights and interests of the Whistleblowers.



Integrity whistle-blowing information published on the Company's official website

# Safety Management

## Information Security Construction

Appotronics attaches great importance to the construction of information security systems and continuous monitoring in the actual implementation process. We have formulated a complete information security system, regulations, operation guidelines, and related control measures to ensure that our information security practices have regulations to follow and we can safeguard the confidentiality, integrity, and availability of the Company's information. The system and planning cover the strategy and control principles of information security and operation guidelines and control standards for the entire life cycle of information processing. It includes all information protection and security measures related to employees' work, providing specific and clear guidance and standards for employees to ensure that their behavior complies with the Company's information security requirements. In addition to formulating complete systems, procedures, and norms, the Company has also carried out various technological explorations and practices in the daily execution and monitoring of information security, such as multi-factor authentication, bastion host, centralized log auditing and monitoring, etc.

With a complete information security system and normalized control, the Company's confidential information is protected effectively with data integrity maintained, so as to prevent internal and external threats from causing harm to the organization. The reliability, sustainability and reputation of the Company's operations have been enhanced through effective information security measures.

### 信息安全管理手册

文件编号	APPO-MGMT-IT-1001
版本号	V2
实施日期	2023-8-9
保密等级	内部限制
责任部门	流程与IT部

编制	
会签	
批准	李屹

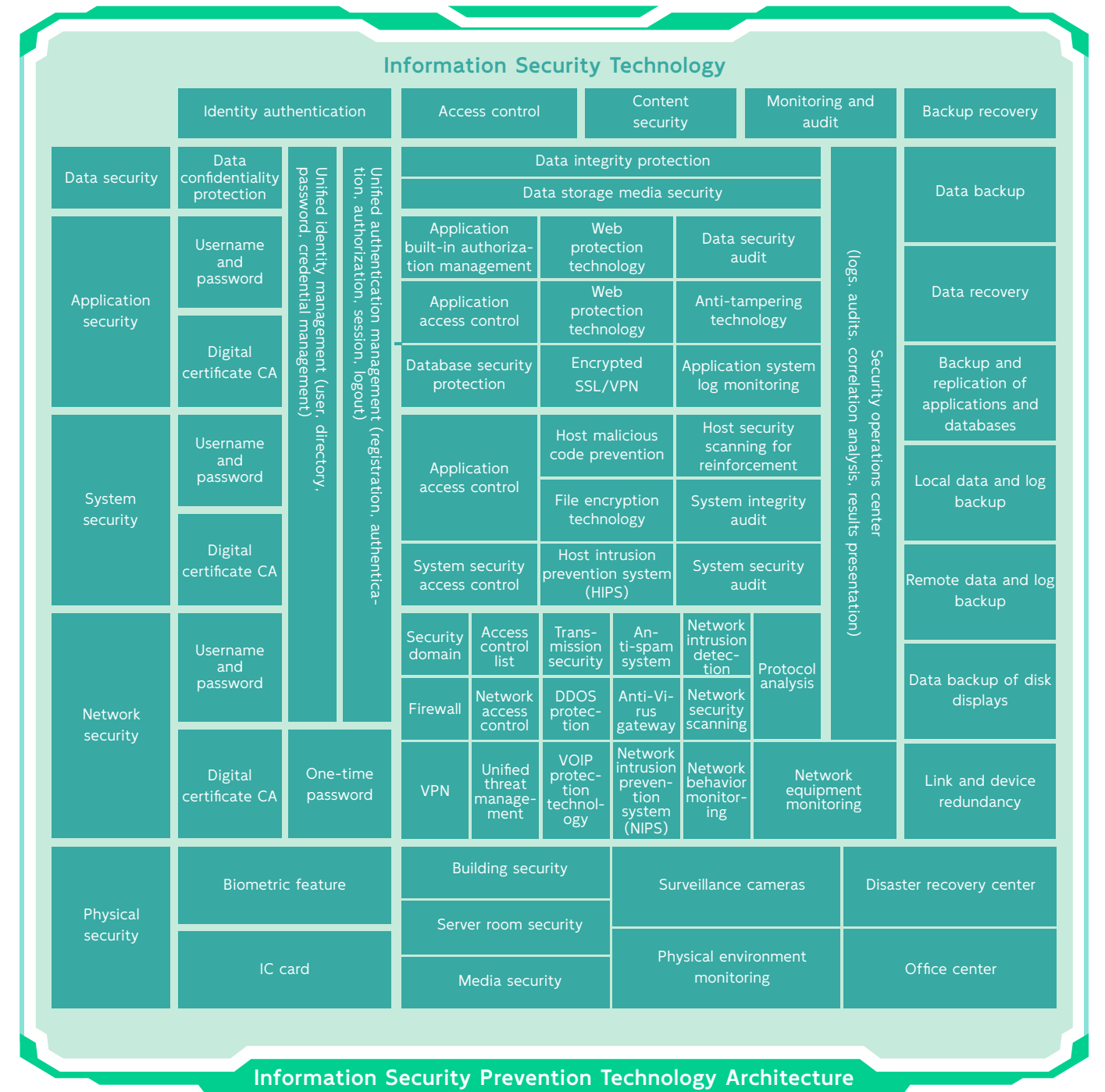
### 信息安全策略

文件编号	APPO-MGMT-IT-1003
版本号	V1
实施日期	2023.11.22
保密等级	内部限制
责任部门	流程与IT部

编制	
会签	
批准	李屹

Appotronics continuously strengthens the network security construction through measures such as network isolation, internal and external firewalls, transmission encryption, and access authorization, ensuring information security and stable network operation. The Company provides centralized file storage and backup services for various core departments (finance, R&D, sales, etc.), ensuring the security of core information assets and avoiding the risk of loss of information assets due to hacker attacks or loss of employee laptops. The company has installed client and server antivirus, encryption, and security audit software to enhance data security measures for personal computers and servers.



### Customer Information Security

Appotronics is committed to protecting customers' privacy. In strict accordance with relevant laws and regulations, we encrypt all customer privacy-related information and adopt secure and reliable storage methods to prevent information leakage. At the same time, we strictly train and manage internal employees to ensure that they fully understand the importance of customer privacy and possess relevant protection skills. The Company only allows authorized personnel to access customer privacy information to ensure the security of customer privacy.

#### Case 1: Automotive optics product line obtained information security certificate

Appotronics places great importance on safeguarding information security, especially in the automotive optics product line. In 2022, we established the ISO27001 information security management system and obtained the certification. After a year of operation, thanks to the robust processes, we earned the trust and recognition of automotive optics customers. Meanwhile, we also provided relevant information security requirements and measures to customers during the factory audit process. The Company's professional strength and commitment in the field of information security can provide users with more reliable and secure products and services.



ISO27001 Information Security Management System Certification

#### Case 2: TISAX certification project for automotive optics

To further enhance the construction of information security processes and improve employees' information security behavior to ensure that sensitive information of the Company and customers is not leaked, Appotronics initiated the TISAX AL3 certification project in November 2023. TISAX certification is a recognition meeting the requirements of the European Automobile Manufacturers Association(ACEA) and the German Association of the Automotive Industry (VDA). By initiating the TISAX certification project, we ensure that the Company has met industry standards and satisfied compliance requirements in terms of its information security management system, thereby enhancing the trust relationship between the Company and its partners, customers and suppliers to maintain the Company's competitive advantage.



#### Case 3: Continuous improvement of user privacy protection by Formovie

In strict accordance with the Personal Information Protection Law, the Company's subsidiary Formovie has formulated certain regulatory mechanisms and process documents around Feng OS user privacy protection, such as the Formovie Information (Data) Management Process System and the Formovie Information Security Management Specification and Confidentiality System. It has also developed a new version of the user privacy agreement to ensure to lawful and compliant collection of user data. At the same time, Formovie actively conducts training on the protection of user personal information, continuously enhancing employees' awareness of information protection to complete the 2023 user privacy compliance check under the Personal Information Protection Law.

### Digital Construction

Appotronics continues to improve and enhance digital construction. In 2023, we promoted the improvement of warehouse WMS and optimized warehouse inbound and outbound process management to enhance warehouse operation efficiency. Through these initiatives, we have achieved real-time digital monitoring of inventories and accurate display of material location, quantity, and status. By integrating sales demand from the supply chain with production planning and supplier delivery processes in digital form, we can enhance the alignment between sales forecasts and supply while effectively controlling inventory levels. This streamlined approach ultimately leads to improved order delivery achievement rates. The Company has established a relatively complete digital system architecture and constructed digital platforms such as ERP, customer relationship management system, research and development production cycle management system, after-sales service information system, supply chain relationship management system, project management, etc. Through system integration and data interoperability, we have greatly improved internal operations and collaboration efficiency with external customers.

### Risk Management

Comprehensive risk management and continuously strengthened internal control execution are the inevitable requirements for listed companies to enhance their operational capabilities. With enhanced internal control, Appotronics, guided by risk management, helps improve the internal system construction of the supply chain by connecting synergistic interfaces with other departments internally and strengthening the communication and linkage with suppliers, customers, and the supply chain externally. Through comprehensive traction from upstream to downstream and front to back end, we, with a focus on the Company's internal control, have guided the supply chain department to streamline key business processes such as the overall material procurement review process, outsourced material outsourcing process, and key material supplier designation process, etc., to comprehensively upgrade and restructure the supply chain system.

In terms of financial risk control, the Company adopts several proactive measures. These include the regular release of accounts receivable and accounts payable reports each month to identify and address risks while enhancing business follow-up. Additionally, inventory reports are disseminated to highlight areas requiring attention from business departments, with a focus on inventory quality. The Company also issues monthly overdue work orders to prompt the supply chain to track and address them promptly. Furthermore, business division data are announced regarding inventory warnings and in-transit product warnings to encourage frontline teams to expedite the consumption of materials near-expiration, thereby guiding the acceleration of business efficiency from a financial perspective.

# 5.0

## *Quality Safeguarding in New Manufacturing Endeavors*



# Quality Management

Product quality is the cornerstone of market success and the key to winning customer trust.

Appotronics' quality management always adheres to the goal of high standards, high quality and high efficiency. The Company passed the ISO9001 quality management system certification in the same year of establishment and introduced the IATF 16949 quality management system in 2021. Internally, we formulated a series of normative documents such as the APQP Management Regulations, the Certified Product Consistency Control Regulations, and the Process Abnormal Handling Procedures to guide quality management reinforcement and promote the establishment of quality culture concepts, system & process, laboratory system, and quality monitoring system, thereby achieving the whole process quality management. The official shipment of vehicle products in 2023 will drive the Company's management level and quality requirements to a new stage.

The Company is committed to forming the Appotronics-style "zero defect" quality culture, and achieving visualization in the whole process system including production monitoring visualization, aging smart visualization, and 5S visualization, so as to conduct quality monitoring throughout every link of production management. With strengthened quality management, the Company's products can meet multi-line display solution needs from high-end core devices, automotive solutions, laser cinema projection equipment, large venue laser projectors, laser business education products, household laser intelligent projection, etc. Therefore, we are highly recognized by industry-leading users such as Xiaomi, Barco, CFGC, etc. and international automotive giants. At the same time, with emphasis on product quality training, the Company has achieved a 100% coverage rate of product quality training for all employees.



### Case: Continuous improvement of product quality

In order to improve product quality, the Company's PQE department has established a regular Top problem themed cyclic promotion mechanism for continuous improvement and adopted measures such as pre-emptive intervention prevention and early countermeasures against risks for the planned improvement of the quality of new products, resulting in a steady increase in the Company's product qualification rate.



Indicators	Unit	2021	2022	2023
Product qualification rate	%	98.81%	98.82%	99.25%
Number of product recalls	Time	0	0	0
Product quality training coverage	%	100	100	100





## Strict Quality Control in DQA Laboratory

In order to provide the general public with safer and more assured products with better quality, Appotronics has established a DQA laboratory, which is fully responsible for product design quality assurance and product quality control in strict accordance with standard requirements.

The DQA Laboratory operates in accordance with the ISO/IEC 17025 international laboratory management system. It has been accredited by the China National Accreditation Service for Conformity Assessment (CNAS) to issue CNAS reports that are credible to the public and recognized by the international community. The laboratory is capable of testing the reliability, safety, electrical performance, and functionality of consumer electronic products and vehicle electronic products. The laboratory has established a safety testing laboratory, which introduces international standards (such as IEC60950-1, IEC62368-1, and a series of other standards) to apply global safety standards to product design.

