

**Ticker symbol: 300296**



**Leyard Optoelectronic Co., Ltd.**

**ESG & CSR Report 2020**

**March 2021**

# About the Report

## **(1) Reporting Organization**

Leyard Optoelectronic Co., Ltd. and entities under it

## **(2) Reporting Period**

Jan. 1, 2020 through Dec. 31, 2020, with certain data and content beyond this time frame

## **(3) Frequency of Release**

Annual

## **(4) Reporting Data**

The annual or audit report shall prevail if there is any discrepancy between the financial data disclosed herein and that in the annual or audit report. Other data is taken from internal statistics. Unless otherwise specified herein, any currency and monetary values referred to herein shall mean China Yuan.

## **(5) Basis of Preparation**

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4)  
China CSR Reporting Guidelines, Chinese Academy of Social Sciences  
Notice on Making Listed Companies More Socially Responsible & Issuing the Guidelines on Environmental Information Disclosure for Companies Listed on the Shanghai Stock Exchange, Shanghai Stock Exchange

## **(6) Release Form and Interpretation**

This report is released in both Chinese and English versions. The Chinese version shall prevail if there is any discrepancy.

This report is released in hard copy and electronic forms. For an electronic report, please visit the company website: <https://www.leyard.com/>.

## **(7) Contact Information**

Leyard Optoelectronic Co., Ltd.

Address: 9, West Zhenghongqi Street, North Summer Palace, Haidian District, Beijing

## Contents

About the Report.....	2
Speech.....	1
<b>25th anniversary of Leyard: .....</b>	<b>1</b>
<b>Spearheading change in Micro LED display technology, empowering industry development.....</b>	<b>5</b>
<b>Enhancing human audio/video experience as a global audiovisual technology leader .....</b>	<b>7</b>
<b>A 25-year History – Timeline .....</b>	<b>9</b>
<b>At a Glance .....</b>	<b>11</b>
<b>Events of the Year .....</b>	<b>18</b>
<b>Annual Awards and Honors .....</b>	<b>19</b>
<b>Responsibility Management.....</b>	<b>21</b>
<b>Corporate Governance – Standard Operation and Steady Development .....</b>	<b>27</b>
<b>Code of Conduct – Being Self-Disciplined and Fair .....</b>	<b>34</b>
<b>Environmental Responsibility – Pursuing Green Development and Sharing Civilization.....</b>	<b>36</b>
<b>Social Responsibility – Collaboration for Win-Win Results .....</b>	<b>45</b>
<b>Outlook.....</b>	<b>67</b>

## Speech

### **25th anniversary of Leyard: the future of Micro LED has arrived; Leyard embarks on a new journey of intelligent display**

Leyard has been creating miracles throughout the history of LED display, from the first full-color LED display developed in 1998 to the NPP display launched a decade ago. Over the past 25 years, the group has been growing bigger and stronger, with growth rate increasing by several times and even dozens of times.

Over the past 25 years, Leyard has never stopped exploring and moving forward. In the face of market challenges and uncertainties, people at Leyard opt to lead audio-visual technology development all the way by developing new technologies and breaking through the boundary. The large-scale industrialization of Micro LED yet to come will reshuffle the Chinese LED display market. Only those that can understand the drivers and future trends of display innovation can maintain long-term competitiveness in the global LED field.

As a global leader in the field of audio-visual technology, Leyard has been committed to developing intelligent display and gaining a competitive edge in Micro LED technology. The industrialization of Micro LED will open up a new era of Micro LED display.

The development of Micro LED is expected to bring changes to the industry in today's world. Leyard is required to do better along with development. The group will work hard to keep employees happy, make customers and partners more satisfied, create a better human audio/video experience, live up to investor expectations, contribute to a better environment and move forward together with all stakeholders!

## Spearheading change in Micro LED display technology, empowering industry development

The Micro LED concept began to set off a global research boom in 2016. Leyard set up a laboratory and launched the Micro LED display technology development project. The group released the first Micro LED product and invested in mass production in 2019. In just four years, Leyard broke through barriers, and developed and received dozens of driving technologies, invention and international patents of core Micro LED processes and technologies, contributing to industrialization of Micro LED display technology through practical action.

Leyard achieved another milestone in Micro LED display this year. On the afternoon of July 15, 2020, Leyard held a conference at the headquarters to launch globally 40-inch 2K (P0.4), 54-inch 2k (P0.6), 67-inch 2K (P0.7) and 81-inch 2K (P0.9) Micro LED commercial display products, leading the industrialization of Micro LED and lifting the curtain on an era of Micro LED display.



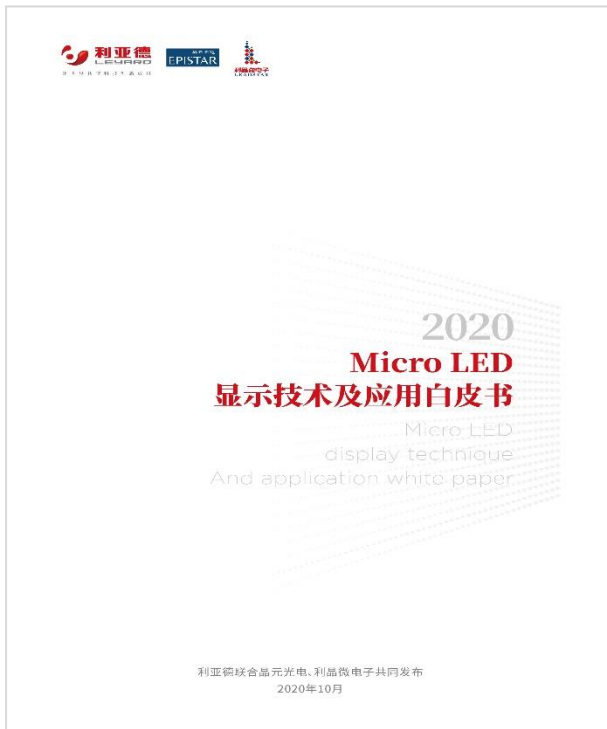
As a leading downstream application enterprise in LED display industry, Leyard understands the market and customers' actual needs best. Leyard was the first company to develop an industry standard of Mini/Micro LED display in line with practical applications according to industry developments and future forecast.

Oct 29, 2020 · China's first Micro LED research institute co-sponsored by Leyard, Epistar and

Lijing Microelectronics Technology was set up. The institute aims to facilitate Micro LED chip development and application, research on Micro LED product driving technology and system solutions, mass transfer technology and surface protection technology, breakthrough and landing of Micro LED technologies and ushering in a new era of Micro LED display technology.



The Micro LED Display Technology and Application White Paper (“White Paper”), Volume I written by Leyard in cooperation with the other co -sponsors was also released on the unveiling site. The White Paper aims to interpret the definition and standards of Micro LED and support industry sustainability.



## **Enhancing human audio/video experience as a global audiovisual technology leader**

As a global audio-visual technology and innovation leader, we have been committed to innovating science and technology, leading industry development with forward-looking technology, breaking through barriers of technology, and setting new records for the industry. With innovation-driven development in mind, Leyard keeps creating new business legends and bringing “display made in China” to the world.

Leyard has delivered thousands of projects, installed 100,000 display products, and built a great brand reputation for high quality, cutting-edge technology and top service all over China since its foundation in 1995. Leyard products are seen not only at large-scale cultural and sports events, such as the Spring Festival Gala and the Military World Games, but also on political activities, command and dispatch, cultural and tourism night tour, and film and television shooting.

Leyard gives back to the community through cutting-edge technologies and innovations, delivers its commitment to “let the world see, shows a better world creates a better audio-visual experience for people with excellent products.

## Cases:

### Cultural and Sports Events

Leyard display and visual effect system integrates frontier technology, changes the traditional stage presentation, and employs panoramic free-angle shooting, interactive camera control, special shooting, and real-time virtual rendering production to create an amazing audiovisual experience for the audience.

Glux under Leyard has served the CCTV Spring Festival Gala for 21 years from 2000 to 2021. Besides, Dahooo Technology under Leyard serves the radio and television industry all year round. It provided technical solutions for Spring Festival parties of local TV stations, including Anhui and Guangxi satellite TVs in 2021.



(Technical solution for CCTV Spring Festival Gala)





(Technical solution for Anhui Satellite TV Spring Festival Party)

### **Political Activities**

Leyard serves state events. It stays true to our vision of rejuvenating the nation by promoting technology and industry and serves the country by industry and high quality products.

Leyard has been a service provider of the national and local Two Sessions for many years. It created the display system for the CCTV News studio, bringing UHD (ultra high definition) visual effect experience for the live broadcast of the State Council press conference.



(The State Council Information Office)

### **Command and Dispatch**

On the evening of December 27, 2020, China's most powerful rocket, CZ-5 launch vehicle which is nicknamed "Fat Five" blasted off at Wenchang Space Launch Center in South China's Hainan Province and sent the Shijian-20 satellite into predetermined orbit, successfully completing the third launch.

The LED command and display system that is independently developed by us and autonomously controllable was used at the command hall on site, flight control center at Beijing Aerospace City and Yuanwang ship that participated in the measurement and control process. Our employees were determined to succeed and contributed to the successful fulfilment of the "Fat Five" launch command task depending on high definition display, zero-error transmission and reliable and stable operation

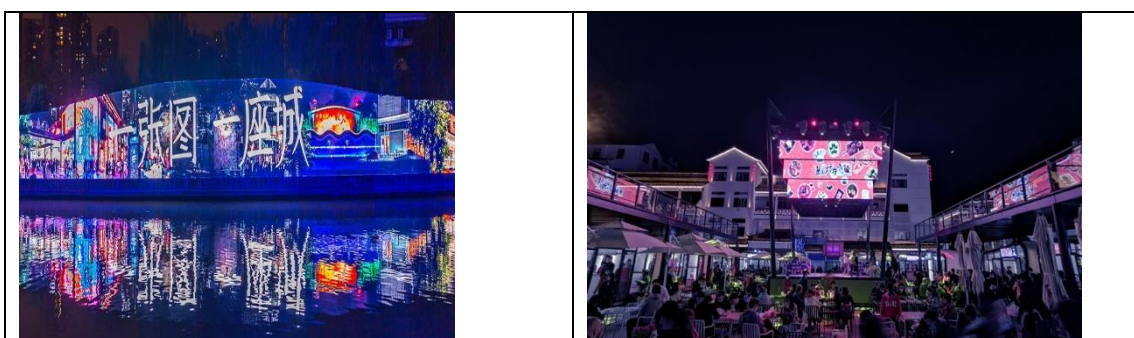
We were honored to support the command and display of the launch of "Fat Five". By adhering to the spirit of Chinese space community, Leyard will not stop until achieving the goal of "enhancing human audio/video experience".



Beijing Aerospace Control Center

### **Cultural and Tourism Night Tour**

As a practitioner and innovator of “night economy”, Leyard uses cutting-edge technology to integrate local culture, theme landscape, entertainment items and business forms centered on cultural value to provide consumers with an immersive cultural experience while driving local economy and industry. Leyard gives charm to traditional culture through the combination of technology and culture. It innovates and transforms traditional culture with technology to create the best application scenarios of cutting-edge technology and inherit the traditional culture.





### **Film and Television Shooting**

The virtual, visual shooting solution of Virtual Point under Leyard addresses demand for film and television shooting. By creating an immersive shooting environment with large area, seamlessly spliced LED display, and virtual-real synthetic shooting technology combining real-time 3D engine rendering, the solution resolves problems such as low fidelity of light and shadow of composite images, strange reflections of characters' skin and clothes color, inorganic interaction between the light effects of solid edges and translucent materials, multifarious post-effect processing and the time cost of cast, bringing technological innovation in film shooting and production.



### **A 25-year History – Timeline**

**1995, beginning**

**Incorporated in Zhongguancun,  
Beijing;**

<b>1998, first technological innovation</b>	developed the first full color LED display in China;
<b>2003-2006, first "marriage"</b>	Invested in Barco Leyard together with Barco;
<b>2008, surprised the world</b>	Leyard Optoelectronic contributed to visual effect at the opening ceremony of Beijing Summer Olympics
<b>2008, expanded presence</b>	Leyard Shenzhen set up;
<b>2010, led the era</b>	developed the first 2.5mm NPP HD LED TV panel in the world;
<b>2012, listed</b>	listed on the GEM of Shenzhen Stock Exchange (300296) on March 15, 2012;
<b>2014, maintained leading position</b>	Acquired Leyard Lighting, followed by Shanghai Zhongtian, Xi'an Intelligent, Chengdu Culture and Tourism, etc.;
<b>2014, dedicated to public service</b>	established Siyuan Stars Education Fund ("SSEF") for reducing poverty via education;
<b>2015, culture and technology integration</b>	Leafun Culture joined the Leyard family to develop new cultural and tourism business forms;
<b>2016-2017, initial step toward globalization</b>	Brought Planar, NaturePoint and Eyevis under the group, creating an initial framework of globalization;
<b>2016, takeoff</b>	Leyard Group established, Daxing Factory started production, products sold to all over the world, performance improved significantly;

<b>2016, Built up global supply chain</b>	<b>Constructed a factory in Slovakia to tackle trade barriers;</b>
<b>2018, Commenced the construction of the Southern Headquarters</b>	<b>Obtained permit of land for construction, commenced the construction of the Southern Headquarters with a floor area of 90,000m2 and capable of creating CNY 5 billion of output value after completion;</b>
<b>2019, entered the home display market</b>	<b>Manufactured and launched LED and LCD big screen TVs and developed strategic partnerships with GOME Retail a year later;</b>
<b>2020, led the era</b>	<b>Launched globally four standard Micro LED commercial display products, leading Micro LED into a new era.</b>

## **At a Glance**

### **About Leyard**

Leyard Optoelectronics Group, founded in 1995 and listed on Shenzhen Stock Exchange on March 15, 2012 (ticker symbol: 300296), is a global leader in audiovisual technology, products and application platforms. We engage in intelligent display, urban light environment, new cultural and tourism business forms and VR technology and maintain high growth after becoming a publicly traded company.

We have nearly 5,000 people, 9 production bases and 7 international marketing centers across the world. Leyard LED display, NPP LED display and indoor LED display remained No.1 in global market share for four consecutive years. Leyard Fixed Installation LED also captured the largest market share this year. Besides,

Planar under Leyard remained top company by market share of control room application of spliced LCD products in America for three years in a row.

We are committed to technology research and development and product innovation and hold more than 1,500 patents, including nearly 50 percent of invention patents and 40 percent of international patents. With enhancing human audio/video experience in mind, we target the trillion commercial and civil markets of audiovisual technologies and applications, build platform for culture and technology integrated development, carry out activities in intelligent display, urban light environment, new cultural and tourism business forms, and VR technology, lead scientific and technological innovation and reaffirm cultural confidence.

With excellent performance and achievements in scientific and technological innovation, we have been named the National Scientific and Technological Innovation Model Enterprise, China Top 100 Electronic Information Enterprises, Beijing top 10 IT Enterprises, Top 10 National Culture and Technology Integrated Demonstration Bases, Top 100 Private Enterprises, and “Influential Enterprise” in China Optoelectronics Industry, etc.

### **Key Indicators**

Operating revenue: 6.634 billion yuan;

Net assets attributable to the parent company: 7.229 billion yuan;

Total assets: 13.637 billion yuan

Operating cash flow: 1.111 billion yuan;

Number of employees: 4,462;

Number of partners: 4,000+

### **Corporate culture**

We have always attached importance to corporate culture and taken it as a core competence vital to development. While the name means we value “morals over profits”, the essence of our corporate culture is “sharing”. This spirit is incorporated

into our mission, vision and values. With “win-win”, “trust”, “equality”, “respect”, and “cooperation” in mind, we have created a corporate culture focusing on enhancing human audio/video experience, making ourselves a global audio-visual technology leader, and improving customer satisfaction with quality, service, integrity and dedication.

What underlies our corporate culture is to put people first and help employees build their future. We value every effort made by every employee, strive develop a diverse talent pool, make education, public service and charity a part of our corporate culture and responsibility, sponsor hope schools and support students living in poverty.

We will continue to explore the way to improve our corporate culture, enrich the connotation of “sharing”, pursue scientific and sustainable development, and make “sharing” a driver of upgrade and development.

### **Corporate Strategy**

2020 is the second year of our third strategic cycle after becoming a listed company. The vision of the third strategic cycle is to “dig deeper into the display field and pursue steady development.” In 2019-2021, we will dig deeper into the display field, pursue steady development, continue researching and developing new technologies, expand the display market segment, increase the global share of LED display, create culture and technology integrated development platform, promote the spin-off and listing of the VR experience segment, and sustain high-quality and steady development.

Implementation period	Main point
2013-2015	Four-factor driven strategy centered on LED application
2016-2018	Culture and technology integrated development
2019-2021	Digging deeper into the display field and



	pursuing steady development
--	-----------------------------

Micro LED brings the industry into a new cycle of development and holds LED manufacturers to stricter requirements. Traditionally, LED manufacturers sell products based on production, and products are generally based on projects. As a standard product, Micro LED is made with standard modules and requires manufacturers to restructure their management, R&D and production accordingly.

**Competitive Edge**

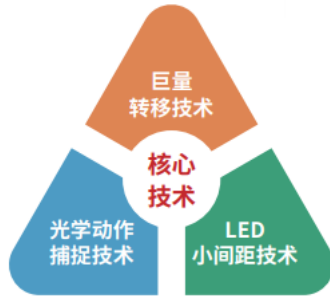
(1) Strong brand influence

We have delivered thousands of projects and installed nearly 100,000 display products all over China since establishment and become a global leader in audio-visual technologies, products and application platforms. We have built good brand reputation in the industry by high-quality products, leading technologies and top services, and have been a visual effect and display service provider for major national political and cultural events, and a visual effect services and total solution provider for major events and competitions at home and abroad.

(2) R&D strengths, cutting-edge technologies and continuous innovation

We keep investing in technology R&D and build up a R&D team of 700+ members committed in LED-based products. After many years of hard work, we have achieved a range of major breakthrough in LED display technology.

We maintain competitive advantage through continuous innovation and receive product patents and software copyrights across business segments. We now hold 901 patents, of which 145 are new patents obtained this year, and 184 software copyrights in the LED display area. The above patents include 42 Micro LED patents, of which 32 are new patents obtained this year.



### (3) Reliable product quality and excellent product performance

We have developed a sound quality management system that covers all stages from product design to purchase, manufacturing and marketing. At the design stage, we set strict specifications for project approval, implementation, verification, review and validation of technology design; at the purchase stage, we use high quality materials only and control their quality strictly; at the manufacturing stage, we automate and modularize production to stabilize product quality; at the marketing stage, we attach importance to after-sales service and strive to provide customers with easy and excellent after-sales guarantee to improve competitiveness and customer satisfaction.

We develop products in accordance with international standards, and have received the ISO9001 Quality Management System Certificate, ISO14001 Environmental Management System Certificate, OHSAS18001 Occupational Health and Safety Management System Certificate and National Military Standard Quality Management System Certificate. Our products that have received CCC, CE, FCC and UL certifications are recognized by high-end markets and customers in Europe, America and Asia-Pacific.

### (4) Global marketing and service network and international business structure

We have built up an excellent sales team of nearly 100 people who provide one-to-one marketing service to high-end customers and customize production to meet customer's specific needs. We now have marketing outlets in major 30 cities all over China to get industry and project information effectively. We also expand channel business and recruit channel agents based on existing marketing outlets and customers to improve our channel competitiveness and market share

Our products are sold to all over the world. Marketing centers are set up in North

America, Europe, Japan and South America to expand our international presence and get ready for future development.

#### (5) Qualifications

We have obtained various professional qualifications in intelligent display, landscape lighting and culture and tourism. These include Class B qualification for computer information system integration, Class A qualification for lighting engineering design, Class A qualification for urban and road lighting engineering contractor, and Class A qualification for stage lighting design, installation and commissioning, laying a solid foundation for the group to become an industry leading total LED application solution and contributing to our winning bids for large-scale projects.

#### (6) Culture and technology integration and segment coordination

By adopting a “culture and technology integration” strategy, we strive to create a perfect audio-visual cultural experience based on technology and leverage our leading audio, lighting and VR products and technologies to integrate content with technology in public culture, digital creativity, culture and tourism and recreation experience, and get ready for the arrival of the era of big culture.

We have built and been improving the “culture and technology integration” platform to drive coordinated development of segments including intelligent display, urban light environment, new culture and tourism business forms, and VR display technology.

#### (7) Excellent management team

We have a core management team headed by Mr. Li Jun, controlling shareholder and actual controller of the group. All members of the team have extensive management experience in the LED application industry. Officers with a title of department manager or above have worked for the group for more than a decade. Equity-based and other incentives are used to improve team cohesion, build sense of ownership, and inspire their innovation and fighting spirit.

### **Business Summary**

We mainly engage in intelligent display and extended application businesses,

including night time economy, new culture and tourism business forms, and VR experience.