### Laboratory certificate

International /National	Authorized and accredited laboratory name	Profile of the authorized and accredited agency	Authorization level	Authorization standard	Certificate/Plaque
International	WTDP Laboratory	UL Solutions is the most authoritative safety testing and certification agency in the United States and a leader in the global safety industry. It engages in safety testing and certification businesses all over the world. Products certified by UL have high credibility with government agencies and consumer groups.	WTDP&CTF2	IEC 60950-1:2005 IEC 60065-1:2014 UL/CSA 60950-1 UL/CSA 60065-1 IEC 60950-1:2005 IEC 62368-1:2014 IEC 62368-1:2018 IEC 60950-1:2005 UL/CSA 60950-1 UL/CSA 62368-1 EN 60950-1:2006 EN 62368-1:2014 EN 62368-1:2018	
International	SATELLITE Laboratory	ITS, as an international authoritative testing institution and third-party notary public office, is one of the largest consumer goods testing, inspection, and certification institutions in the world, renowned globally for its professionalism, accuracy, and integrity.	Level2&CTF2	As above	

International /National	Authorized and accredited laboratory name	Profile of the authorized and accredited agency	Authorization level	Authorization standard	Certificate/Plaque
International	TÜV SÜD Authorized Laboratory	TÜV SÜD is one of the world's leading testing and certification service providers that stands for safety and quality in almost all areas of business and life. The TÜV logo on a product is equivalent to a safety and quality credit card and can serve as a passport to enter the international market. UL, ITS, and TÜV are the top 3 authoritative agencies recognized in North America. passport. UL, ITS, and TÜV are the top 3 authoritative agencies in North America in terms of recognition.	Level2&CTF2	IEC 60950-1:2005 IEC 60065-1:2014 UL/CSA 60950-1 UL/CSA 60065-1 IEC 60950-1:2005 IEC 62368-1:2014 IEC 62368-1:2018 IEC 60950-1:2005 UL/CSA 60950-1 UL/CSA 62368-1 EN 60950-1:2006 EN 62368-1:2014 EN 62368-1:2018	
International	Listed on the IEC official website	International Electrotechnical Commission (IEC) is one of the three major international standard organizations.	CTF2	As above	
National	CNAS Laboratory	China National Accreditation Service for Conformity Assessment	/	Testing standards related to projectors	
International	Appotronics -ITS Strategic Cooperation Laboratory	Intertek	/	/	

### Compliance Design

Apoptronics designs products in compliance with global market access requirements involving strict control of product laser radiation, optical biological safety, electrical safety, electromagnetic compatibility, hazardous substances, energy efficiency, and environmental protection, to provide society with safe and reliable high-quality products.

Products sold domestically have passed the national mandatory CCC certification, national radio transmission equipment model approval certification, voluntary national energy conservation and environmental protection CECP certification, environmental label certification, as well as product-specific certifications, such as low blue light certification, visual health certification, and low flicker-gold standard certification, etc. Products sold overseas have obtained the necessary certifications in accordance with the access requirements of various countries and regions, including but not limited to CB, cULus, cETLus, cTUVus, FCC ID, IC ID, CE RED, KC, MSIP, FDA registration, etc.

In the product development and design stage, production process, and packaging and transportation stage, the Company strictly complies with green environmental protection requirements for management and control, such as the EU RoHS 2.0 Directive on Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment, the EU Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the EU Directive on Waste from Electrical and Electronic Equipment (WEEE), and the European Parliament and Council Directive 94/62/EC on Packaging and Packaging Waste (EU Packaging Directive 94/62/EC) as well as other international regulations/directives. The Company makes environmental self-commitments and reports/registers to relevant departments.



Display of some authentication certificates

### Quality Honors

The Company has been awarded the “Category A Enterprise” by the China Quality Certification Center (CQC), which has been valid to date. This honor signifies that the Company’s digital quality management over the past five years has been certified by the national authority. The acquisition and maintenance of this certification honor that Apoptronics has achieved industry-leading levels in quality management, production processes, and environmental standards.



#### Case 1: Vehicle products guarantee high quality as they have undergone multiple tests before leaving the factory

The Company’s core devices of vehicle light generators are featured in high luminous efficacy, wide color gamut, small size and strong stability. Our vehicle products have gained widespread recognition for their superior quality. They have successfully passed a series of rigorous tests in the automotive industry, including steady-state humidity and heat, temperature life, thermal fatigue combined vibration, mechanical shock, dust, solar radiation, salt spray, VOC, and odor tests. Throughout this process, we adhere strictly to the IATF16949 system and customer requirements.

#### Case 2: Formovie maintains high quality requirements for products

The Company’s subsidiary Formovie maintains high-quality requirements for products, implementing strict compliance management, quality control, and supervision in every aspect covering R&D design, material supply, production manufacturing, sales, logistics distribution and after-sales service, so as to ensure product stability and reliability. Formovie has passed the annual review by SGS and obtained the annual update of ISO9001 quality management system certificate.





# Responsible Marketing

Responsible marketing is one of the key factors for enterprises to achieve long-term development. Through responsible marketing practices, enterprises can establish mutual trust and closer cooperation with customers while creating business value.

Appotronics is committed to eliminating information barriers with customers through diverse ways, and helping customers advance businesses more smoothly and efficiently through responsible marketing. By organizing special communication activities such as new product appraisal events, core partner summits, seminars, and sharing sessions, we provide personalized customer support to deliver detailed professional product information and reliable technical support.

## Case 1: Customized customer event for Appotronics' professional display

In "Appotronics Torch" series of campaigns customized by the Company's professional display team based on the characteristics of the large venue business line, we built a communication bridge through case sharing and invited customers to experience the Company's product effects comprehensively and understand the Company's professional display team to boost their confidence in the Company's brand. Through case demonstrations and guest sharing, we not only inspired and enlightened relevant practitioners but also empowered partners to achieve circle expansion and communication in different fields. Through "Appotronics Friends Meeting" campaigns in the business education line, we, relying on platforms such as the China Educational Technology Association/Modern Educational Technology Magazine, collaborated with other vendors to form the smart classroom solution. Under this solution, we invited experts and teachers to conduct academic discussions in order to influence precise customers through roadshows. Through the event held in Wuhan in March 2023, and subsequent events in Jinan, Xi'an, and Hefei, we have visited 128 colleges and universities.



Customer Appraisal Event



Core Partner Summit

## Case 2: "123" customer principles for Appotronics core household devices division

The Company's core household devices business division follows the "123" customer principles. To explain specifically, "One-stop" entails creating one-stop product and technical service capabilities. "Two prohibitions" involve refraining from direct conflicts with customers, emphasizing respect, and avoiding belittling or neglecting any customers. "Three advocates" promote sales personnel to proactively understand customer needs, encourage product personnel to plan products for customers and provide professional advice, and urge employees to take initiative and fulfill tasks thoroughly without cutting corners or shirking responsibility.

In September 2023, Appotronics attended the Dangbei new product launch event as a strategic partner and delivered a keynote speech. At this event, Appotronics was honored with the "Dangbei 2023 Annual Trusted Cooperation Partner" award, reflecting high recognition from our customers. At the same time, the Company's core household devices business division actively participated in international exhibitions to engage in face-to-face communication with overseas customers.



Dangbei 2023 Annual Trusted Cooperation Partner



Communicating with overseas customers

## Customer Service

Focusing on customer needs and experiences, Appotronics is committed to achieving flawless product quality and complaint-free customer service.

Upholding the service concept of “Service creates value while professionalism shapes the future” and the service tenet of “Attentive to customers for heartfelt services”, the Company has established a perfect after-sales service system, which is embodied by the fact that we passed the “Five-star Service Certification” in GBT27922-2011 Evaluation System for After-sales Service of Commodity in 2019. In 2023, the Company provided services to customers on 30,554 occasions, completed core agent training empowerment for five major product lines, and inspected over 5,000 machines cumulatively. Our rapid service response and high-quality service delivery have garnered widespread praise from our customers.

The Company has established an after-sales service network covering mainstream e-commerce platforms, combining online and offline services, and integrating pre-sales and after-sales services. In terms of after-sales service, the Company aims to improve service timeliness and customer satisfaction through informatization, specialization, and localization.

**30554**  
Person

The Company has provided services to a cumulative total customers

**5000+**  
machines

The Company inspected

★★★★★  
Five-star Service Certification

**Case 1: High efficiency service from CINEAPPO 400 hotline**

In 2023, the Company's subsidiary CINEAPPO provided high-efficiency service to customers through its 400 and online hotlines. The 400 hotline received over 19,000 calls, and the online customer service team served more than 5,500 customers, handling over 30,000 messages and processing more than 20,000 recharge orders. By prioritizing efficient assistance to customers in resolving issues through phone and online customer service, we were able to prevent unnecessary costs associated with large venue technician repairs.

<b>19000+</b>	calls were answered through the 400 hotline	<b>5500+</b>	customers were served by online customer service team
<b>30000+</b>	messages were handled in total	<b>20000+</b>	recharge orders were processed in total

**Case 2: Formovie improves service quality**

The Company's subsidiary Formovie has established a standardized training ledger system. It sets up dedicated trainers for online and offline sales personnel and distributors and establishes an annual training plan with training courses and programs developed quarterly. In addition, it also arranges pre-job training and regular on-the-job refresher training for new employees. Trainees can only take up their positions after passing assessments. Additionally, through timely follow-ups with employees and distributors after training, the sales department continuously improves Formovie's training plan and courses to improve the professional skills and knowledge reserves of sales personnel, thereby ensuring responsible sales of products.

In December 2023, the Chongqing Administration for Market Regulation and Chongqing Consumer Rights Protection Committee announced to society the list of “2023 Chongqing Assured Consumption Demonstration Entity”, in which 472 entities including Formovie (Chongqing) Innovative Technology Co., Ltd. were awarded with the title of “2023 Assured Consumption Demonstration Entity”.

**2023年重庆市放心...**

彭水县	1	彭水县佳惠华盛堂商业管理有限公司	商场
	1	重庆华侨城实业发展有限公司欢乐谷旅游分公司	景区
	2	京东电器超级体验店（重庆店）	商场
两江新区	3	重庆山姆会员商店有限公司两江新区店	商场
	4	峰米（重庆）创新科技有限公司	电子商务平台经营者
	5	龙湖重庆礼嘉天街（重庆龙湖嘉旭地产发展有限公	街区

Formovie was awarded the title of “2023 Assured Consumption Demonstration Entity” by Chongqing City.

## Responsible Supply Chain

Appotronics is committed to building a responsible supply chain that ensures suppliers comply with various regulations on ethics, law, environment, health, and safety to provide high-quality, reliable, and sustainable products. We insist on mutual trust and mutual benefit with suppliers during the cooperation process.

### Supplier Management

The Company attaches great importance to cooperation with suppliers and strategic partners. We actively implement integrity procurement and responsible procurement by concluding Partner Integrity Agreement with suppliers, prioritizing the purchase of environmentally friendly raw materials and actively laying out core areas and links in the indus-

trial chain to regard them as an important part of the Company's production and operation. The Company continuously strengthens the management of suppliers' corporate responsibility and standardizes procurement transactions to boost the sustainable competitiveness of the supply chain. We work together with suppliers for common development to jointly build a responsible value chain.

In 2023, Appotronics embarked on a vigorous pursuit in the automotive sector, where demands and regulations for automotive suppliers became even more stringent than previous operations. By improving management systems, introducing new supplier management systems, and equipping professional personnel for various vehicle product modules, the Company has gained recognition from many domestic and overseas vehicle customers for the Appotronics supply chain management system and has commenced manufacturing and delivering vehicle products. Moving into 2024, Appotronics solidifies its foundations and advances in the automotive domain, steadfastly establishing and enhancing a competitive supply chain.

### Case: Supplier SRM operation training

In 2023, in order to enhance business communication and information transmission with suppliers, and achieve efficient response and standardized processes, the Company organized operational training on SRM management collaboration systems for suppliers in various business scenarios. Through this training, more suppliers were able to join the Company's collaborative system, resulting in reduced communication costs between both parties and clearer and more efficient business processes. There were approximately 200 suppliers participating in this training, and this kind of training will be promoted to more suppliers in the future.



## Green Transformation of the Supply Chain

Appotronics encourages, assists, and supports suppliers in continuously improving their social and environmental responsibilities, including improving energy efficiency, reducing carbon emissions, minimizing waste generation, promoting sustainable procurement, protecting labor rights, etc., to enhance supply chain transparency. The Company collaborates with suppliers to develop, implement, and monitor improvement plans to ensure the actual effectiveness of the improvements.

The Company has established the Supplier Environmental Requirement Control Regulations to promote the improvement of suppliers' environmental performance to safeguard the interests of clients and customers, thereby expanding the Company's environmental policy influence to jointly promote social environmental activities. Moreover, the Company has concluded the Supplier Social Responsibility Commitment and the Warranty for Restricted Use and Control of Environmental Pollutants with suppliers to ensure that suppliers comply with the commitments in these agreements and are held accountable for violations with misconduct corrected. Moreover, the Company has also released the Appotronics Supplier Social Responsibility Code of Conduct with comprehensive reference to systems.

In addition, the Company has established a mechanism for evaluating qualified suppliers, which evaluates supplier performance based on relevant factors, and categorizes suppliers into excellent suppliers, qualified suppliers and

suppliers to be improved. Specifically, the Company has requirements for suppliers regarding environmental risks. Suppliers with low environmental risk levels or a score of less than 65% in the "Environmental Requirements" are considered unqualified even if their total score is equal to or greater than 60.

### Case: Release of the Appotronics Supplier Social Responsibility Code of Conduct

To further promote responsible supply chain development, in 2023, the Company detailed and released the Appotronics Supplier Social Responsibility Code of Conduct, which clearly defined social responsibility requirements for supply chain partners in five major areas: business ethics, labor rights, health and safety, environmental protection, and management systems. The Company disseminated to suppliers our requirements for and high attention to social responsibility through various methods such as official website announcements, emails, and online exchanges.



Official website announcement

## Conflict Minerals

Adhering to responsible mineral sourcing, Appotronics signs a Commitment Letter for Not Using Conflict Minerals with supplier partners to ensure that the procurement of raw materials for all products in its supply chain does not involve minerals originating from conflict-affected areas in accordance with the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organization for Economic Cooperation and Development (OECD).

The Company declares strict compliance with relevant regulations of international organizations and industries, not accepting or using conflict minerals, and requiring all suppliers to trace the sources and supply chain of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), and mica in their products through due diligence investigations. Through this initiative, we can reasonably ensure that their sources comply with the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of OECD or equivalent and recognized due diligence frameworks.



Commitment Letter for Not Using Conflict Minerals

# 6.0



*Fostering People-Oriented  
Growth Together*

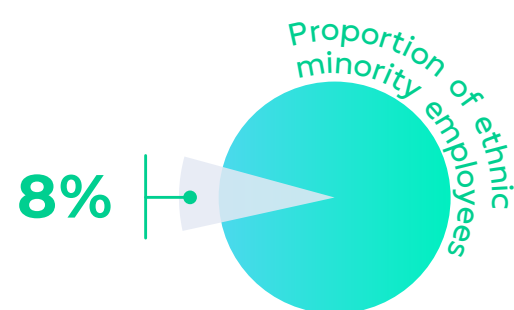
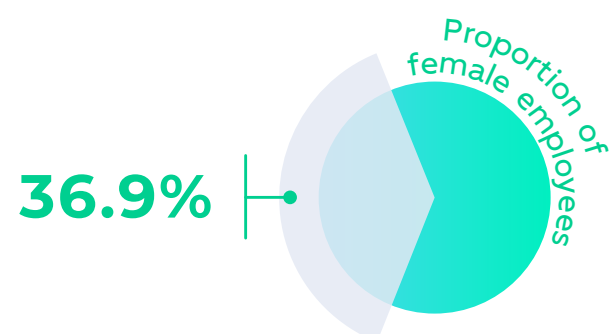


## Employee Rights and Interests

As actively advocating the value concept of “people-oriented”, Appotronics respects and protects the rights and interests of employees, and formulates comprehensive human resources management norms to safeguard the rights and interests of employees. With great importance to employee welfare benefits, we provide employees with competitive salaries and benefits and high-quality training opportunities. We strive to provide a humane working environment for employees to ensure the improvement of their work and life quality, and continuously deepen communication mechanisms for creating an equal, open, and fair working and development environment for employees.

As of December 31, 2023, the Company has owned 1,419 employees, including 524 female employees, accounting for 36.9%; and the proportion of ethnic minority employees has accounted for approximately 8%.

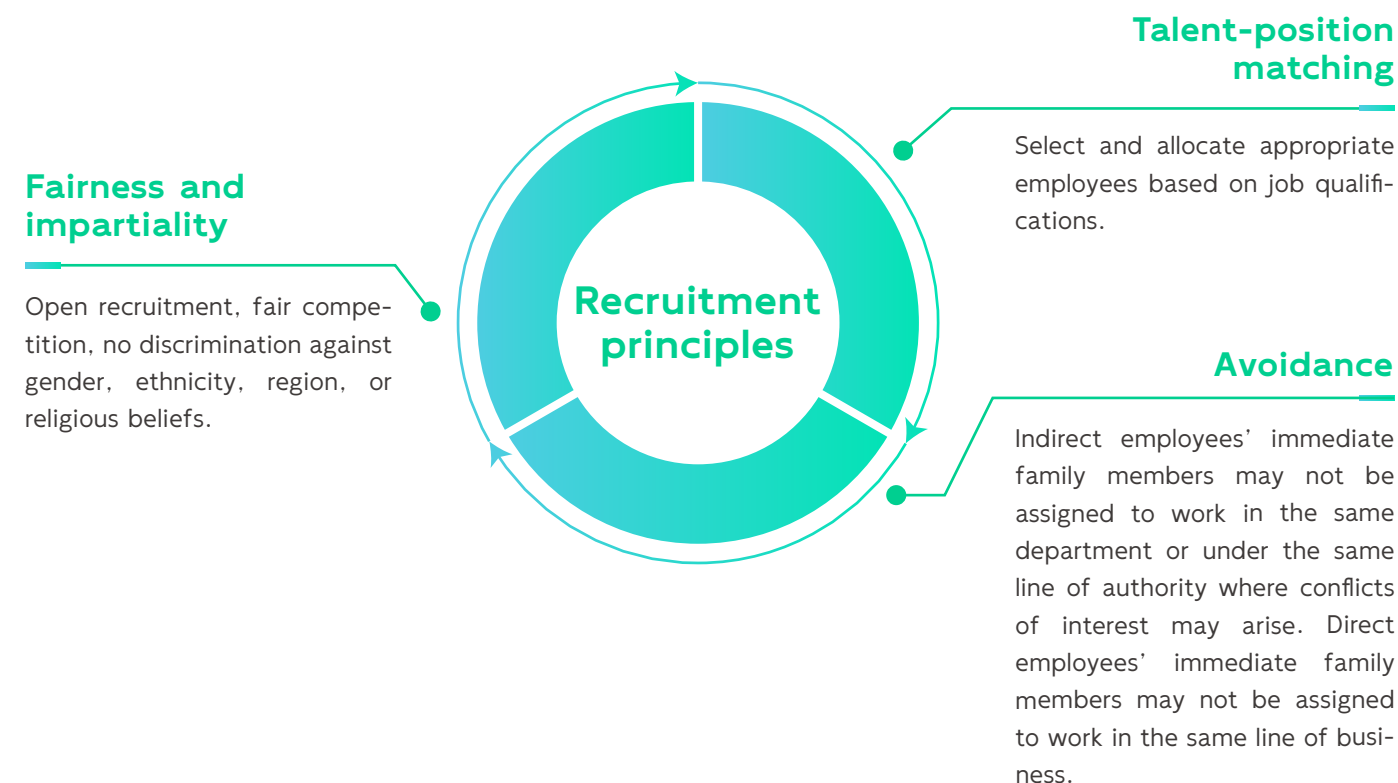
At the same time, Appotronics established the trade union in 2017 to elect worker representatives and establish the Workers’ Congress. Policies and systems related to employee welfare benefits, labor rights, personal safety, and physical and mental health are required to be decided democratically by the Workers’ Congress. The Workers’ Congress of the Company has paid high attention to providing employees with more competitive salaries and benefits, high-quality training opportunities and a humane working environment, in order to improve employees’ work and life quality as much as practicable. In addition, the Workers’ Congress is also an important channel for the Company to communicate with employees and listen to their voices.



## Equal Employment

Appotronics utilizes various diversified recruitment channels to widely recruit talents to build a dynamic team. The Company has integrated the concept of equality and non-discrimination into different HR stages, including employee recruitment, onboarding, promotion and departure, and firmly opposes any form of employment discrimination, which has led to a more scientific and reasonable employment mechanism. The Company provides inclusive and fair development and promotion opportunities for employees of different genders, nationalities, ages, races, ethnicities, religious beliefs, disabilities, sexual orientations, or household conditions. In addition, the Company explicitly prohibits the employment of child labor. During the reporting period, the Company achieved a 100% signing rate of employment contracts.

The Company is subject to the principles of fairness and impartiality, talent-position matching, and avoidance. In terms of fairness and impartiality, the Company adheres to the principles of open recruitment, equal competition, selection of the best candidates, and internal promotion before external recruitment, avoiding discrimination against gender, ethnicity, region, or religious beliefs. In terms of talent-position matching, the Company selects and allocates appropriate employees based on job qualifications. At the same time, the Company adheres to the principle of avoidance, prohibiting direct relatives from working in the same line of business to ensure the fairness and transparency of work processes.



Employee composition in 2023			
Gender Composition	Female employees	524	Person
	Male employees	895	Person
Composition of employment types	Total number of full-time employees	1416	Person
	Total number of part-time employees	3	Person
Age composition	Total number of employees aged below 30 years old	439	Person
	Total number of employees aged 30-50 years old	948	Person
	Number of employees aged above 50 years old	32	Person
Educational background composition	Number of employees holding junior college diplomas and below	604	Person
	Number of employees holding bachelor's degrees	626	Person
	Number of employees holding master's degrees or above	189	Person
Total number of employees		1419	Person

**Case 1: Establishment of school-enterprise talent cooperation base with universities to spread employer image**

Appotronics has established close cooperation with top domestic universities, research institutes, language schools, and local universities and served as a student internship and practice base. It provides teachers and students from the Chinese University of Hong Kong (Shenzhen) and Xi'an University of Science and Technology with opportunities for visits, exchanges, traineeships, and practice. The Company has further strengthened its ties with universities to actively promote the Company's employer brand image, in order to provide continuous talent support for the Company's technological innovation, market development, and manufacturing capacity enhancement. This has been widely recognized by universities in addressing the employment of university students and enhancing students' industry practice capabilities.

**Talent cooperation bases jointly established by the Company and universities include:**

- >> Student internship base of Harbin Institute of Technology, Shenzhen: established
- >> Off-campus internship base of Shenzhen University: established
- >> Internship base of Harbin Normal University: established
- >> Employment practice base of Tsinghua University: in progress
- >> Student internship base of Southern University of Science and Technology: in progress
- >> Off-campus internship and training base of Shenzhen Technology University: in progress



Launch of the student learning bases jointly built by Appotronics and universities

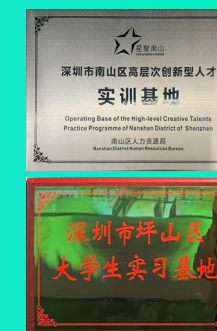
**Case 2: Talent practice bases jointly built with Shenzhen district governments**

**Nanshan District High-level Innovative Talent Training Base:**

Appotronics has been recognized as the training base for high-level innovative talents in Nanshan District. Since its outstanding performance in talent cultivation and technological innovation has been recognized by the government, it has received strong promotion and resource support from the government in talent recruitment and school-enterprise cooperation.

**University Student Internship Base in Pingshan District, Shenzhen:**

Through cooperation with the Pingshan District government, Appotronics provides internship opportunities for university students, helping them integrate theoretical knowledge with practical work experience to lay a solid foundation for their future careers.