Our intelligent display business consists mainly of intelligent display solutions centered on display products and applicable to all trades and professions. Our display products include NPP LED TV, LED display, large LCD video wall, and large screen video conferencing system.





Activities of night time economy include design, implementation, O&M of landscape lighting solutions for government and real estate customers.






New culture and tourism business forms are solutions that aim to reflect culture and improve cultural experience based on acoustic-optoelectronic technologies and products. We provide one stop services from planning to implementation and operation. The market is still in its infancy with broad prospects.



In terms of VR experience, we have world leading optical motion capture technology and hold the largest market share of the global market. We are developing industry solutions and expanding domestic market.

## Events of the Year

Title	Content	Diagram
Global No.1	LED display remained No.1 in global market share for four consecutive years; obtained Level IV Information System Building and Service capability CS Certification (formerly known as Level I System Integration)	 <p>A certificate titled 'CS 信息系统建设和服务能力 等级证书' (Information System Building and Service Capability Level Certificate). It mentions '利亚德光电股份有限公司' (Liyade Optoelectronic Co., Ltd.) and '符合《信息技术服务 能力评估标准 第4部分》' (Complies with 'Information Technology Service Capability Assessment Standard Part 4').</p>
Promoting Micro LED industrialization	Launched globally four standard Micro LED commercial display products, won bids for two Micro LED benchmark projects, put Lijing Microelectronics Technology ("LMT") Micro LED mass production base into operation	 <p>A photograph of a modern industrial building with blue banners and red lanterns hanging from the roof.</p>
Increasing investment in R&D and prioritizing personnel training	Established Micro LED research institute with LMT, released the first Micro LED Display Technology and Application White Paper, and got approval for post-doctoral workstation	 <p>A framed plaque for a '博士后科研工作站' (Postdoctoral Research Station) at '利亚德光电股份有限公司' (Liyade Optoelectronic Co., Ltd.).</p>
Digging deeper into the display segment and achieving significant results	Domestic display business exceeded the annual target; overseas units made profit while fighting against COVID-19	 <p>A photograph of a large indoor event space with a stage, a large screen displaying a red-themed graphic, and an audience seated at tables.</p>

<p>Smart street lamp; planning for 5G new infrastructure</p>	<p>Won the bid for lighting of important nodes and road landscape in Kunming downtown; won the bid for smart lamp for municipal service roads surrounding Olympics Sports Center in Xi'an International Trade &amp; Logistics Park</p>	
<p>Spearheading night time economy</p>	<p>Built the Gusu 8:30pm Pilot Zone and the Wonderful · Night Detian night time projects, spearheading creation of new night time economy models</p>	
<p>Further developing the conference market</p>	<p>Leyard video conferencing system debuted. The market got on track for high-speed growth</p>	
<p>Independent VR segment</p>	<p>Virtual Point merged with NATURAL POINT for expanding business into VR applications</p>	
<p>Advanced entity in fighting against COVID-19</p>	<p>Leyard Group and SSEF donated 5 million yuan supplies to overseas affected areas for COVID-19 control, and was named Advanced Private Enterprise in Fighting against COVI-19 by the All-China Federation of Industry and Commerce</p>	

## Annual Awards and Honors

S/N	Award & honor	Granted by
1	2020 Haidian Statistics Integrity Model Enterprise	Beijing Municipal Bureau of

		Statistics
2	Poverty Alleviation Caring Collective/Individual	China Siyuan Foundation for Poverty Alleviation
3	2020 Chinese Brand Innovation Case Award	People's Daily
4	Level IV Information System Building and Service Capability Certification – Excellent (CS4)	China Information Technology Industry Federation
5	National Innovation Technology Demonstration Enterprise (review)	Ministry of Industry and Information Technology
6	Best Investor Relations Award, Best Board of Directors, and Best New Media Operation of the 11th Tianma Award for Investor Relations of Chinese Listed Companies	Securities Times
7	Chinese Company Excelling in Productivity Growth	China Productivity Society
8	Top 500 Chinese New Economy Enterprises 2020	China Enterprise Evaluation Association
9	Approval for building “post-doctoral workstation”	National Postdoctoral Management Committee of the Ministry of Human Resources and Social Security
10	2020 China Top 100 Enterprises	20th China Business Top 100
11	New Fortune Best Listed Company	New Fortune
12	National Quality and Integrity Benchmark Enterprise	China Association for Quality Inspection
13	Contract and Promise Honoring Enterprise	Enterprise Credit Information Center of China Enterprise Evaluation Association
14	National Audio-Visual Enterprise Leading with Quality, National Audio Brand Leading with Quality	China Association for Quality Inspection

# **Responsibility Management**

## **Our View on CSR**

We perform the social responsibility of rejuvenating country, boosting industry and benefiting people with our strength in technology and share our S&T innovations with the world.

### **Rejuvenating China**

As a visual service provider of significant political and cultural events in China, we always remain true to our original aspiration to earn respect with quality, follow national strategy, base ourselves on industry, serve the country by industry and establish Leyard as a responsible national brand.

### **Boosting Industry**

We pursue innovation-driven development by breaking through technological barriers and spurring product innovation to meet and exceed customer expectations and push the industry forward. We seek to take our group global by promoting opening up and cooperation and expanding overseas markets for achieving mutual benefit and win-win results. We stick to technology and culture integrated development by empowering the cultural industry with technology and building a presence in the age of big culture.

### **Benefiting People**

We have been engaged in public service and poverty alleviation for more than 20 years. Siyuan Stars Education Fund was established in 2014 to support the growth of next generation, and more importantly, facilitate the landing and industrialization of cutting-edge technology. Typical examples of our creating benefits for people with technology including 5G+8K livestreaming and optical motion capture in film and television production.

## **CSR Strategy and Its Preparation**

### **People oriented**

A diverse talent pool is the cornerstone of business success. Our rapid development is



the result of joint effort of employees from different countries, with different ages, different technical backgrounds and true integrity, as well as employees of our business partners and suppliers acting according to the same standards. They fulfill commitment to rejuvenating China, boosting industry and benefiting people in healthy and safe workplaces.

### **Innovation-driven**

We drive technology and management upgrade through strategy, management, technology, business model and culture innovation to meet customers' increasingly higher audiovisual requirements, respond to the needs of disruptive innovation of display technology in the 5G era and lead the display industry towards Made by China .

### **Public service and Environmental Protection**

We set up a nonprofit foundation to help improve the learning environment for children in the mountain areas and local quality of life through charitable activities and donations. We stick to green and environmental friendly production and operations and provide novel and energy efficient products and technologies to bring our customers with the experience of efficiency and environmental protection and make contributions to all-around sustainable development.

### **Collaboration with Stakeholders**

We value communication and collaboration with the governments, shareholders, customers, suppliers, community and employees and understand what is their priority regarding sustainable development and what they expect of us. We mobilize resources properly through collaboration and promote all-around sustainable development by communicating philosophy, providing training, building capacity, and giving suggestions on policy.

## **Responsibility Management System**

### **Responsibility Management Model**

Concept: rejuvenating China, boosting industry and benefiting people

Stakeholders: shareholders, governments, employees, consumers, suppliers, partners, communities, environment and media

### **CSR Working Mechanism**

For performing CSR, we take into account views of stakeholders, improve CSR management system and coordinate sustainable development of the group and companies under the group. Specific CSR is assigned to key functions, including the Marketing, HR and Supply Chain under the leadership of the board office. Feedback of functions is collected to optimize our CSR working mechanism and formed a closed loop.

### **Analysis of Substantive Issues**

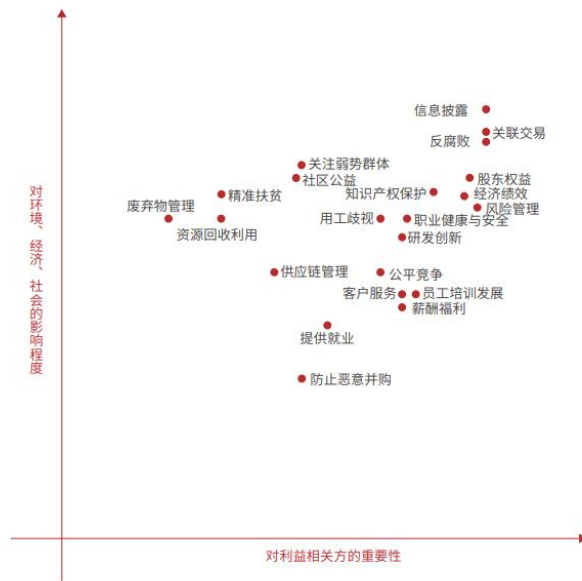
#### **Analysis Process**

We make it a part of our culture, mission and overall development strategy to take more social responsibilities and benefit society while creating economic benefits. By referring to international standards and policies concerning CSR, including the Sustainability Reporting Guidelines (G4) and ISO26000, we analyze substantive issues regarding sustainable development based on our own business strategy and stakeholders' expectations for disclosing information in a more specific way.

Title	Content
01: identifying issues	By referring to international standards and policies concerning CSR, including the Sustainability Reporting Guidelines (G4) and ISO26000, we find out corresponding industry standards and consult experts to identify initial substantive issues and create an issue library in combination with our development strategy.
02: screening and sorting	We consult stakeholders through questionnaire survey, interview, training, and after-sales, etc., screen substantive issues based on their opinions and sort the issues by importance.
03: review	Advice on substantive issues and sorting is obtained from an external expert. Substantive issues and sorting are reviewed by the management.

#### **Analysis Results**

议题分析结果



## Communication with Stakeholders

We identify internal and external stakeholders who are crucial to our success according to our daily operations and management, scope of topics and impact level. We closely communicate with key stakeholders and all sectors of society to build trust, reach a consensus on sustainable development and maximize our value creation potential. By referring to international standards and policies concerning CSR, including the Sustainability Reporting Guidelines (G4) and ISO26000, we analyze substantive issues regarding sustainable development based on our own business strategy and stakeholders' expectations for disclosing information in a more specific way.

Stakeholder	Expectation and requirement	Means of communication	Scope of communication
Shareholder	Corporate governance Value creation Transparency	1. General meeting of stockholders 2. Information disclosure 3. Investor research,	We received 52 researches conducted by 928, and answered 646 questions raised by

	of information disclosure Scientific and technological innovation	interactive communication platform, road show 4. Telephone, fax, email	investors through the Easy Interactive Platform in 2020.
Government	Compliance management Tax compliance Job creation Economic development	1. Government-enterprise discussion 2. Regulatory inspection 3. Work report research	We operate in accordance with laws, build a good business environment, pay taxes in full according to law with 467 million yuan paid in 2020. We also created 4,000+ jobs in the year.
Employee	Fair employment Compensation and benefits Health and safety Promotion and development	1. Congress of workers and staff, trade union 2. Career development, health and safety training 3. Feedback mechanism, whistleblower protection mechanism 4. Employee care activities	We encourage employees to participate in sports, organize regular physical examinations covering all employees, provide mental health training, and carry out 16 times of special training with the total duration of 32h.
Consumer	Product safety Privacy protection Business ethics	1. Product labeling and information disclosure 2. Consumer complaint and handling	We have 36 after-sales service offices throughout China. Our customer satisfaction

	After-sales service	3. Regular visit	reached 96.75% in 2020.
Supplier	Stable cooperation Honest operation	1. Regular communication 2. Examination of qualification 3. Supplier training	We pay attention to suppliers' CSR reports, raise requirement for their qualifications, increase their environmental awareness for building a green supply chain together.
Partner	Fair competition Communication and learning	1. Industry forum 2. Field visit	We prepared standards for fair transaction and competition to improve digital control over supply chain, and increase the application and penetration of supply chain finance.
Community	Social welfare Social stability Caring the vulnerable	1、 Targeted poverty alleviation 2、 Helping students living in poverty 3、 Supplies donation	We donated money and supplies worth more than 30 million yuan, and helped 4,000+ students.

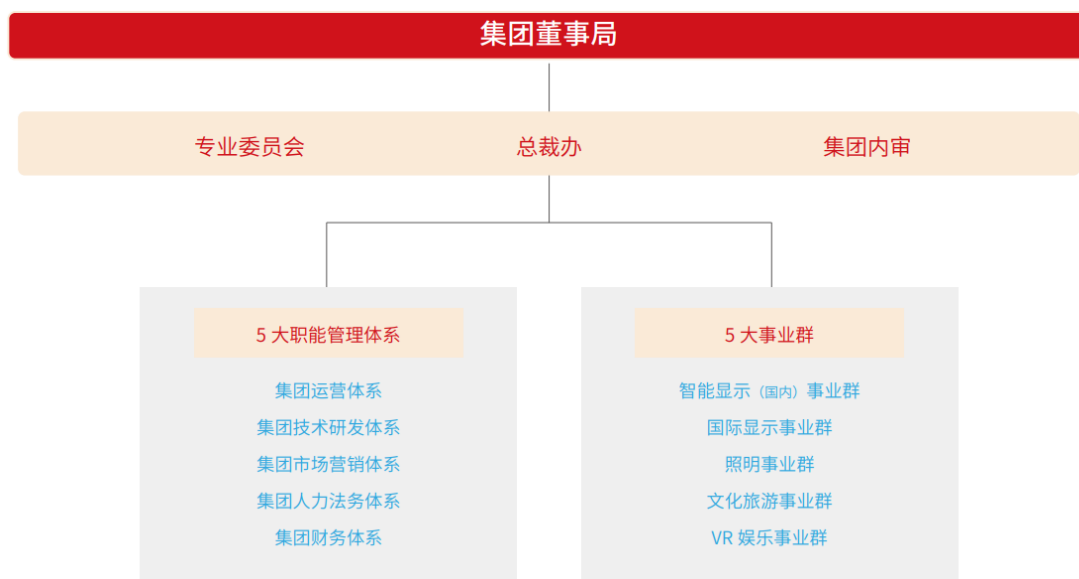
		4、 Fighting against COVID-19 together	
Environment	Efficient use of resources Energy conservation and emission reduction	<ol style="list-style-type: none"> <li>1. Improving production technology</li> <li>2. Products of green concept</li> <li>3. Green office</li> <li>4. Waste recycling</li> <li>5. Supply chain management</li> </ol>	<p>We implement a green, low carbon development strategy, and provide environmental responsibility training.</p> <p>We held environmental training for 16 times with the total duration of 32h in 2020.</p>
Media	Benign interaction Transparency of information disclosure	<ol style="list-style-type: none"> <li>1. Special interview</li> <li>2. Telephone interview</li> </ol>	<p>We release news, respond to media and take interviews via our official website and WeChat account.</p>

## **Corporate Governance – Standard Operation and Steady Development**

### **Governance Structure**

We improve our corporate governance structure, and develop and improve internal control system in accordance with the Company Law, the Securities Law, the Governance Guidelines for Listed Companies, the Rules for Listing on the GEM of

Shenzhen Stock Exchange, the Standard Operation Guidelines for Companies Listed on the GEM of Shenzhen Stock Exchange and other applicable laws and regulations for the purpose of further improving corporate governance. As of the end of the reporting period, our governance complies with laws, regulations and normative documents of the China Securities Regulatory Commission and Shenzhen Stock Exchange.



(A) Shareholders and general meeting

We convene and hold the general meeting of shareholders in strict accordance with the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders and other applicable rules, treat all shareholders equally, and facilitate shareholders’ participation in the general meeting to enable them to fully exercise their rights as shareholders.

(B) Company and controlling shareholder

Leyard’s controlling shareholder, Mr. Li Jun, is a natural person who serves as chairman. As a controlling shareholder, Mr. Li regulates his behavior strictly and does not override the general meeting to interfere, directly or indirectly, with the company’s decision-making and business activities. Leyard is fully capable of doing business and operating independently, has independent and complete systems in terms of business, personnel, assets, institution, and finance. The board of directors, board

of supervisors and internal bodies operate independently.

(C) Directors and board of directors

Leyard's board of directors is composed of 5 members, including 2 independent directors. There are four special committees under the board of directors, i.e. Strategy Committee, Compensation and Assessment Committee, Audit Committee and Nomination Committee. The number and composition of the board of directors comply with the Company Law and other applicable laws and regulations and the Articles of Association. The board of directors and its members are able to operate and work, attend board and general meetings, and perform their duties and obligations diligently in accordance with the Standard Operation Guidelines for Companies Listed on the GEM Board of Shenzhen Stock Exchange, the Rules of Procedure of the Board of Directors and the Independent Director System. They also participate in training and familiarize themselves with applicable laws and regulations.

Here is information on members of committees:

Name	Title	Gender	Degree	Background
Li Jun	Chairman	Male	PhD	He works in the LED application field for more than 20 years and is rich in management and hands-on experiences.
Li Nannan	Non-independent director	Female	Master	She has been responsible for securities, investment, procurement, legal affairs, human resources, administration, and taken charge of Leyard's capital operations including IPO, investment and M&A of nearly 10 domestic and foreign companies.
Fu Channi	Non-independent director	Female	Master	She has been engaged in HR for nearly 20 years.
Wang Jinyong	Independent director	Male	PhD	He has worked with several listed companies as director/independent director and accumulated a wealth of experience.
Ye Jinfu	Independent director	Male	Master	He is an experienced accountant, who has worked with several companies as independent director.

Committee	Name
Compensation and Assessment Committee	Wang Jinyong
	Ye Jinfu



	Fu Channi
Strategy Committee	Li Jun
	Li Nannan
	Fu Channi
Audit Committee	Li Nannan
	Wang Jinyong
	Ye Jinfu
Nomination Committee	Li Jun
	Wang Jinyong
	Ye Jinfu

As the Micro LED share of business increases, we will transform production from a corporate customization model to a standardized production model, and we could change related organizational structure accordingly.

(D) Supervisors and board of supervisors

The board of supervisors has 3 members, including an employee supervisor. The number and composition of the board of supervisors comply with applicable laws and regulations. The supervisors perform their duties carefully, and supervise Leyard’s major matters, related party transactions, financial condition, and the performance of duties by directors and senior management for legality and compliance in accordance with the Rules of Procedures of the Board of Supervisors.

**Risk management**

For potential financial, credit, market and liquidity risks, the board of directors is obligated to set and takes ultimate responsibility for risk management objectives and policies. However, the board of directors has authorized the Finance Division to design and implement procedures in such a way that risk management objectives and policies are executed properly. The board of directors reviews monthly reports submitted by the financial controller to check the effectiveness of procedures executed, and the reasonableness of risk management objectives and policies. Internal auditor also audits the risk management policies and procedures and reports findings to the

Audit Committee.

The goal of risk management is to formulate risk management policies that minimize risks without producing excessive impact on Leyard's competitiveness and resilience.

The internal audit division sets criteria for risk level identification in qualitative and quantitative aspects based on factors including Leyard's size, business characteristics, and risk preference and tolerance.

## **Internal Control System**

Leyard has a robust governance structure.

In order to implement internal controls in operation and management effectively and achieve control objectives, we have developed effective control procedures for related party transactions, external security, use of raised funds, major investments, and information disclosure.

In terms of related party transaction, we have developed the Related Transaction Management System in accordance with applicable laws, regulations and the Articles of Association to regulate basic principles of related party transactions, specify the review, decision-making, information disclosure and other procedures of related party transactions. Independent directors perform their duties carefully and review related party transactions strictly.

In terms of external security, we have developed the External Security Management System, which appoints the general meeting and board of directors as the external security approval bodies and assigns the approval authority clearly in order to regulate external security and control operation risk. The bodies control external security strictly in a legal, prudent and safe manner.

In terms of fundraising, we have developed the Fund-raising Management System of Leyard Optoelectronics Co., Ltd. in accordance with the Securities Law of the People's Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, the Rules for Listing on the GEM of Shenzhen Stock Exchange and other applicable laws and regulations, as well as regulations of the

China Securities Regulatory Commission and Shenzhen Stock Exchange in order to specify the storage, use, change, and supervision of raised funds, and information disclosure for ensuring the safety, compliance, openness and transparency of the use of raised funds.

In terms of external investment, we have developed the External Investment System in accordance with the Company Law of the People's Republic of China, the Contract Law of the People's Republic, the Articles of Association and other applicable laws and regulations in order to make strict provisions for the scope, authority and approval procedure, decision-making procedure, transfer and recovery of external investment for the purpose of minimizing the risk and maximizing the benefits of external investment, and protecting the interests of Leyard and its shareholders.

In terms of information disclosure, we standardize information management and ensure that accurate, complete and true information is disclosed in a timely manner and there is no information that should be disclosed but has not been disclosed. We have developed the Information Disclosure System, the Inside Information Confidentiality System, the Inside Information and Insider Management System, the Accountability System for Major Errors in Annual Report Disclosure and the External Information Submission and Use Management System in accordance with the Company Law, the Securities Law, and Rules for Listing on Shenzhen Stock Exchange in order to stipulate the principles, content, procedures, division of responsibilities, information transfer, registration, filing, confidentiality and accountability of information disclosure. We implemented applicable provisions of the management systems strictly and there was no violation occurred in the year.