Launch of the student practice base with various district governments in Shenzhen

**Case 3: Serving as a postdoctoral workstation to integrate research and practice**

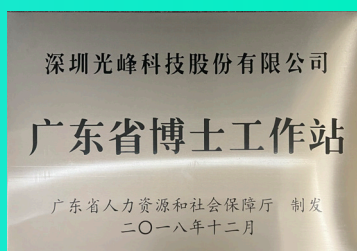
**Guangdong Province Postdoctoral Workstation of Appotronics:**

Appotronics, as a postdoctoral workstation in Guangdong Province, provides a platform for doctoral students to conduct research and practice, thus promoting the cultivation of high-level talents and technology innovation.

**Appotronics Substation of Shenzhen Enterprise Postdoctoral Workstation:**

To provide researchers with an excellent research environment and practical opportunities and further enhance the Company's strength in scientific research and technological development, Appotronics has established this postdoctoral workstation.

Since its establishment, Appotronics has continuously recruited 11 postdoctoral fellows, with 1 new postdoctoral fellow in 2023, and has established a joint training mechanism with postdoctoral stations of Shenzhen University, Hunan University and other universities, which has continuously delivered talents for the Company's cutting-edge scientific research projects.



**Safeguarding Employee Benefits**

Appotronics actively improves its compensation and benefits system, establishing a compensation system that is "internally fair and externally competitive". Under the distribution principle that "distribution according to work is dominant, giving priority to efficiency with due consideration to fairness and sustainable development", we provide employees with reasonable and competitive compensation.

The Company has established a performance-oriented incentive system. Through the effective implementation of the performance management system, employee performance evaluations are conducted twice a year to assist employees in setting performance goals. Through performance reviews and coaching, employees are helped to continuously improve their work capabilities and performance. We also implement a performance-oriented bonus distribution system to incentivize teams and individuals with excellent performance. For core employees who demonstrate outstanding performance and potential for development, the Company also provides stock incentive plans as rewards. In addition, the Company has established an honor recognition incentive to commend outstanding teams and individuals who have made significant contributions.



2023 Chairman's Special Award

In addition to the payment of the statutory "five social insurances and one housing fund" for employees, the Company also purchases commercial insurance including accident insurance, disease death insurance, and critical illness insurance for all employees to further safeguard their benefits. Furthermore, the Company has issued the Regulations on Care for Employees and Benefits Management and the Employee Handbook, stipulating various paid leave systems, employee welfare programs, and other measures to establish a comprehensive welfare protection mechanism. We emphasize balancing employees' work and life to enhance their work enthusiasm.



### 福利来袭 全员商业保险 -2023-2024年度-

#### 通知

各位小伙伴：  
为保障我司员工遭受意外伤害、罹患重大疾病及不幸疾病身故时，能获得公司雪中送炭的帮扶救济，公司为全体员工续保了2023-2024年度商业保险，已于2023年6月26日零时生效，详细信息如下：

#### 【疾病类】

保险对象	保险范围	保险责任	保障额度
全体员工	疾病身故 (含猝死)	因遭受疾病导致身故，保险人按疾病身故保险金给付疾病身故保险金。	10万
	重大疾病 (30天等待期)	经医院确诊初次罹患本合同约定的100种重大疾病 (不论一种或多种)，按约定的重大疾病保险金给付。	10万
	轻度疾病 (30天等待期)	经医院确诊初次罹患本合同约定的50种轻度疾病 (不论一种或多种)，按约定的轻度疾病保险金给付。	3万

注：该公司已配置重疾险及火灾意外保险 (保障范围：全球)，全员出险乘坐火车或飞机，无须经行购买航空及火车意外险。

#### 常见问题答疑

**Q1: 意外受伤我可以在哪些医院就医?**  
A1: 可以在当地社会基本医疗保险部门定点的二级 (含二级) 以上的公立医院。

**Q2: 发生意外就医后什么时候提交理赔?**  
A2: 建议就医后立即提交理赔申请。如需要延迟提交理赔申请，一定要保留好就诊病历本、发票原件、费用明细清单、检查报告等就诊的所有资料。

**Q3: 发生重大疾病时，医保、深圳市重疾补充保险、平安重大疾病险分别有什么作用?**  
A3: 发生重大疾病时，医保可以按一定比例报销医保范围内住院医疗费用；深圳市重疾补充保险可以补充报销医保不报销但属于医保范围内的部分住院医疗费用；平安重大疾病险属于确诊重疾后即可一次性赔付被保险人10万元，缓解被保险人自费治疗费用负担及家庭突发变故带来的经济负担。

**Q4: 重大疾病和轻症疾病是确诊即赔吗?**  
A4: 是的，符合合同约定的100种重大疾病及50种轻症疾病，确诊即可申请赔付。

Purchasing commercial insurance for employees

## Equal Communication and Exchange

Focusing on listening to the needs and ideas of employees, Apotronics continuously improves channels and mechanisms for communication and exchange. At the company level, we establish various formal and informal communication methods, including annual all-staff communication meetings, communication meetings for new graduates, performance coaching and evaluation communication, etc., to encourage employees to provide any suggestions and opinions regarding the Company's operations and business.

Among them, the Company's annual meeting, as an important annual event for all employees to participate in communication, gives employees the opportunity to communicate face-to-face, share each other's experiences and ideas, and enhance mutual understanding and trust. At the same time, the Company can also take this opportunity

to convey the Company's strategic planning and future development direction to employees, enhancing employees' sense of belonging and mission.

Moreover, through regular performance coaching and communication with each employee at least once per quarter, employees can better align with their positions, department, and company goals, continuously improving and enhancing themselves.



The Company's Annual Meeting in 2023





Fresh graduate communication

## Employee Development

Appotronics provides abundant learning resources and a sound training system to help employees continuously learn and grow. Through diverse empowerment tools, employees can be motivated to learn continuously, improve work efficiency, and realize their self-worth.

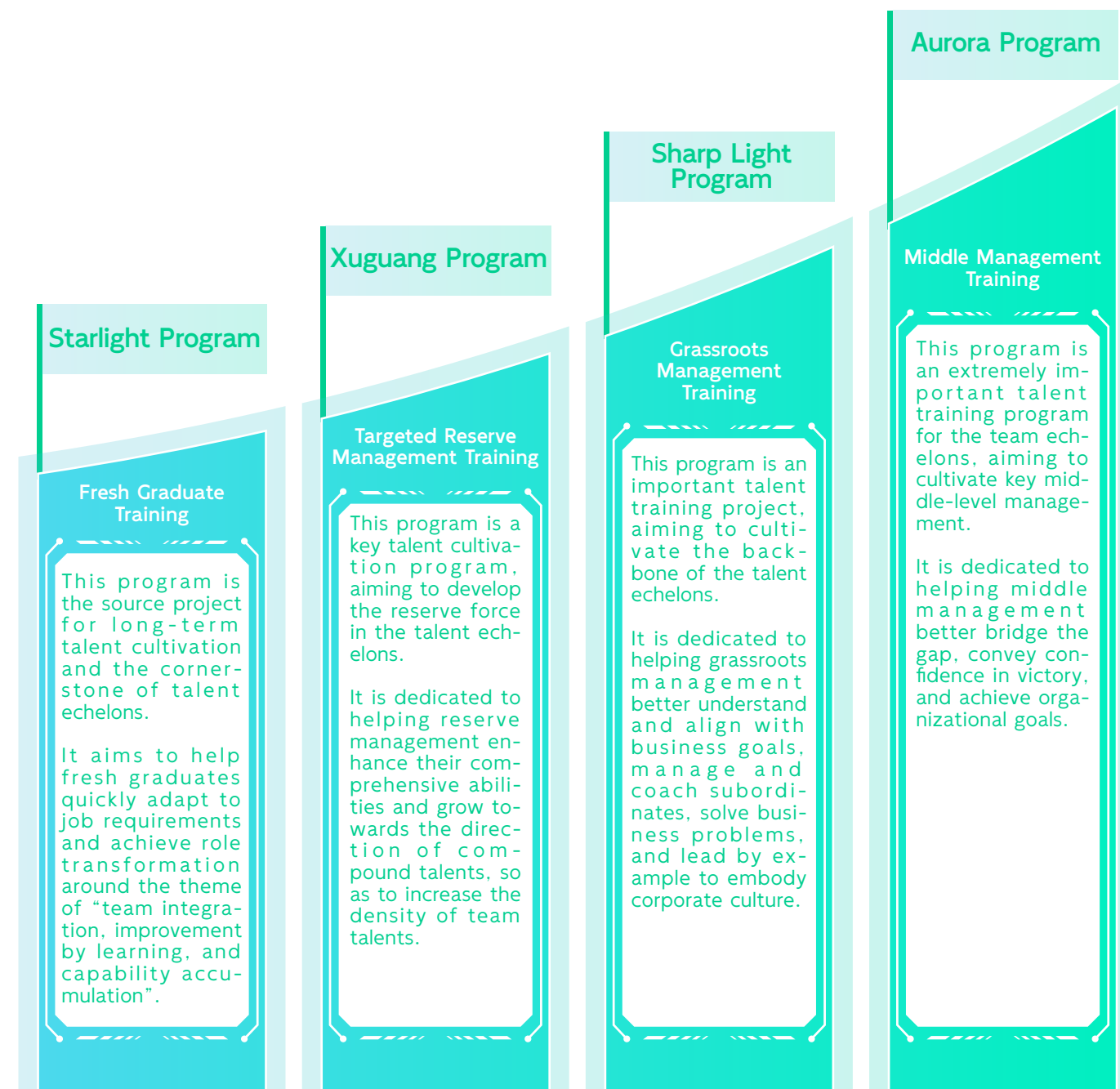
### Growth Pathway

With focuses on employees' personal growth and career development, Appotronics opens up promotion channels for employees and establishes a dual-channel career development sequence, including management development channels and professional development channels, to provide effective career development guidance and support for employees to help them understand their development direction and goals. At the same time, the Company's position and grade system specifies qualification standards for each level from low to high, including tenure, performance, skills, and other dimensions, helping employees achieve self-development to grow with the Company. The Company has been working hard to ensure that every employee can realize their personal value and continuously expand their career path.

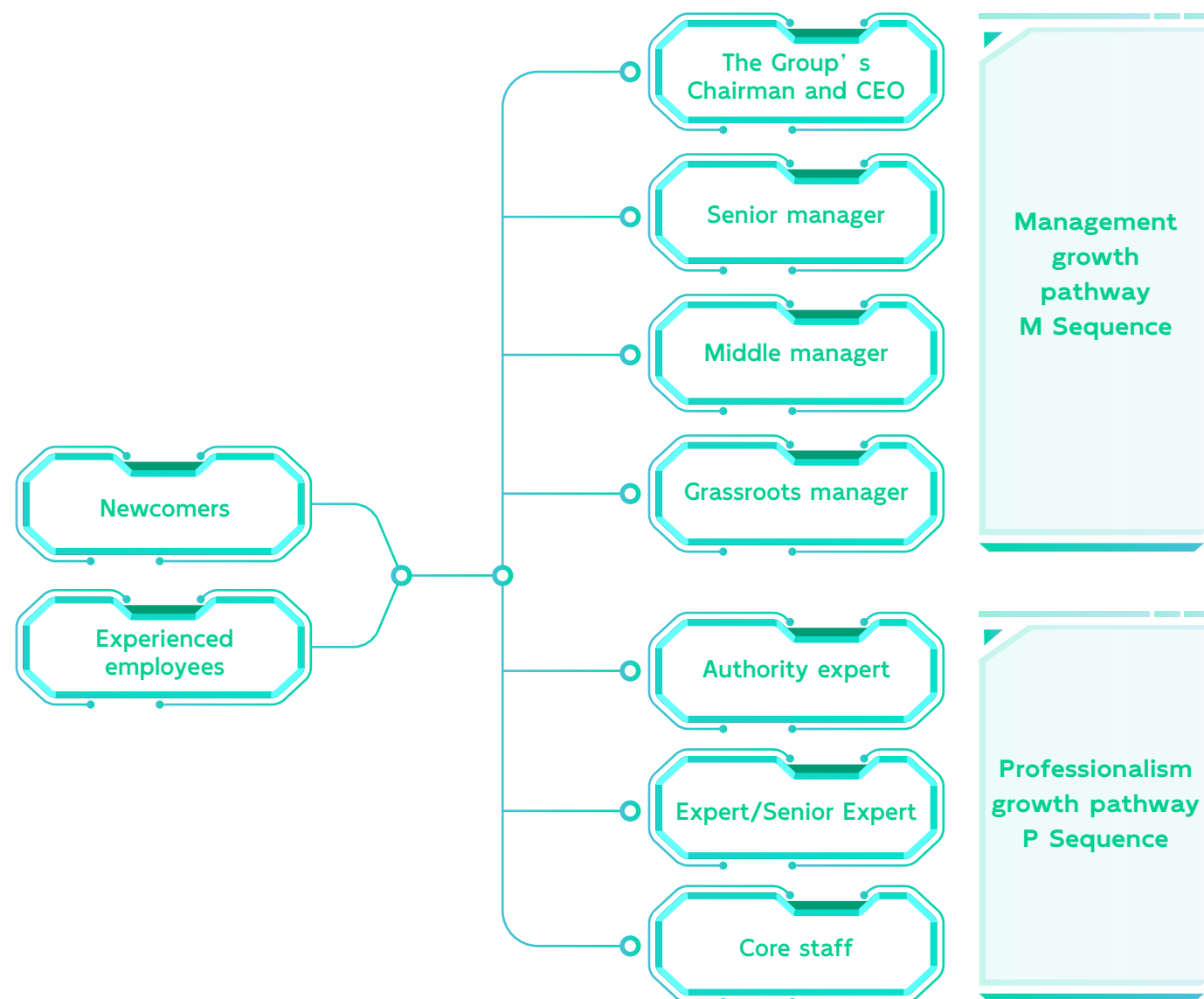
The Company has built a series of talent training systems for Aurora, Sharp Light, Xuguang and Starlight, and created all-around training plans for fresh graduates, reserve cadres, grassroots managers and middle managers. By the end of 2023, we have offered the Starlight program in seven phases, the Xuguang program in two phases, the Sharp Light