In terms of internal supervision, we have set up an inspection and supervision team to inspect and supervise the work and implementation of systems of BUs, positions and employees, and help managers of HR and BUs assess the work of employees in all aspects and rewarding and penalizing employees' work quality in all aspects and reward or punish them accordingly. The inspection and supervision team is composed of Fu Channi (HR), Bai Jianjun (Quality), Zhao Qin (Finance), Li Xuejing (Legal),

and Meng Fanming (Internal Audit).

## Related Party Transactions

We regulate the review, decision-making and disclosure of related party transactions in strict accordance with the Related Party Transaction Management System. During the reporting period, we signed framework agreements on current related party transactions with related parties to predict the annual amount of current related party transactions and submit them to the general meeting for review. We sort out current and non-current related party transactions and follow up such transactions in a timely manner to ensure their fairness and compliance.

Here are related party transactions conducted in the year:

S/N	Counterparty	Association	Control relationship	Transaction amount (yuan)	Currency	Type	Announcement date
1	Li Jun, Yang Yani	Actual controller	Yes	200 million	CNY	Security	Sep. 7, 2020
2	Li Jun, Yang Yani	Actual controller	Yes	440 million	CNY	Security	Aug. 27, 2020
3	Li Jun, Yang Yani	Actual controller	Yes	600 million	CNY	Security	Aug. 27, 2020
4	Li Jun, Yang Yani	Actual controller	Yes	100 million	CNY	Security	Aug. 27, 2020
5	Li Jun	Actual controller	Yes	170 million	CNY	Security	Aug. 27, 2020
6	Li Jun, Yang Yani	Actual controller	Yes	50 million	CNY	Security	Jun. 30, 2020
7	Li Jun, Yang Yani	Actual controller	Yes	250 million	CNY	Security	Jun. 30, 2020
8	Li Jun, Yang Yani	Actual controller	Yes	150 million	CNY	Security	Jun. 30, 2020
9	Li Jun	Actual controller	Yes	-	-	Security	May 29, 2020
10	Li Jun	Actual controller	Yes	143 million	CNY	Security	May 23, 2020
11	Li Jun, Yang Yani	Actual controller	Yes	300 million	CNY	Security	May 23, 2020
12	Li Jun, Yang Yani	Actual controller	Yes	200 million	CNY	Security	Apr. 10, 2020

S/N	Counterparty	Association	Control relationship	<u>Transaction amount (yuan)</u>	Currency	Type	<u>Announcement date</u>
	Yani						
13	Li Jun	Actual controller	Yes	50 million	CNY	Security	Apr. 10, 2020
14	Li Jun, Yang Yani	Actual controller	Yes	600 million	CNY	Security	Apr. 10, 2020
15	Li Jun	Actual controller	Yes	200 million	CNY	Security	Apr. 10, 2020

## Code of Conduct – Being Self-Disciplined and Fair

### Employee Code of Conduct and Relevant Requirements

We implement strict employee code of conduct. The Leyard Display Business Group Code of Conduct clearly stipulates code of conduct for employees in dealing with customers, work, meeting and training and email correspondence and provides penalty provisions.

The Code of Conduct is applicable to all service personnel to Leyard Display Business Group. It is a supplementary agreement to the Employment Contract, taking effect from the date of entry and remaining valid until an employee's separation of service.

### Intellectual property protection

We attach importance to intellectual property protection. As of 2020, we have received the following patents:

Field	Domestic patent	Domestic utility model	Domestic patent	Granted overseas patent	Total patents	New patents	Software copyright
Display	131	432	191	147	901	145	184
Including: MicroLED	11	13	—	18	42	32	—

## **Fair Competition and Anti-Corruption**

We strictly abide by the Antitrust Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on Protection of the Legitimate Rights and Interests of Consumers and other applicable national laws and regulations, social ethics and integrity practices. We honor promises and act with honesty and in line with business ethics. We faithfully perform contracts and oppose unfair competition. In order to prevent corruption in business activities, we have developed the Leyard Clean and Compliance Purchase Agreement, the Procurement Control Compliance Procedure, and the Non-disclosure Agreement. Our supply chain and related BUs place emphasis on employee management and integrity education, and require employees to monitor each other, not engage in dishonest practices, and keep procurement transparent together.

We attach importance to intellectual property protection. With fair trade and competition standard in place, our supply chain works with leading domestic software and internet companies to improve digital supply chain management and control, and promote the application and penetration of supply chain finance in LED display and lighting industries. Our Supply Chain will start the research and development process of social business network of trusted suppliers of the industry chain in 2021 for creating a supply-side credit map based on blockchain technology.

## **Whistleblower Protection Mechanism**

An anonymous suggestion box is provided in the public area by the inspection and supervision team so that employees can give comments on management at any time. The suggestion box also serves as a channel for customers and employees to make a complaint. The inspection and supervision team is responsible to investigate any violation of rules and regulations, and hold relevant BUs or individuals responsible. If something goes wrong,

1. The inspection and supervision team will carry out inspection, may ask personnel concerned, request BUs to provide documents and information relating to the matter

under inspection and make an explanation, may record, photograph or otherwise collect information about the situation, may disclose relevant data to the public subject to the team's agreement, and may submit any violation for punishment after being agreed by all team members. The team is required to figure out the root of any problem identified;

2. Any person who breaks the rules is required to recognize his mistake and be subject to relevant punishment;

Any BU or individual who says “ I don't know or I know nothing” when being asked about anything must be educated. Any manager or BU which shifts responsibility or fails to act must be required to take corrective actions. Otherwise responsible person will be replaced.

(Anonymous suggestion box )

## **Anti-Money Laundering**

Centered on national anti-money laundering requirements and priorities, we study and implement the Law of the People's Republic of China on Anti-money Laundering, fulfill anti-money laundering obligations, improve relevant working mechanisms, supervise operations, increase our ability to identify anti-money laundering, and prevent and fight against money laundering.

## **Environmental Responsibility – Pursuing Green Development and Sharing Civilization**

### **I. Environmental Management**

#### **1. Environmental Management System**

Fast economic development brings huge pressure on environment. We are well aware of the environmental responsibility we should bear as a corporate citizen, and introduce a sustainable business model to reduce the negative impact of business

development on the environment. We leverage our technical strengths to promote green products and sustainable business models, and gather forces to address global climate change and other environmental issues.

We implement green and low-carbon development strategies, strictly abide by environmental laws and regulations that have a significant impact on us, including the Environmental Protection Law of the People's Republic of China, continuously improve the environmental management system, strengthen environmental management responsibilities, and explore effective ways to protect environment, so as to build a resource-saving and environment-friendly enterprise.

With “harmonious environment, occupational health, compliance and sustainability” in mind, we have achieved remarkable results in environmental management in recent years. We received ESI Management System Certification (No. 001119E30037R3M-2) in June 2019, showing that our environmental management system complies with the Environmental Management System – Requirements with Guidance for Use (GB/T24001-2016/ISO14001:2015).



## 2. Environmental Risk Identification



In terms of systems, our top management has developed the Environmental Factor Identification and Evaluation Control Procedure, the Environmental, Occupational Health and Safety Targets, Indicators and Management Plan Control Procedure, the Solid Waste Control Procedure, and the Chemical Control Procedure to specify, among others, functions responsible for environmental management and management objectives.

Responsible function	Objective	Plan
HR & Administration	Reducing energy and resources (water, electricity, paper, and oil) consumption by 1% per 10,000 yuan output per quarter	<ol style="list-style-type: none"> <li>1. Conducting monthly inspections on regular and irregular basis, strengthening energy management, eliminating energy waste, and raising employees' energy conservation awareness;</li> <li>2. Calculating energy consumption on a monthly basis, analyzing the cause of increased or decreased consumption, identifying problems and making improvement</li> </ol>
Manufacturing, Procurement, Warehousing & Logistics (Warehousing), Sheet Metal	Eliminating hazardous chemical accidents (leakage, fire, explosion, etc.)	<ol style="list-style-type: none"> <li>1. Inspecting the storage and use process of hazardous goods every month in accordance with the Chemical Management Guide to ensure that hazardous chemicals are stored and used in compliance with regulations;</li> <li>2. Conducting spot checks on posts involving the use of hazardous chemicals every month to ensure that personnel engaged in such posts know the characteristics of the hazardous chemicals used, precautions of operation, and emergency measures;</li> <li>3. Inspecting hazardous chemical suppliers on a quarterly basis to ensure that they operate in accordance with respective agreements and correct any problems found during the inspection immediately.</li> </ol>
Procurement	100% tin recycling	<ol style="list-style-type: none"> <li>1. Collecting waste solder paste and tin slag every month, and exchanging the slag with suppliers for material.</li> </ol>
HR & Administration	Fire inspection and drill	<ol style="list-style-type: none"> <li>1. Carrying out on-site inspection and assessment once a month, strictly following the requirements of safety management system, and issuing notice of correction of hazard;</li> <li>2. Organizing employee training every quarter</li> </ol>

		and raising employees' safety awareness through various activities; 3. Conducting fire drill once a year.
HR & Administration	Disposal of 100% hazardous waste according to law	1. Checking the waste collection and storage process in accordance with the Waste Management Guide every week to ensure that wastes are classified, stored and recorded in compliance with provisions; 2. Following the Waste Management Guide, releasing and collecting hazardous wastes by category, and sending them to qualified processors.
HR & Administration	Eliminating complaint against waste sorting	1. Carrying out waste sorting training, checking waste sorting in the group and dormitory areas, and subjecting any employee who does not sort waste as required to disciplinary action.

### 3. Environmental Management Cost

Cost of waste disposal of Leyard TV Technology Co., Ltd.: 63,550 yuan in 2018, 2019, and 2020 each (we have long-term contracts with professional waste disposal utilities, which are responsible to dispose of wastes from our plants) (Beijing)

Waste subject to management consists mainly of waste fluid. Dongjiang Environment is appointed to dispose such waste fluid. The disposal cost was 14,000 yuan (Shenzhen) in 2020.

### 4. Employee Environmental Responsibility Training

We provide environmental responsibility training on a regular basis in order to help employees build awareness of sustainability. We held environmental training for 16 times with the total duration of 32h in 2020.

## II. Environmental Governance

### 1. Product End

As typical products of energy saving and environmental protection, LEDs show unique charm in the political and commercial fields. Lighting and display screens are the two broadest product categories in LED applications. As a leader in the LED

industry market, we are committed to driving the healthy and sustainable development of the entire LED industry with technological innovation. We also provide technical support for the construction of green cities in China.