program in three phases (including the R&D management special training camp), and the Aurora program in one phase, not only achieving good results in talent development and talent pipeline construction, but also providing guidance for talent development in the management channel.

### Talent training systems for Aurora, Sharp Light, Xuguang and Starlight



### Employee Dual-pathway Growth Sequence



### Employee Training

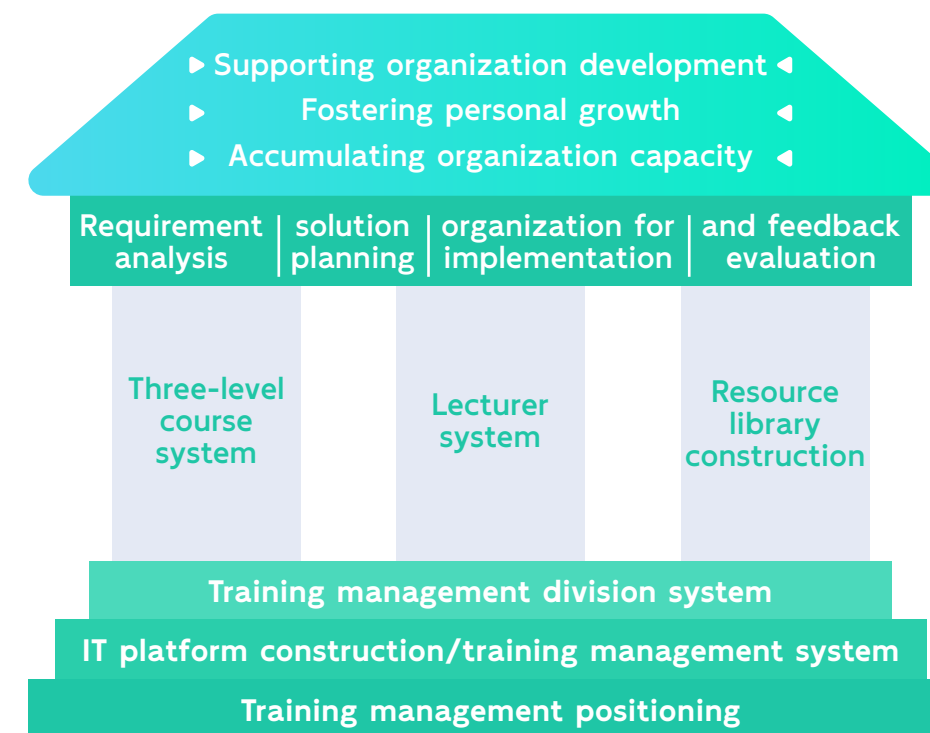
Appotronics builds a distinctive training system architecture aimed at supporting organizational development, individual advancement, and enhancing organizational capabilities. It revolves around the core purpose of “promoting organizational performance improvement and achieving business results “to design training programs and develop learning content with a problem-solving approach. Through the design and implementation of a three-level training system (company level, department level, position level), we promote the construction of a learning organization and create a positive training-sharing atmosphere, to establish a training and development system for employees’ growth and continuous improvement of capabilities. The quality and effectiveness of the learning products designed and output

by the 4 major links of the training operation system that continue to operate in a closed loop have been unanimously recognized by the trainees and the Company, with all training feedback scoring over 9.2 points (out of 10 points).

<b>Course system</b>	We continuously develop and optimize course systems including core courses on middle-level leadership, essential courses on grassroots management, and professional skills training courses. In addition, we also constantly develop and improve course systems such as the Xuguang course system, Starlight course system, general competency course system of Meta Ability Classroom, and position-specific course systems based on job learning paths.
<b>Lecturer system</b>	In 2023, the Company employed 243 teaching lecturers, with a well-operating three-level course system at the company/center/department levels; over the past three years, more than 80 certified lecturers have become certified lecturers of the Company. The Company’s internal/external teaching resources library is under continuous maintenance and update. The management system is continuously upgrading, with the well-coordinated division of labor among training, HRBP, and department learning committees. The training system, as basically complete, can meet the current learning and development needs.

According to statistics, the total training duration for employees in 2023 was approximately 10,600 hours, with an average training duration of about 14.4 hours per person (for employees of the parent company only). In addition, to help new employees integrate into the Company more quickly to adapt to the organization’s development and form a sense of belonging to the Company to quickly adapt to their job positions, the Company organizes monthly new employee training camps, which cover over 300 people cumulatively in a year.

### The Company’s training system architecture



**Case 1: Appotronics' 2023 starlight program (the seventh phase) talent development plan**

The Starlight talent training system is Appotronics' source project of long-term talent cultivation and the cornerstone of the talent echelon. The project, which is planned around six core goals: cultural identity, team integration, self-management, professional training, mastery of professional knowledge and skills, and industry vision, aims to cultivate key talents that fit the Appotronics culture and meet the strategic development needs of Appotronics.

**Phase One: Role Transformation**

Training goal: From fresh graduates to professionals (2 weeks of intensive training)

(Building emotional bonds, cultivating professional qualities of fresh graduates, promoting cultural integration, and establishing trust.)

**Phase Two: Consolidating the Foundation**

Goal: From Professionals to Core Employees (1-2 years)

(Dedicated to cultivating fresh graduates into core employees with a solid professional foundation through on-the-job training and project practice. Key training actions include: mentors providing on-the-job guidance, developing training plans for trainees and communicating with trainees regularly to receive feedback for adjustments; departments organizing specialized training based on job positions and tasks, such as software + structure + optical specialized training; the training and talent development team organize book clubs and sharing sessions to enhance trainees' professional awareness and overall competence.)



Group photo of new employee training for Appotronics' Seventh Phase Starlight Program in 2023

**Case 2: CINEAPPO grows together with employees**

The Company's subsidiary CINEAPPO has built a culture of "continuous learning" to enhance Employees' knowledge and skills. During the reporting period, we have conducted fourteen internal and external training sessions, in which over 520 people have participated with a total training duration of 655 hours, and 10 internal lecturers have delivered courses, embodying the corporate culture of "continuous learning for growing together". For example, through sessions like "Laser Light Source Leasing Business Knowledge Sharing" and "Introduction to Sales Business", CINEAPPO helps employees understand and learn about its operations. Through sessions like "Fine Parts Management to Ensure Repair Efficiency", CINEAPPO introduces participants to its parts management and repair efficiency. The training videos are uploaded to the CINEAPPO Cloud Classroom to facilitate employees to review and revisit the materials at any time as well as store learning materials. Meanwhile, CINEAPPO conducts examinations every quarter to reinforce trainees' learning of key knowledge.



Photo of the on-site training for employees by CINEAPPO



# Care for Employees

Appotronics strives to enhance employees' sense of belonging, stimulate their enthusiasm for work, and unleash their creativity. In order to strengthen mutual communication and learning among employees during their leisure time and enhance mutual understanding and trust, the Company organized team-building activities such as the "Dragon Boat Festival Food Competition", "Singles Club Movie Watching Activity", "Hong Kong MacLehose Trail Hiking Activity", "Mid-Autumn Festival Garden Party" in 2023; at the same time, the Company's trade union established and operated various associations and clubs such as yoga, dance, badminton, and reading, through which employees could relax during their leisure time and improve teamwork and work efficiency. The Company cares for employees in difficulty and has formulated the Trade Union Love Assistance Fund Management Measures. If an employee is hospitalized due to illness, or encounters sudden accidents, natural disasters, or man-made disasters that cause difficulties for the employee's family, the Company's trade union will provide the employee with a contingency fund ranging from RMB 2000 to 5000 at its discretion. Since the implementation of this initiative, the Company has helped nearly 10 employees and families.



Employee birthday party



Food festival held on Dragon Boat Festival



Mother's Day Event



Mid-Autumn Garden Party



Reading Club - Book Sharing Session



Outdoor Club - Hong Kong MacLehose Trail Hiking

Case: CINEAPPO's care for employees

In April 2023, the Beijing International Film Festival was grandly held in Huairou District, Beijing. The Company's subsidiary, CINEAPPO, actively participated in the 13th Beijing International Film Festival Filmmakers Fun Run. Through involvement in this event, CINEAPPO employees not only improved their physical fitness and boosted their spirits but also demonstrated a healthy and positive attitude. Their participation resulted in notable achievements. CINEAPPO employees enhanced team cohesion, fostered mutual affection and strengthened fitness awareness by participating in the fun run. Moreover, they displayed the Company's vibrant and positive spirit. CINEAPPO received a thank-you letter from the organizing committee in recognition of their contributions.



CINEAPPO participated in the 13th Beijing International Film Festival Filmmakers Fun Run

In August 2023, the new product VLED cinema was installed in Beijing. CINEAPPO organized all colleagues and their families to experience the new product at VLED cinema, successfully hosting the Employee Family Day event.



Family Open Day of CINEAPPO

# Occupational Health and Safety

Appotronics Technology always prioritizes safety production. We take the construction of a safety-oriented scientific and technological enterprise as the main line, actively shouldering the main responsibility of the enterprise and continuously innovating and implementing safety management measures. We also fulfill the statutory responsibilities of safety production, strengthen safety production supervision and inspection, and conduct in-depth investigations to eliminate safety hazards and ensure safe operation, so as to solidify the safety defense line to provide a solid guarantee for the company's stable growth and development.

Indicators		Unit	2023
Safety production accidents	Particularly serious accidents	Incident	0
	Major accident	Incident	0
	Significant accident	Incident	0
	Ordinary accident	Incident	1
Workplace safety	Safety hazard elimination rate	%	100%
	Number of safety emergency drills	Time	2
	Number of participants in safety emergency drills	Person	1050
Enhanced safety protection	Number of special occupational disease examinations	Person	46
	Number of deaths from occupational diseases	Person	0
	Number of deaths due to work-related reasons	Person	0
Construction	Employee safety training hours	Hour	1200
	Number of participants in safety training	Person	150

## Safety Production

Appotronics continuously enhances its safety management mechanisms and promotes the construction of a comprehensive safety production system. The Company has established the Safety Management Committee, with the Safety Management Office subordinated thereto. The R&D center and supply chain center are responsible for the specific implementation of safety initiatives, and they have signed the 2023 safety responsibility letter, achieving a 100% signing rate to reinforce the Company's safety efforts. The Company has implemented a dual prevention mechanism and established various regulations, including the Safety Production Responsibility Regulations, the Fire Safety Management Regulations, the Hazard Source Management Regulations, the Accident Investigation Report, the Female Employee Safety Protection Control Regulations, and the Labor Protection Articles Management Regulations. Furthermore, both the Company and its subsidiaries have achieved ISO45001 Occupational Health and Safety Management System Certification.