Leyard NPP products are ultra-clear and ultra-thin, enabling seamless splicing. They have high brightness, which can be adjusted according to the ambient light, creating excellent imaging effects and best viewing experience any time. The high-efficiency PFC power supply reduces energy consumption and promotes low-carbon environmental protection.

We worked with an internationally renowned panel driver manufacturer to develop the next-generation Micro LED driver chip in March 2019. The chip was developed successfully and put into pilot production in May 2020 for verification. The result showed that the chip meets high international standards. It has been used in the mass production of our Micro LED commercial display products, helping improve the performance of the display products and achieving major breakthrough in energy efficiency. Adopting the common cathode energy-saving technology of which we have independent IP rights, the chip uses different voltage drives for the R/G/B three-color LEDs, and significantly improves the power consumption, packaging and heat dissipation of Micro LED display units. Compared with traditional chips, the driver chip saves 40% of energy in the maximum brightness mode, reducing average power consumption by 50% on average, and power consumption in black screen mode by 50%.

The future of electronics lies in integration and standardization. The combination of Leyard products with Micro LED development enables the Asic transformation of DCUs and production standardization so as to simplify application, lower maintenance cost and get ready for mass commercialization.

Besides, we optimized manufacturing processes of some products, such as NEV. Previously, the calibration label size was 25&10mm and didn't fit certain products. The optimized size is 25\*8mm, reducing material costs significantly.

## **2. Supply Chain**

In accordance with the ISO50001:2018 Energy Management Systems – Requirements, the RB/T101-2013 Energy Management Systems Requirements for Certification on Electronics and Information Enterprises, and the Energy Management Systems – Implementation Guidance, we followed the idea of advanced management, developed and implemented a scientific, standardized, and information-based energy management system to reduce energy consumption, increase energy utilization efficiency, protect and improve the environment, achieve our comprehensive and coordinated sustainable development goals, and obtained the Energy Management System Certification in 2019.

Specific measures are as follows. In warehousing and logistics, we used electric forklifts in place of fuel-fueled models, and introduced the concept of green warehousing logistics to achieve efficient, optimized and green distribution. In procurement management, we developed a green procurement system to ensure that energy efficient equipment and facilities are purchased. We buy lead-free, low-temperature solder to prevent pollution and save energy. Our factory is subject to SGS certification every year and comply with requirements for reduction of energy consumption in manufacturing.

### **Waste Disposal**

We have received an ISO 14001 certificate and established a robust operating environment management system. We have predicted types of possible pollution from production and operations and developed relevant control procedures, including the Procedure for Prevention and Control of Waste Gas and Wastewater Pollution, the Solid Waste Control Procedure, the Procedure for Prevention and Control of Environmental Noise Pollution, the Procedure for Prevention and Control of Soil Pollution and the Chemical Control Procedure for the purpose of controlling environmental impact of operation stages and enabling co-development of economy and environment.

Our factory is equipped with a 650-ton domestic sewage treatment system. Sewage from the canteen is filtered with grease trap before discharging. Discharge is

monitored on a regular basis to ensure compliance with standard. Sanitary sewer is discharged into the municipal sewer network. Our sewage discharge meets Level I standard, Class A requirements under the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002).

For waste gas treatment, we: (1) use a fume purification system and low NO<sub>x</sub> burners for boilers to reduce NO<sub>x</sub> and CO<sub>2</sub> emissions and minimize the impact of pollutants on the environment; (2) provide waste collection systems in workshops to dispose waste in a safe and proper manner, and strive to reuse wastes and used products through technological innovation; and (3) rolled out low-temperature solder paste in 2019. With lower furnace temperature (190-210°C) than normal solder paste (235-255°C), low-temperature solder paste reduced waste gas emissions by 22.5% in 2020 from 2019.

#### **4. Waste Recycling**

We developed the Energy Conservation and Consumption Reduction Control Procedure to reduce the consumption of water, electricity, paper and materials in the day-to-day operations, achieve savings of resources and energy during production and installation, and control the amount of waste. To this end, at the beginning of each year, we compile the Annual Plan for Energy Conservation and Consumption Reduction, which is to be reviewed and approved by the supervisor and is implemented under his supervision. The plan analyzes monthly energy consumption, and identifies any problems with energy consumption on a timely basis. If any problem is identified, the plan will be improved.

The Process recycles samples scrapped in research and development and turns them into test fixtures like module test fixture at the assembly section. Four scraped modules (approx. 25%) out of each series of products are recycled for HUB test.

#### **5. Green Office, Green Living**

Fast economic development brings huge pressure on environment. We are well aware of the environmental responsibility we should bear as a corporate citizen, and introduce a sustainable business model to reduce the negative impact of business

development on the environment, and gather forces to address global climate change and other environmental issues.

Our Beijing factory adopted OA and MES systems in 2020 to reduce requisition for office supplies and appliances. Two new file cabinets were added in 2020, compared to 3 in 2019, reducing footprint by 0.36m<sup>2</sup>. In 2020, 728 packs of paper were used, including 470 packs of new paper (10% less than 2019), and 258 packs of used paper, accounting for 35% of paper used in 2020, as the factory required to use second-hand paper first. Used paper consists mainly of some formal reports and expired documents at the document control center.

The Beijing factory also takes actions in response to the call for energy saving and emission reduction. Its Administration eliminated a fossil fuel car in 2020, and changed a fossil fuel shuttle bus into an electric bus, reducing the use of gasoline by approx. 6,680L per year. Solar water heaters are used in its dormitory to achieve about 100,000kWh of energy savings every year.

The Shenzhen company added card-swipe printing to its printers in October 2020, enabling cancellation of printing in case of any mistake and minimizing waste of paper caused thereby. Statistics show that 28,000 pieces of paper were used in October-December 2020, which was 36,000 pieces (or 22%) less than the same period last year.

Moreover, the Shenzhen company developed a range of energy saving and consumption reduction management policies to stipulate that computers must be turned off when coming off duty, AC temperature must be set to 26°C and air conditioning drainage shall be used for internal greening, etc.

## **6. Others**

A stormwater collection system is used in our Beijing Park to collect stormwater and irrigate plants in the factory. Consequently, water consumption is reduced by about 50,000t each year.

# **III. Workplace Safety**

## **1. Workplace Safety Management**

We have developed the 2020 Safety Management System, the Fire Protection and Emergency Plan, and the Fire Protection Utilities Management Guide in accordance with workplace safety requirements.

Each Leyard factory tries to identify hazards of process system, infrastructure, operating environment, and prevention and control means, as well as areas of weakness in connection with workplace safety system and mechanism, institutional improvement, safety management organization system, accountability, and accident investigation. Hazards are controlled with technology, management and culture.

We leverage technology to eliminate or reduce losses arising out of hazards and act in strict accordance with rules and regulations. Managers at all levels shoulder their respective responsibilities, identify hazards and take remedies on a timely basis. We always seek to improve safety rules and regulations, and organize safety knowledge training and safety emergency plan drill for employees on a regular basis to raise their safety awareness. Careful and human-oriented inspection is conducted to make employees feel safe, help them establish good safety habits, and contribute to a safety culture.

We provided 16 sessions of training on environment, health and safety with the total duration of 32h in 2020, and 18 sessions of induction training on environment, health and safety, with the total duration of 36h.

## **2. Chemical Safety**

We've received QC080000 Certificate No. IECQ-HNQAGB19.0106-02 and implemented the Chemical Management Guide and the Hazardous Chemical Safety Management System.



We've prepared the List of Hazardous Chemicals based on MSDSs provided by suppliers, in combination with applicable laws and regulations. Requirements and operating instructions have been developed for the storage, labeling, handling, use and disposal of chemicals. Hazardous chemicals include industrial alcohol, washing water, flux, and solder paste, mainly used in production.

We apply for, purchase, transport, store, use and dispose chemicals in accordance with the Chemical Management Guide.

## Social Responsibility – Collaboration for Win-Win Results

### Leyard and Employees

#### HR Strategy

With “talent first” in mind, we attach importance to employee skill and competency development and strive to improve their core competitiveness.

Taking into account our development goal, current talent pool and talent demand over



the next three years, our HR strategy reflects high standards and strict requirements in the following aspects.

(A) Objective

1. Management personnel. We will train existing middle and senior management personnel and help them become senior management personnel who are familiar with technologies, good at management, can expand market and play a leading role. We will give priority to training management personnel in market management, sales management, R&D management, technology management, engineering customer service management, financial management and human resources.

2. R&D and technology personnel. The quality of R&D personnel represents the technology level of a company. As a high-tech enterprise, we need to build a team of outstanding R&D personnel, including core R&D personnel, middle-level reserve personnel, and basic developers to ensure a proper personnel structure. Meanwhile, we provide specialist technical training to technology personnel and optimize their structure.

3. Versatile sales personnel. We plan to build a team of excellent versatile sales personnel by 2024. They will be able to manage projects, negotiate business cooperation, and increase market shares of products.

(B) Quality Requirements

We will raise the intellectual level of employees, provide them with more vocational skill training, and foster diverse talent. We seek to improve overall qualities of our employees by assessing their literacy, expertise, skills, attitude and competence by 2024.

(C) Structural Requirements

Only a reasonable talent structure can maximize the overall efficiency of the organization. As for trades, we will address talent shortage in optical technology, microelectronics, semiconductor, optoelectronic, and electronic information. As for age structure, we will focus training on middle and senior management personnel aged 35-45. BUs are required to give priority to reserve personnel aged 28-35.

Priority will be given to high skill first-line employees under the age of 35. As for education requirements, we hope that 20% of our employees with a university degree, 55% with a master’s degree, and 32% with a college degree.

### **Our Employees (Supplement)**

As of December 31, 2020, we have 4,462 employees, a decrease from 4,783 last year, of which 1,592 (or 33.30%) are female. 99.17% of our employees sign a formal employment agreement with the group. The remaining 0.83% are special personnel required for special jobs, who sign a service contract with the group.

As for recruitment, we have been giving priority to introduce high quality talent in recent years, leading to rising proportion of highly educated employees. In 2018-2020, the number (proportion) of employees with a university degree or above was 1,617 (36.82%), 1,745 (36.48%) and 1,627 (36.46%), respectively.

Education			
Degree	2018	2019	2020
Master degree or above	158	163	199
University	1,459	1,582	1428
College	1,011	1,162	1164
Senior high school and polytechnic school	851	893	854
Below senior high school	913	983	817
Total	4,392	4,783	4462

### **Employee Rights**

We strictly abide by the Labor Law, Labor Contract Law and other applicable laws and regulations. We protect the rights and interests of our employees. Child labor, forced labor, and discrimination against employees due to nationality, region, race or gender are strictly prohibited. In order to improve the management of employment agreements, we standardize employment behavior and notes for contract signing and always sign employment agreements with all of our employees. We contribute to

pension, medical, unemployment, work-related injury and maternity insurances and housing fund for all employees, and have a paid leave system to make annual leave and family visit leave available for employees.

We fulfill our social responsibilities as a corporate and never discriminate against any employee because of race, nationality, social origin, gender or pregnancy in terms of recruitment, promotion, and benefits.

It should be noted that we attach importance to protection of women's rights. We follow the principle of equal pay for equal work and set and adjust salaries and determine benefits in accordance with the Collective Contract on Protection of the Rights and Interests of Female Employees to motivate female employees in the course of business.

**(1) Compensation and Benefits (Supplement)**

We provide employees with stable and competitive compensation in strict accordance with the Labor Contract Law of the People’s Republic of China and applicable laws and regulations. Compensation is combined with post-based salary and performance assessment to mobilize employees and improve their satisfaction and loyalty.

Specifically, the Compensation and Assessment Committee reviews compensation packages for directors, supervisors and officers and makes suggestions. The compensation of directors and supervisors is determined in accordance with our Performance Assessment and Management Guide, and is reviewed and approved by the general meeting. The income of officers links directly to performance. The Compensation and Assessment Committee assesses the competence, performance of duties, and achievement of targets of officers, develops compensation packages, and submits them to the board of directors for review.

Name	Title	Gender	Total compensation before tax received from the group	Compensation from any affiliate
------	-------	--------	---	---------------------------------

Li Jun	Chairman & general manager	Male	279,600 yuan	No
Lu Changjun	Deputy general manager	Male	800,000 yuan	No
Jiang Yi	Deputy general manager	Male	794,500 yuan	No
Li Nannan	Non-independent director, deputy general manager & secretary of the board of directors	Female	660,600 yuan	No
Fu Channi	Non-independent director	Female	417,800 yuan	No
Wang Jinyong	Independent director	Male	60,000 yuan	No
Ye Jinfu	Independent director	Male	60,000 yuan	No
Bai Jianjun	Chairman of the Board of Supervisors & non-employee representative supervisor	Male	314,800 yuan	No
Wang Jiazhi	Non-employee representative supervisor	Male	311,900 yuan	No
Pan Tong	Employee representative supervisor	Female	404,800 yuan	No
Sha Li	CFO	Female	804,400 yuan	No
Total	--		4.9084 million yuan	

Based on our developments, we provide employees with benefits, including but not limited to working lunch, health checkup, cultural and sports activities, holiday gifts, birthday congratulations, paid vacations, commuters, and employee dormitory and ensure that diverse and comprehensive benefits are accessible to all employees.

## **(2) Protection of Employee Rights (New)**

We have a an inspection and supervision team to which any employee can make a complaint if his rights are violated. A Whistleblower Protection Mechanism is created to protect any whistleblower against retaliation arising out of report of violation.

## **Personnel Training**

### **(1) Career Development Channel**

We have a robust employee development system that builds talent teams at all levels

to encourage employee improvement and inspire enthusiasm in them. An incentive system and a personnel promotion system are developed to select and cultivate excellent employees and optimize their career development path.

**Personnel training:** with “talent first” in mind, we attach importance to employee skill and competency development and strive to improve their core competitiveness. New employees are provided with orientation before entering the workplace. They will learn our corporate culture, core values, and philosophy through diversified programs and practical activities and improve their communication, innovation and teamwork through training. Existing employees and middle and senior managers are also provided with trainings.

## **(2) Employee Development and Promotion Mechanism**

The Institute of Leyard keeps moving forward despite COVID-19. In 2020, our training was based on online learning, supported by offline assessment and practical operation. Trainees were assessed for their ability to acquire and apply knowledge from multiple perspectives at several levels. The training covers at least 700 trainees with the total duration exceeding 1,000h. Training programs cover product knowledge, general management, skills improvement, and the original Leyard project management sand table, which helps train project personnel including operation personnel.

We make employee’s career development path a key component of our current talent development strategy. By defining the career path of key positions, we combine appointment, salary determination, and assessment to stabilize the growth expectations of key employees and coordinate with HR strategy for business development.

## **Employee Care**

Talent is our most precious resource and represents our core competitiveness. We share our dividend of development with employees and provide them with competitive compensation. We create opportunity of continuous development for every employee, and encourage them to work and grow together with the group.

## Physical and Mental Health

We take care of our employees' physical and mental health. While annual physical examination is organized, mental health training and lectures are provided to help employees build a scientific mental health concept. On the other hand, we help employees adapt to occupational stress and environment as soon as possible, and lead a happier and healthier family life. As of the end of December 2020, our physical examination covered all employees. We provided one session of training on mental health and one-on-one counseling in 2020, and received positive feedback from employees.

We enrich our in-house health culture and encourage employees to participate in physical exercise by setting up hobby groups, providing free fitness spaces and facilities and carrying out health lectures in order to improve their body, enrich their life and help them live a healthy life.

Partial activities and events:

Friday, Jan 17, 2020 · Leyard Spring Festival Gathering & Annual Summary 2020 was held at Palace Garden Hotel & Resorts to give rewards to excellent employees and celebrate the upcoming holiday together for increasing cohesion.



Aug 21, 2020 · As large-scale gathering was not allowed for COVID-19 containment, an in-house tea party was held at the trade union to celebrate the 25th anniversary of our establishment. We have walked hand in hand thousands of miles over the 25 years. At the age of 25, we are ready to start a new journey.



Dec. 17 · A music teacher was invited to our headquarters. At the first floor below grade, employees tried drum circles and felt the joy of collaboration. The activity boosted their energy and vitality, improved teamwork, and helped release stress and build better relationships.



## **Occupational Safety**

Employees' occupational safety and health is one of our top priorities. We implement safety management system and provide regular training in strict accordance with applicable laws and regulations. We create a safe, healthy and comfortable working environment for employees and encourage them to balance work and life for their physical and mental health. Safety management systems including the Occupational Safety Education and Training System have been created to provide guidance to employees. Training, fitness facilities, and regular physical examination are made available to employees for protecting their occupational safety.

A top-down safety management structure has been created. The Project function is responsible to supervise project safety and assign responsibility to contractors. A management accountability and reward/punishment mechanism is introduced to prevent incident.

Subsidiaries positively answered the call and created management systems including the Personal Protective Equipment Management System, the Workers' Occupational



Health Monitoring and File Management System, the Occupational Disease Prevention and Control Publicity and Training System, the Occupational Disease Prevention and Control Accountability, the Occupational Health Operating Instructions for Positions for Prevention of Occupational Hazards, the Occupational Hazard Detection and Evaluation Management System, and the Occupational Hazard Warning and Notification System.

We inform employees about hazards involving their positions and sign a Notice of Occupational Disease with all relevant employees in accordance with the Occupational Hazard Warning and Notification System.

For employees who take position involving occupational hazard, we buy and distribute PPEs including mask, safety shoes, goggles, gas mask, face shield, welding mask, insulated gloves, and insulated shoes (boots) on a regular basis to protect their health and safety.

26 safety hazards were identified and eliminated, and no accident occurred in 2020.

We also focus on building a health and safety culture and provide first aid and other occupational and workplace safety training. New employees, technologies and processes are not allowed to do job or put into use unless relevant personnel receive training and meet assessment requirements. Apart from general safety education, employees engaging in special trades are also required to receive safety and technology education and take an examination for ensuring their safety and increasing their safety awareness and competence. We provided 16 sessions of training on environment, health and safety with the total duration of 32h in 2020, and 18 sessions of induction training on environment, health and safety, with the total duration of 36h.

### **Dividend Sharing**

Employees are encouraged to grow with the group. We train employees to improve their professional skills and share dividends with them.

Name of employee stock ownership plan	Number of participants	Value
Employee Stock Ownership Plan 2015 (one-year plan)	506	180 million
Employee Stock Ownership Plan 2016 (one-year	350	300 million

plan)		
Employee Stock Ownership Plan 2014 (three-year plan)	465	238 million
Employee Stock Ownership Plan 2017 (one-year plan)	427	500 million

### **Remote Office**

During the COVID-19 pandemic, we positively answered the government call and let all employees work from home in the period from February 3 to 9. On the first day of work resumption, we stated work-from-home via Leyard LittleDT conferencing system.

#### **Work-from-home schedule**

8:30	Punching the clock and reporting health condition
9:30	Regular BU meeting via video link
10:10	Online collaborative work of working group
11:30	Rest + exercise
13:30	Creative interaction in the form of online brainstorming
17:00	Work review to evaluate work efficiency
17:30	Thinking calmly for getting ready for development

### **Communication with Employees**

We have several channels for communication with employees. Apart from the general membership meeting and the congress of workers and staff, employees may contact management at all levels and communicate with middle and top level managers directly via WeChat account and internet. We also have an anonymous mailbox for employees to make suggestions to the Inspection and Supervision Committee.

### **Leyard and Investors**

The board office is responsible for investor relations. In order to follow the principle

of openness, fairness and impartiality in the securities market, protect investors' rights and interests, better communicate with inventors, operate in an honest and self-disciplined manner, and improve investor relations management, we have developed policies and systems including the Specific Visitor Reception Management System of Leyard Optoelectronics Co., Ltd. for attracting capital.

### **Information Disclosure and Communication with Investors**

We communicate with our investors through various channels. We publish investor research record and Q&A under the interactive column at the website of Shenzhen Stock Exchange to answer questions of concern for investors. We open an investor relations column at our official website to provide real-time stock price, regular report and interim announcement and allow investors to access our business information and financial data. We keep our investors updated with progress by WeChat, Sina Weibo and Tik Tok. We also carry out the Investor Reception Day activity to communicate with investors about our strategy, operating and financial conditions.

We develop and implement the Company Information Disclosure Affairs Management System in strict accordance with applicable laws and regulations and disclose true, accurate and complete information in a timely and fair manner to ensure that all shareholders are entitled to equal access to information.

In 2019, we received 213 persons from 24 investors via field research and teleconference, answered more than 800 questions raised by investors through [irm.cninfo.com.cn](http://irm.cninfo.com.cn) and email, and handled 10 inquires over the phone. We held two results presentations and new product releases each online and on site in the presence of institutional investors.