At the same time, to prevent safety risks and enhance emergency response capabilities, the Company comprehensively investigates safety hazards and conducts regular safety inspections to eliminate accident hazards. In addition, we also conduct post-accident investigations and analyze response and prevention measures. Furthermore, we have developed emergency preliminary plans and simulated accident processes to test the feasibility of these plans, and have conducted emergency drills to evaluate the reliability of our emergency response capabilities. In 2023, the Company organized various internal safety inspections, through which we identified a total of 275 safety accident hazards and completed the rectification of 275 accident hazards, achieving a 100% rectification rate of safety accident hazards.

## Occupational Health

Attaching great importance to the physical and mental health of employees, Appotronics has established a comprehensive employee health prevention system and formulated regulations such as the Regulations on Occupational Health Management and the Regulations on Identification and Control of Occupational Diseases to ensure the occupational health of employees. The Company organizes employees to participate in annual occupational health examinations regularly establishes employee health records, and has passed the international Environment, Health, and Safety (EHS) Certification and the ISO45001 Certification.

In 2023, the Company experienced no suspected cases of occupational diseases or acute occupational disease incidents throughout the year. There are no significant occupational disease hazards in the existing office environment, and the overall risk of occupational diseases is effectively controlled.



Organizing employees to take occupational health examinations

Employees' occupational health check form

### Safety and Health Culture

The construction of a safety culture helps to enhance employees' safety awareness and safety literacy. Appotronics popularizes safety knowledge and safe operating procedures to all employees through various forms of measures, such as safety training seminars, regular safety drills, and safety culture promotion month activities, in order to improve employees' safety awareness and emergency response capabilities.

The Company's safety culture training covers all departments and positions. We develop tailored safety culture training plans according to different job contents and risk characteristics, such as the training of "Cardiopulmonary Resuscitation (CPR)", to ensure that employees fully grasp various safety operating procedures and maintain high vigilance and sense of responsibility at all times. In 2023, the Company conducted 12 monthly evaluations. Safety interface personnel in each department were able to organize evaluation data in accordance with the Appotronics Security Management Quantitative Evaluation Measures and implement them accordingly.



Emergency training

Warehouse safety lithium battery training

**2023年12月份安全量化考评成绩汇总表 (福永厂区)**

序号	类别	考评单元	部门负责人	部门对接人	合格分数线	得分	是否达到合格分数线	是否达到评优资格线	排名	备注
1					70	92	是	是	1	
2					70	89	是	是	2	
3					70	88	是	是	3	
4					70	87	是	否	4	
5					70	81	是	否	5	
6					70	78	是	否	6	
7					70	72	是	否	7	

注：  
 1、考评成绩未达到合格分数线（70分）的考评单元取消当月补贴；  
 2、考评成绩达到合格分数线（70分）未达到评优资格线（一类：85分、二类90分）的考评单元当月补贴减半；  
 3、考评成绩达到评优资格分数线的考评单元方可参加评优，否则不能参与评优。  
 4、每月评选两名达到评优资格分数线的优秀安全员；  
 5、月度考评成绩排名规则，按得分高低排名，达到评优资格线的单位排在未达到评优资格线的前面；当得分相同时，1类排名靠前；

Monthly safety quantitative evaluation form



Hazardous chemical safety training



Safety production management knowledge training

The Company's Fuyong factory carries out a series of work safety month activities every year to promote a safe production culture. In the national "Work Safety Month" in June 2023, the Company launched a safety production training activity with the theme of "Being the First Responsible Person in accordance with the Safety Production Law", which was closely related to the theme of Work Safety Month. The Company's Fuyong factory actively identifies potential hazards in the production operation process. It has formulated different emergency preliminary plans and conducted emergency drills, such as fire emergency drills, chemical leakage emergency drills, safety evacuation emergency drills, etc., to enhance employees' ability to deal with emergencies and popularize relevant safety knowledge during the emergency drills.



Chemical leakage emergency drill



Fire emergency drill



Emergency evacuation drill for safety



# 7.0

## *Eco-Friendly Practices for Green Development*



# Green Management

## Greenhouse Gas (GHG) Management

Appotronics, based on the environmental concept of sustainable development and the obligation to fulfill corporate responsibility, will actively commit to greenhouse gas emissions inspection and control to mitigate global warming effects. Through green management within the Company, we have conserved energy and resources, contributing to the sustainable development of the global ecological environment.

To review the internal greenhouse gas emission data, the Company has engaged a professional organization to independently verify the Company's greenhouse gas inventory inspection report in accordance with ISO14064-1:2018 and ISO14064-3:2019 standards. As this is the Company's first greenhouse gas inspection, only Scope 1 and Scope 2 emissions are quantified. We concentrated on the emission sources and amounts within the organizational boundary of the Company's Fuyong factory to inspect and report the greenhouse gas emissions.

Category	Unit of measurement	2023	Proportion
Scope 1 GHG emissions (carbon dioxide equivalent)	Tons	264.43	8.25%
Scope 2 GHG emissions (carbon dioxide equivalent)	Tons	2939.37	91.75%
Total GHG emissions (carbon dioxide equivalent)	Tons	3203.81	100%

In the future, the Company will regularly review its carbon dioxide emissions and will continue to reduce its energy consumption and carbon dioxide emissions through green technology innovation, process optimization, enhanced energy management, pollution emission reduction, and other measures.

## Energy Management

Appotronics strictly complies with national and local environmental protection laws and regulations, closely monitoring changes in laws and regulations to make adjustments in a timely manner. Adhering to the principle of green production, the Company continuously optimizes production processes and adopts advanced energy-saving technologies to ensure minimal environmental impact during the production process. Through these initiatives, we could promote sustainable development and environmental protection, contributing to a better future for human society. In 2023, the Company received no environmental complaints from environmental departments, relevant organizations, or companies, and no individual or organizational complaints, and experienced no environmental pollution incidents.

### Energy consumption in the Company's office area



In 2023, the average annual water and electricity consumption per product at the Company's Fuyong factory increased compared to the consumption in 2022, mainly due to increased investment in the vehicle project and the DQA laboratory resulting from changes in the product portfolio. In the future, as the business enters a stable period, the product portfolio is expected to be optimized through improvements in production processes.

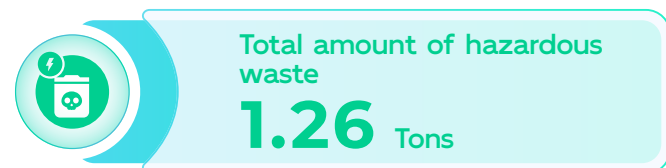
Furthermore, it is worth mentioning that in order to achieve highly efficient energy management, the Company continues to promote the construction and improvement of the energy management system and successfully passed the ISO50001 certification in 2023. Adhering to the concept of energy conservation and emission reduction to improve energy efficiency, the Company incorporates energy management into daily production and management to systematically achieve energy conservation and consumption reduction goals as scheduled.





### Three Wastes Management

Currently, the Company's production and operation activities have brought minor environmental impact, and the generated wastewater produces minimal waste gas and noise after legal treatment. Additionally, the Company commissions qualified third-party environmental testing agencies to conduct annual testing on the Company's wastewater/emissions/noise to ensure that the Company's production wastewater has not polluted the external environment. In April 2023, the Company commissioned a third-party environmental testing agency to conduct tests on the wastewater, exhaust gas, and noise generated during the Company's production process. The reports, with numbers R22321357 and R23111240-A, proved that the wastewater, exhaust gas, and noise all met the requirements of national and regional laws and regulations.



### Wastewater treatment

The domestic wastewater generated at the Company's office is treated by the office building and industrial park property management entity and will be discharged into the municipal sewage network after pre-treatment if the treated wastewater meets the standards. During the reporting period, the third-party testing agency conducted tests on the wastewater generated by the Company's production activities in accordance with the Limit Values of Guangdong Provincial Local Discharge Standard for Water Pollutants and concluded that the test results all met the discharge standards.

### Waste gas treatment

The Company produces a small amount of waste gases during its production and operation process, mainly including tin-containing waste gas and non-methane total hydrocarbons. These gases are treated through UV photolysis, activated carbon adsorption devices, air purification equipment, etc. until their emission concentration has satisfied the environmental standards of the location where the production and operation entity is located, as specified in Limit Values of Emission Standard for Air Pollutants (DB44/27-2001 Level 2 Standard). The Company also commissions a third-party testing agency to conduct tests to ensure compliance with the standards before emission.

### Solid Waste Treatment

The Company's waste is mainly divided into three categories: recyclable, non-recyclable, and hazardous waste, which are collected separately and delivered to recycling companies for compliance treatment. The Company verifies the business qualifications of the recycling companies annually and signs relevant recycling contracts with them. Additionally, the Company pays monthly management fees to the property management entity to ensure that the waste generated by the Company will not have any negative impact on the environment.



Classification and orderly management of waste in the factory area

<p>Noise</p>	<p>The noise generated during the Company's production and operation process is minimal. In March 2023, a third-party testing agency conducted tests on our production site according to the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) and concluded that all testing results met the emission standards.</p>
<p>Other treatments</p>	<p>The Company has formulated the Chemical Hazard Control Procedure in accordance with relevant regulations to guide employees in managing chemicals and designated dedicated areas to store chemicals. According to the on-site confirmation results, the management, transfer, and recycling of chemicals all satisfy the requirements.</p> <p>The Company has developed the Emergency Schedule and the Emergency Preparedness and Response Control Procedure for emergencies involving chemicals, fires, and other incidents and arranged for safety officers to conduct daily safety inspections to combine with departmental checks. The Company also provides fire safety training and awareness to employees, and are prepared for fire and other accidents. On-site inspection results show that the management meets the requirements.</p> <p>The Company has established the Resource Consumption Control Procedure and related environmental goals to guide and supervise employees in controlling resource consumption. The administrative department conducts monthly statistics on the Company's water, electricity, and office paper consumption in order to remind employees to conserve water and electricity and eliminate waste.</p>

## Green Technology

Laser is currently the brightest and most color-pure artificial light source in the world. Laser technology offers significant environmental advantages compared to traditional display technologies. These benefits include superior eye protection, color performance, screen size capabilities, and energy efficiency. Appotronics leverages these advantages by rigorously integrating environmental considerations, energy savings, and low-carbon principles throughout its research and development (R&D) processes. This commitment leads to continuous improvements in product energy efficiency and reduced energy consumption.



Appotronics' ALPD® laser light source cinema projection solution exemplifies the Company's environmental leadership. With over 29,500 sets installed domestically, these systems, with a total running time of approximately 316 million hours, have collectively saved an estimated 568 million kWh of electricity and reduced carbon dioxide emissions by over 249 million cubic meters.



● Calculation method specification: According to statistics, compared with xenon lamps, the laser light source can save 1.8 kWh of electricity per hour on average. Since 1 kWh of electricity generates approximately 0.86 kg of carbon dioxide and the volume of 1 ton of carbon dioxide is 509 m<sup>3</sup>, the volume of carbon dioxide generated by 1 kWh of electricity is 0.44 m<sup>3</sup>. Therefore, saving 568 million kWh of electricity can reduce carbon dioxide emissions by over 249 million cubic meters.

**Case : Laser upgrade project in Hebei Province**

A cinema in Hebei Province planned to upgrade its display devices. To verify the performance of the ALPD® laser light source, it selected two nearly identical screening rooms for comparison. One was upgraded to a laser light source while the other remained with a xenon light source. The electricity consumption and brightness stability of the two screening rooms were monitored during their two and a half months of operation, with monitoring data as follows:

Screening room	Hall A	Hall B
Screen size (m)	7.2*4.1	7.2*4.1
Projection distance (m)	15	15
Number of seats	99	98
Device information	ALPD® laser light source	Xenon light source
Electricity consumption (two and a half months of operation)	403 degrees	1076 degrees
Operating hours	365 hours	369 hours
Average electricity consumption per hour (kWh)	1.1 degrees	2.91 degrees

According to the recorded data, after two and a half months of operation with almost the same daily screening schedule, the total electricity consumed at the xenon lamp hall is 1076 kWh, while that at the laser hall is 403 kWh. The laser hall consumes an average of 1.1 kWh of electricity per hour while the xenon lamp hall consumes an average of 2.91 kWh of electricity per hour. It is calculated that, on average, the laser hall saved 1.81 kWh of electricity per hour compared to the xenon lamp hall.

In daily operations, the Company also emphasizes cultivating employees' awareness of environmental protection, encouraging them to use eco-friendly products and services in work and life. At the same time, the Company has implemented various green office measures, such as implementing waste sorting in public areas, posting energy-saving signs, continuing to promote water conservation, electricity-saving, paper saving, video conferencing, and electronic office, reducing the generation of office waste, and recycling wastes, to achieve green office practices.

**Case 1: CINEAPPO advocates energy conservation and environmental protection**

The company's subsidiary CINEAPPO has always adhered to the concept of energy conservation and environmental protection. From the perspective of green office, it advocates the reuse of office waste paper to avoid waste and electricity saving by requiring CINEAPPO employees to keep the lights, projectors, and air conditioning off when leaving the office or meeting room to maximize electricity savings. In recent years, CINEAPPO has implemented paperless office practices, with promotional materials transitioning from paper versions to mostly electronic versions, demonstrating its commitment to environmental protection through practical actions.

**Case 2: Formovie uses eco-friendly packaging materials**

The Company's subsidiary Formovie actively advocates the concept of resource regeneration and recycling. It adopts a series of sustainable measures to reduce environmental impact and achieve efficient use of resources. In December 2023, Formovie's self-owned brand Xiaoming launched the new model high-brightness projector Xiaoming VI, with the packaging changed from traditional paper color box to environmentally friendly polypropylene (EPP) material. This EPP material, being non-toxic, recyclable, energy-saving, lightweight, and durable, plays a positive role in promoting sustainable development and reducing environmental burden.



Xiaoming projector packaging adopts environmentally friendly polypropylene (EPP) material



**Green Operation**

Appotronics conveys and communicates information through comprehensive information system construction, online process approval, and digital tools such as electronic receipts invoices, and emails, to reduce the use of office supplies such as paper, ink, and printers. Through these measures, we could decrease carbon dioxide emissions and environmental pollution by reducing the consumption of natural resources and the generation of waste, so as to achieve sustainable development and environmental protection.



**Climate Information Disclosure**

**Risk and Opportunity Analysis**

Appotronics attaches great importance to the impact of climate change on the Company's operations. Referring to the initiative framework of the Task Force on Climate-related Financial Disclosures (TCFD), we identify climate change risks and opportunities, actively responding to potential impacts on business operations and taking effective measures to address them.

## Governance

Led by the Chairman as the primary person in charge, the Strategic and ESG Committee conducts research on the Company's climate risks and opportunities and provides recommendations to guide relevant work. The Sustainable Development Department, under its guidance, conducts detailed identification, assessment, and management of climate-related risks and opportunities, actively responding to them and promoting the implementation of relevant measures. The overall work is supervised by the Board of Directors and the management Ultimately.

## Identification and Response to Climate Risks

Climate change risks		Response measures
Physical risks	Acute risks (such as typhoons, heavy rain, and other extreme weather events)	<p>As the Company's principal operating locations are placed in coastal areas, sudden risks, such as typhoons, heavy rain, high temperatures, and long-term risks, such as rising sea levels, may have a certain impact on the Company's daily operations, like reduced employee work efficiency, damage to fixed assets such as production equipment, or other potential economic losses.</p> <p>1) The Company has formulated the Emergency Response Preliminary Plan for Natural Disasters and established corresponding early warning and response mechanisms, which are continuously updated and improved according to actual situations;</p> <p>2) To mitigate potential damage to fixed assets, the Company has purchased appropriate insurance to effectively reduce economic losses;</p> <p>3) Based on past experiences, the Company has not been significantly affected by climate risks in extreme weather conditions, with the main impact being on employee work efficiency. The Company is able to provide technical support for employees working from home to ensure normal work pace;</p> <p>4) On the production side, the Company can ensure production pace effectively through measures such as production plan optimization, efficient production organization, and lean production through technology in a rational manner.</p>
	Chronic risks (such as prolonged high temperatures, drought, etc.)	

Transformation risk	Policy and legal risk	Since the national policy of carbon peaking and carbon neutrality imposes stricter requirements on the disclosure of emission reduction information related to corporate climate, companies need to invest more in emission reduction to respond to the national call.	1) The Company actively pays attention to international policies or relevant laws and regulations in the field of carbon peaking and carbon neutrality to reinforce learning and respond in a timely manner, and proactively carries out energy conservation and emission reduction practices;
	Technology risk	Achieving emission reduction goals poses new demands for technological upgrades, urgently requiring the development of more low-carbon and environmentally friendly technologies and products.	2) In technical research and development and product design, the Company considers energy conservation and environmental protection as important factors, paying attention to low-carbon technologies in the industry and market to introduce cooperation in a timely manner;
	Market risk	Consumers and customers are willing to choose more low-carbon and environmentally friendly products. At the same time, the high requirements for emission reduction throughout the entire industry chain may lead to increased costs of raw materials and energy.	3) The Company actively develops green and low-carbon technologies and products to meet market demand;
	Reputation risk	Climate-related events may harm the Company's reputation and lead to customer loss.	4) The Company continuously improves the disclosure of environmental information to enhance stakeholders' confidence in the Company.

### Climate Opportunity Analysis

Benefiting from the low energy consumption, energy-saving, and environmentally friendly characteristics of laser technology, the Company's technology and products are more likely to be welcomed by the market, hence we have the opportunity to gain favor in emerging markets under a low-carbon economy;	By enhancing the disclosure of low-carbon products and zero-carbon governance, the Company has the opportunity to gain a positive reputation for sustainable development, attracting attention and investment from domestic and overseas investors and investment institutions;
The energy-saving advantages of the laser display industry are significant, and with the benefits from the carbon peaking and carbon neutrality goals, we will receive more policy support;	High quality and sustainable development have become industry consensus, leading to more frequent communication between industries, thereby jointly promoting the green upgrade of the industrial chain.

### Goals and Action Plans

Appotronics will practice high-quality and green development and continuously promote emission reduction work. By fully leveraging technological research and development advantages, we actively carry out research and development of low-carbon technologies to continuously improve production and manufacturing processes and increase the proportion of renewable energy use, so as to effectively reduce the generation of wastewater, waste gas, and solid waste to actively contribute to the carbon peaking and carbon neutrality goals.

# 8.0



*Supporting Public Welfare for a Better Future*

Enterprises should not only pursue commercial value but also convey values and warmth to society as bearers of social responsibility. Appotronics is committed to contributing to rural revitalization, popular science education, and social welfare, fully leveraging our own strengths to contribute to society. While actively fulfilling social responsibilities and promoting the development of public welfare undertakings, the Company also focuses on providing better support and assistance to public welfare undertakings through technological innovation, helping promote technology innovation and cultivate scientific and technological talents.



## Public Welfare Assistance for Farmers

Appotronics actively practices the social responsibility of an industry leader, contributing to rural revitalization through the public welfare assistance approach of “purchase instead of assistance”.

In September 2023, Appotronics commenced our Mid-Autumn Festival Farmer Assistance Action again, enabling people in rural areas to feel the benefits of technology innovation. Through communication with the relevant officials of Nandan County, Guangxi Zhuang Autonomous Region, the Company, after learning about the sales difficulties of local agricultural products, successfully contacted the local agricultural cooperative liaison person to initiate a public welfare assistance project for farmers. Before the Mid-Autumn Festival, over a thousand agricultural products were distributed to our employees in Shenzhen City from Nandan County, embodying the Company’s unyielding commitment to agricultural support. At the same time, the Company’s agricultural support activities were recognized by the local rural revitalization bureau. According to statistics, it is estimated that the initiative that the Company purchased agricultural products directly benefited 21 families in need, with an average income increase of over RMB 1,300 per person.



Appotronics' Mid-Autumn Festival Farmer Assistance Action





# Science Popularization Education

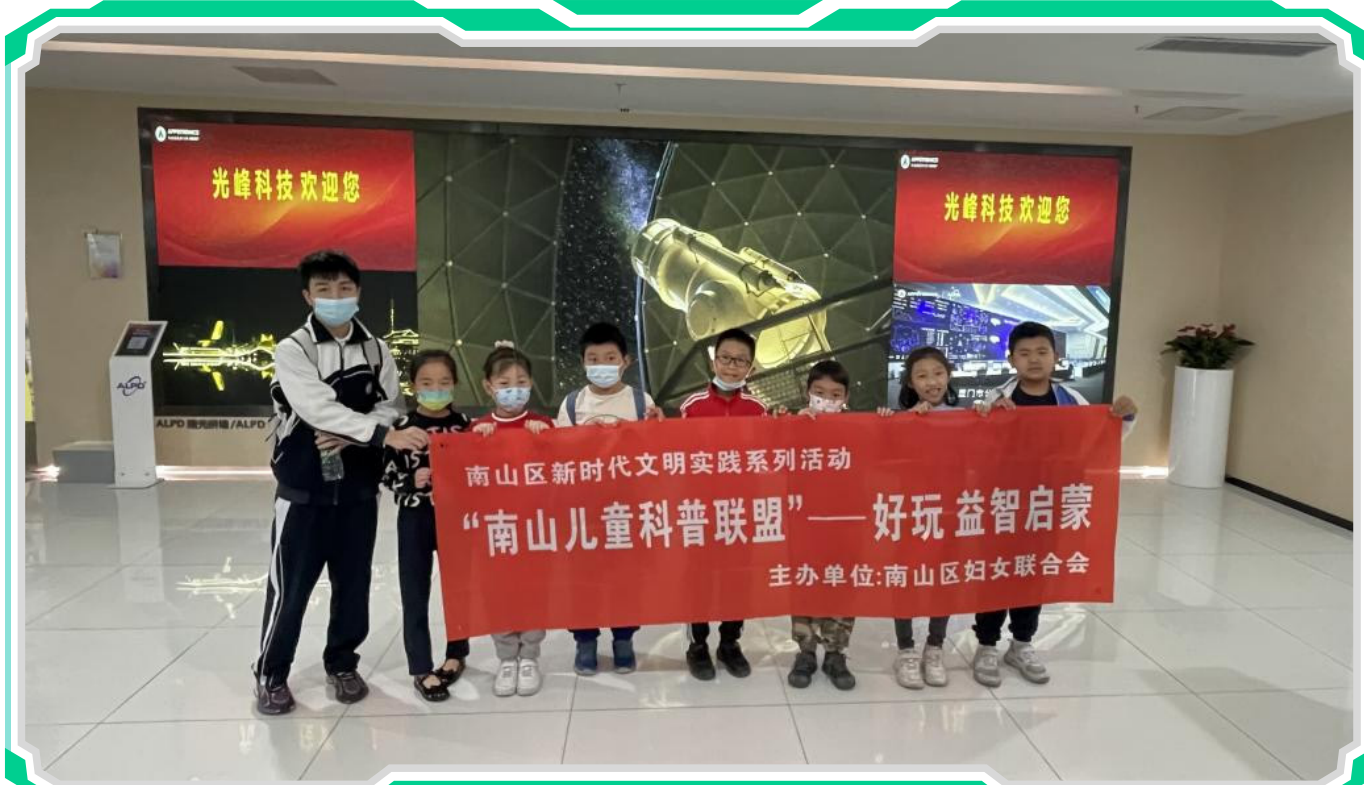
Appotronics focuses on enhancing connections and collaborations with society. In order to promote science popularization and talent cultivation, enhance the Company's public welfare image and commercial value, and allow more people to enjoy the convenience brought by technology innovation, the Company leverages our corporate exhibition room as a popular science platform to actively respond to and carries out science popularization. We combine laser display technology with digital art to immerse the public in the charm of technology.

In 2023, the Company passed the annual assessment of the Nanshan Science Popularization Base and was selected for the industrial tourism cultivation resource pool of Guangdong Province. We closely cooperated with numerous organizations, communities, and schools, such as the Nanshan District Science Popularization Alliance, Tsinghua University, Shenzhen Senior High School, Nantou Primary School, Nanshan Qihang Perception Action Activity, Macao Education and Youth Development, and Taoyuan Sub-district Office of Nanshan District, to conduct targeted science popularization theme activities for teenagers, children, Guangdong-Hong Kong-Macao Greater Bay Area students, young people in new forms of employment, etc.

In 2023, the Company's exhibition room was open to the public for free, receiving a total of 10,458 visitors in 347 batches, including 611 children, students, and teenager visitors in 23 batches.



Science popularization activities for children



Science popularization activities for children



Members of the Association of Senior Scientists and Technicians visited the exhibition room and gifted inscriptions

### Case: Innovative technology inspires Gansu Students' fighting spirit

In July 2023, at the invitation of the Xinghua Education Foundation, Appotronics hosted 76 sophomore students from the 2021 class of Gansu Baiyin Experimental High School. We introduced to them detailed knowledge of the invention, application, and development of laser semiconductor and laser light source technology, and conducted a unique science popularization course on "AR Display" for them.

The course vividly depicted the vision of the AR world, with contents covering the intuitive experience of the latest AR devices, the popularization of AR basic knowledge, and the imagination of future AR development. The interactive Q&A session at the end provided an opportunity for the children to fully open up their imaginations. This course laid a foundation for these students' future professional studies in the AR field.

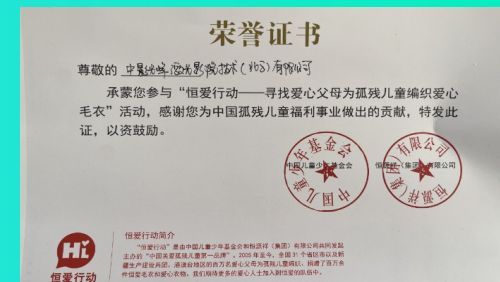


## Community Public Welfare

Appotronics maintains a good relationship with the community and actively participates in community charity activities. In 2023, under the organization of trade union, the Company's employees participated in the "Working Together to Guard Warmth" charity fundraising event initiated by the Nanshan District Federation of Trade Unions and the Nanshan District Charity Federation, contributing our love to warm and guard those in need of help during the cold winter.

### Case: CINEAPPO cares for public welfare

In 2023, coinciding with the release of the movie "Hachi: A Dog's Tale", the Company's subsidiary CINEAPPO organized a public welfare movie-watching event to advocate animal protection, encourage more people to join the ranks of stray animal protection, and popularize the concept of "adoption instead of purchase". After the movie-watching event, CINEAPPO donated funds to the stray animal protection organization "TA Foundation" for the protection of stray animals, etc. At the same time, CINEAPPO participated annually in the charity event "Everlasting Love Action - Millions of Families Linked by Love", knitting sweaters for children in mountainous areas to convey a sense of love.



CINEAPPO participates in the Everlasting Love Action



CINEAPPO public welfare movie-watching event



# Appendix

## GRI Standard Index Table

GRI Standards	Disclosure items	Chapter name
<b>GRI102: General Disclosures</b>		
<b>Organizational Profile</b>	102-1 Organization name	Appotronics Corporation Limited
	102-2 Activities, brands, products, and services	1.0 About Appotronics
	102-3 Location of headquarters	20-22/F, High-Tech Zone Union Tower, No.63, Xuefu Road, Nanshan District, Shenzhen, Guangdong Province
	102-4 Location of operations	20-22/F, High-Tech Zone Union Tower, No.63, Xuefu Road, Nanshan District, Shenzhen, Guangdong Province
	102-6 Markets served	1.0 About Appotronics
	102-7 Scale of the organization	6.0 Fostering People-Oriented Growth Together
	102-8 Information on employees and other workers	6.0 Fostering People-Oriented Growth Together
	102-9 Supply chain	5.0 Quality Safeguarding in New Manufacturing Endeavors
	102-10 Significant changes to the organization and its supply chain	5.0 Quality Safeguarding in New Manufacturing Endeavors
	102-11 Precautionary principle or approach	4.0 Strengthening Governance for Sustainable Operation
	102-12 External initiatives	2.0 Anchored in Technology, Propelled by Innovation
	102-13 Membership of associations	2.0 Anchored in Technology, Propelled by Innovation
	<b>Strategy</b>	102-14 Statement from senior decision-makers
102-15 Key impacts, risks, and opportunities		4.0 Strengthening Governance for Sustainable Operation

GRI Standards	Disclosure items	Chapter name
<b>Ethics and integrity</b>	102-16 Values, principles, standards, and norms of behavior	1.0 About Appotronics
<b>Governance</b>	102-18 Governance structure	3.0 Practicing ESG Through Responsible Management
	102-20 Executive-level responsibility for economic, environmental, and social topics	3.0 Practicing ESG Through Responsible Management
	102-21 Consulting stakeholders on economic, environmental, and social topics	3.0 Practicing ESG Through Responsible Management
	102-22 Composition of the highest governance body and its committees	3.0 Practicing ESG Through Responsible Management
	102-33 Communication of major concerns	3.0 Practicing ESG Through Responsible Management
	102-34 Nature and total number of major concerns	3.0 Practicing ESG Through Responsible Management
<b>Stakeholder engagement</b>	102-40 List of stakeholder groups	3.0 Practicing ESG Through Responsible Management
	102-42 Identifying and selecting stakeholders	3.0 Practicing ESG Through Responsible Management
	102-43 Approach to stakeholder engagement	3.0 Practicing ESG Through Responsible Management
	102-44 Key topics and concerns raised	3.0 Practicing ESG Through Responsible Management
<b>Reporting practices</b>	102-45 Entities included in the consolidated financial statements	1.0 About Appotronics
	102-46 Defining report content and topic boundaries	3.0 Practicing ESG Through Responsible Management
	102-47 List of material topics	3.0 Practicing ESG Through Responsible Management
	102-48 Restatements of information	3.0 Practicing ESG Through Responsible Management
	102-49 Report changes	1.0 About Appotronics
	102-50 Reporting period	1.0 About Appotronics
	102-51 Date of most recent report	1.0 About Appotronics
	102-52 Reporting cycle	1.0 About Appotronics
	102-53 Contact point for questions regarding the report	Readers' Feedback on the Appendix
	102-54 Statement on reporting in compliance with GRI Standards	1.0 About Appotronics
	102-55 GRI Content Index	Report Appendix

GRI Standards	Disclosure items	Chapter name
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topics and its boundary	3.0 Practicing ESG Through Responsible Management
	103-2 The management approach and its components	3.0 Practicing ESG Through Responsible Management
	103-3 Evaluation of the management approach	3.0 Practicing ESG Through Responsible Management
<b>103-3 Evaluation of the management approach</b>	201-1 Direct economic value generated and distributed	1.0 About Appotronics
	201-2 Financial implications and other risks and opportunities due to climate change	7.0 Eco-Friendly Practices for Green Development
<b>GRI 205: Anti-Corruption</b>	205-2 Communication and training about anti-corruption policies and procedures	4.0 Strengthening Governance for Sustainable Operation
	205-3 Confirmed corruption incidents and actions taken	4.0 Strengthening Governance for Sustainable Operation
<b>GRI 302: Energy</b>	302-1 Energy consumption within the organization	7.0 Eco-Friendly Practices for Green Development
	302-4 Reduction of energy consumption	7.0 Eco-Friendly Practices for Green Development
<b>GRI 303: Water and Effluents</b>	303-2 Management of water discharge-related impacts	7.0 Eco-Friendly Practices for Green Development
	303-3 Water withdrawal	7.0 Eco-Friendly Practices for Green Development
	303-4 Water discharge	7.0 Eco-Friendly Practices for Green Development
	303-5 Water consumption	7.0 Eco-Friendly Practices for Green Development
<b>GRI 305: Emissions</b>	305-5 Reduction of GHG emissions	2.0 Anchored in Technology, Propelled by Innovation
<b>GRI 306: Effluents and Waste</b>	306-2 Total amount of waste by type and disposal method	7.0 Eco-Friendly Practices for Green Development

GRI Standards	Disclosure items	Chapter name
<b>GRI 307: Environmental Compliance</b>	307-1 Violation of environmental laws and regulations	None
<b>GRI 308: Supplier Environmental Assessment</b>	308-1 New suppliers screened under environmental standards	5.0 Quality Safeguarding in New Manufacturing Endeavors
	308-2 Negative environmental impacts in the supply chain and actions taken	5.0 Quality Safeguarding in New Manufacturing Endeavors
<b>GRI 401: Employment</b>	401-1 New employee hires and employee turnover	6.0 Fostering People-Oriented Growth Together
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.0 Fostering People-Oriented Growth Together
<b>GRI 403: Occupational Health and Safety</b>	403-5 Worker training on occupational health and safety	6.0 Fostering People-Oriented Growth Together
	403-6 Promotion of worker health	6.0 Fostering People-Oriented Growth Together
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business operations	6.0 Fostering People-Oriented Growth Together
	403-9 Work-related injuries	6.0 Fostering People-Oriented Growth Together
<b>GRI 404: Training and Education</b>	403-10 Work-related health issues	6.0 Fostering People-Oriented Growth Together
	404-1 Average hours of training per year per employee	6.0 Fostering People-Oriented Growth Together
	404-2 Programs for upgrading employee skills and transition assistance programs	6.0 Fostering People-Oriented Growth Together
	404-3 Percentage of employees receiving regular performance and career development reviews	6.0 Fostering People-Oriented Growth Together

GRI Standards	Disclosure items	Chapter name
<b>GRI 405: Diversity and Equal Opportunity</b>	405-1 Diversity of governance bodies and employees	4.0 Strengthening Governance for Sustainable Operation 6.0 Fostering People-Oriented Growth Together
<b>GRI 406: Non-discrimination</b>	Management plan	6.0 Fostering People-Oriented Growth Together
<b>GRI 408: Child Labor</b>	Management plan	6.0 Fostering People-Oriented Growth Together
<b>GRI 409: Forced or Compulsory Labor</b>	Management plan	6.0 Fostering People-Oriented Growth Together
<b>GRI 413: Local Communities</b>	Management plan	8.0 Supporting Public Welfare for a Better Future
<b>GRI 414: Supplier Social Assessment</b>	414-1 New suppliers screened under social standards	5.0 Quality Safeguarding in New Manufacturing Endeavors
	414-2 Negative social impacts in the supply chain and actions taken	5.0 Quality Safeguarding in New Manufacturing Endeavors
<b>GRI 416: Customer Health and Safety</b>	416-1 Assessment of the health and safety impacts of product and service categories	5.0 Quality Safeguarding in New Manufacturing Endeavors
<b>GRI 417: Marketing and Labeling</b>	417-1 Requirements for product and service information and labeling	5.0 Quality Safeguarding in New Manufacturing Endeavors
<b>GRI 418: Customer Privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
<b>GRI 419: Socioeconomic Compliance</b>	419-1 Non-compliance with laws and regulations in the social and economic area	None

## Readers' Feedback

Thank you for reading the 2023 ESG Report of Appotronics. In order to improve the activities of Appotronics in the environmental, social, and governance areas, and further enhance our ability on sustainable development with better disclosure of valuable information to stakeholders and greater fulfillment of social responsibility, we sincerely look forward to your valuable comments and suggestions towards our work and reports.

You may fill out the feedback form and send it to the following email: [csr@appotronics.cn](mailto:csr@appotronics.cn)

### Your information

Name: \_\_\_\_\_ Tel: \_\_\_\_\_

Employer: \_\_\_\_\_ Email: \_\_\_\_\_

### Your overall evaluation of the Company's ESG report is:

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

### Your evaluation of the Company's fulfillment of ESG responsibilities:

#### Economic responsibility:

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

#### Social responsibility:

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

#### Environmental responsibility:

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

### Do you think this report can reflect the impact of the Company's social responsibility practices on the economy, society, and environment?

It can reflect very well  It can reflect well  It can reflect to some extent

It cannot reflect to some extent  It cannot reflect

### What do you think of the clarity, accuracy, and completeness of the information, data, and indicators disclosed in the Report?

#### Clarity:

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

#### Accuracy:

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

#### Completeness :

Extremely satisfied  Very satisfied  Satisfied  Somewhat dissatisfied  Dissatisfied

### Do you think the content arrangement and layout design of the Report are convenient for reading?

Yes  Average  No

### Your opinions and suggestions on the Company's ESG efforts and the Report:

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