In spite of the fact that investors' field research was limited in a way by COVID-19 in 2020, they gave more attention to the group than before. 928 investors conducted 52 researches on the group with convenient methods including teleconferencing, video conferencing, offline research or any combination thereof. 646 questions raised by investors were answered on [irm.cninfo.com.cn](http://irm.cninfo.com.cn). Our IR team attended strategy meetings, analyst meetings, and reverse roadshows organized by institutional

investors, and communicated with investors in one-to-one, one-to-many manner or in the form of education to describe our operation and strategic plan. Investors had high praise for the IR team.

### **Investor Protection**

We have two independent directors and carry out activities in securities investment and accounting, capable of protecting the interests of investors in a way. The independent directors attended in 5 general meetings and 13 board meetings in 2020. Particularly, they reviewed related party transactions in accordance with the Company Law of the People’s Republic of China, the Rules for Listing on the GEM of Shenzhen Stock Exchange, the Articles of Association, and the Related Party Transaction Management System in order to protect the interests of the group and all shareholders, especially minority shareholders.

We set up an Investor Relation column on our official site to disclose information on our operation and management according to law. The column links directly to “SSE Interaction E” to facilitate communication with investors.



### **Return on Investment**

We are pleased to share increased market value and pride of contributing to urban construction with investors.

We report to shareholders as required. A stable and reasonable profit distribution

program is provided in our Articles of Association. A profit distribution plan is prepared by the board of directors based on annual operating performance each year to protect the interests of shareholders, especially minority shareholders.

Profit distribution made in recent years is shown as follows:

(1) Profit distribution plan for 2017: to distribute cash dividend of 1.1 yuan (inclusive of tax) per 10 shares of stock to all shareholders based on 1,695,251,051 shares of total capital as of March 26, 2018. Meanwhile, 5 shares of stock are given for every 10 shares of stock to all shareholders based on capital reserve.

(2) Profit distribution plan for 2018: to distribute cash dividend of 0.8 yuan (inclusive of tax) per 10 shares of stock to all shareholders based on total capital registered on the date when the distribution plan is implemented (excluding shares repurchased). No bonus shares of stock are given, no capital reserve is converted into additional shares of stock, and the remaining undistributed profits are carried over to the next year. (Cash dividend is preliminarily calculated based on 2,523,012,799 shares of total capital as of this announcement date minus the number of repurchased shares in the repurchase account (2,542,876,576 shares of total capital minus 19,863,777 shares repurchased stock). The total amount is 201,841,023.92 yuan).

(3) Profit distribution plan for 2019: to distribute cash dividend of 0.6 yuan (inclusive of tax) per 10 shares of stock to all shareholders based on 2,518,411,399 shares of total capital. No bonus shares of stock are given; no capital reserve is converted into additional shares of stock.

(5) Profit distribution plan for 2020: to distribute cash dividend of 0.2 yuan (inclusive of tax) per 10 shares of stock to all shareholders based on total capital registered on the date when the distribution plan is implemented (excluding shares repurchased). No bonus shares of stock are given. No capital reserve is converted into additional shares of stock.

## **Leyard and Partners**

### **Supply chain management**

As of the end of 2020, we have 2,800+ vendors distributed in countries including

China, U.S., Japan, South Korea and Germany.

With “cooperation for win-win results” in mind, we work with our suppliers on an honest basis, strive to build a mutual supplier relationship with them to exchange upstream and downstream resources, promote common development, protect vendors’ interests and seek to maintain stable strategic partnership with honest suppliers.

Our Supply Chain gives priority to suppliers who well perform CSR in preparing procurement strategy, developing suppliers and carrying out procurement activities.

We are interested in suppliers’ CSR reports, and working to increase the weight of SA8000 and RoHS qualifications of key components, raise suppliers’ environmental awareness and code of conduct, encourage them to use green and new energies, improve material recycling, take energy conservation and emission reduction measures, and contribute to low-carbon economy for building a green supply chain together. We also provide guidance on CSR awareness to suppliers. Under the strict supervision of our supply chain, all materials we currently purchased comply with applicable environmental requirements.

Our supplier training consists of routine training during day-to-day cooperation and special training for major projects. We have developed high quality movie screen in 2020, which will be rolled out in cinemas around the world after DCI certification is awarded. We organized a series of training on relevant standards and qualifications for major suppliers involved.

We also train suppliers on our supply chain financial solution. We will provide them with training on the application of supply chain SRM system and further training on the supply chain financial solution in 2021.

We will start application for green supply chain qualification in 2021. We are confident that we will receive the qualification with suppliers’ cooperation and give input to the creation of an evaluation index system for green chain management enterprises in the electronic and electrical industry.

It is particularly worth mentioning that many of our suppliers contributed to the fight against COVID-19 in 2020. For example, DSBJ, an above-scale manufacturer,

scheduled its flexible production capacity to produce KN95 mask and other epidemic prevention supplies. Leading technology enterprises including Digibird, Chipone and Tricolor supported some of public welfare and well-being projects initiated by the group by giving priority to such projects in resource scheduling, regardless of the cost. The above-mentioned companies participated in public welfare projects initiated by the group and Siyuan Stars Education Fund by donating materials or supplying goods at the lowest price or for free of charge. Our voluntary contributions incorporate suppliers' energy and love.

### **Conflict Minerals**

We purchase responsibly. Minerals involved in our raw materials include solder paste and main material tin (Sn) from Yunnan Tin Group. It is a state-owned company with relevant qualification and free from human rights violation.

We undertake that we will not purchase any minerals or raw materials from areas of conflict minerals. We refuse to partner with companies relating to conflict minerals, and respect human rights and the environment in areas of conflict minerals.

### **Special Channel Management**

After channel product and partner development, our channel sales model rolls out throughout China along with the unified sales strategy planning of channel partners. We have advanced the Thousand Store Plan for audiovisual technology experience since April 2018. The plan sets out our medium and long-term development goals, and aims to create channel-based display, cooperation, resource, information and value platforms for comprehensive display and business and regulations customers, and finally cover all industries and regions with our products. In order to better connect products and customers, we have been improving channel strategy for all regions across China. Our purpose is to share all our products, information and development goals with distributors and partners all over China through the Thousand Store Plan.

### **Leyard and Customers**

#### **Excellent service**

As a global audio-visual technology and innovation leader, we have been committed to making scientific and technological innovation happen, leading industry development with forward-looking technology, breaking through barriers of technology, and setting new records for the industry. With innovation-driven development in mind, we strive to create new legends and bring “display made in China” to the world.

We have delivered thousands of projects and installed nearly 100,000 display products all over China since 1995. We have built good brand reputation in the industry by high-quality products, leading technologies and top services. Leyard products are seen not only at large-scale cultural and sports events, such as the Spring Festival Gala and the Military World Games, but also on political activities, command and dispatch, night tour, and film and television shooting.

In order to provide fast and convenient services, we provide 7/24 online customer services and offline exclusive services, gradually expanding our service to all cities. We are also increasing online after-sales service channels and we now make available phone, e-mail and remote service over internet to meet customers’ after-sales needs.

Moreover, we communicate more frequently with customers, and listen to our customers through various channels for better interaction with them. Customers may negotiate by telephone, remotely or over internet on their own accord.

In order to always provide customers with high-quality services, we improve our services, develop a “customer-centric” service system covering all stages of the supply chain, and deliver clearer, faster, and more personalized comprehensive visual effect service by improving our service philosophy, organizational system, business process, communication channels and service standards.

We have established a robust after-sales service system. In particular: we have (1) earned the five-star certification under the Evaluation System for After-sales Service of Commodity (GB/T27922-2011); obtained (2) ISO/IEC20000-1:2018 Information Technology – Service Management Certification; and passed (3) Information Technology Service Standards (ITSS) conformity assessment (Maturity Level 3 for



Operation and Maintenance). Moreover, the After-sales Procedure Implementation Document was issued in 2019 to establish a strict after-sales management framework and provide strict provisions concerning repair service, complaint handling, and information disclosure and recall of defective products.

The After-Sales continued to adjust staffing and offices in 2020. Consequently, 6 employees were added at the headquarters. Now there are 42 employees engaging in maintenance in Beijing and 66 outside Beijing. There are 36 offices all over China, covering all areas we operate.

### **Customer Satisfaction**

We achieved 96.75% customer satisfaction in 2020, exceeding the 96% target. While most projects ran properly in 2020, a few of projects were not maintained adequately.

#### **List of Customer Satisfaction Score 2011-2020**

<b>Year</b>	<b>Target</b>	<b>Actual</b>	<b>Very satisfied</b>	<b>Satisfied</b>	<b>Basically satisfied</b>	<b>Dissatisfied</b>	<b>Very Dissatisfied</b>
2020	96%	96.75%	77.40%	21.2%	14%	0	0
2019	96%	96.47%	77.90%	20.50%	1.55%	0.05%	0
2018	96%	96.76%	80.00%	13.00%	7.00%	0	0
2017	96%	96.68%	82.50%	8.50%	9.00%	0	0
2016	96%	96.75%	80.00%	16.00%	4.00%	0	0
2015	96%	96.81%	87.00%	11.00%	3.00%	0	0
2014	95%	96.11%	84.30%	11.40%	4.30%	0	0
2013	94%	95.21%	76.80%	17.40%	5.80%	0	0
2012	92%	92.60%	69.20%	23.10%	7.70%	0	0
2011	90%	91.27%	75.50%	14.30%	10.20%	0	0

The above table showed positive results of satisfaction survey conducted on 2,000 project customers. Specifically, 77.40% respondents were very satisfied, 21.2% satisfied, 14% basically satisfied, 0 dissatisfied, and 0 very dissatisfied.

The “very satisfied” concentrates on the attitude, professional knowledge of personnel and items of after-sales service. The “basically satisfied” concentrates on the operability of software and the time limit of maintenance. Failure to provide service and prepare spare parts in time was the major problem found during the survey. Spare parts became a major problem in the survey because sealing chip in front of the mask

with glue cannot be operated on site, and the part must be sent back and forth, prolonging the repair time. Besides, the number of spare parts decreased for cutting inventory.

For the above problems, we summarized our experience and worked out the following solutions:

1. Common spare parts warehouses are set up in Jiangsu and Zhejiang. Relevant offices are staffed with dedicated personnel. Inventory is jointly controlled by store keeper at the headquarters in Beijing and at relevant office. In case of inventory deficiency, the store keeper at the office shall promptly report to his counterpart at the headquarters to replenish spare parts from Beijing and keep inventory level as required by maintenance;
2. Parts to be reworked shall be sent back to the headquarters or factory by store keeper at relevant office on a weekly basis for repair to speed up material flow and part maintenance;
3. As for service personnel's failure to eliminate trouble on site in a timely manner, the customer service center is staffed with an additional 400 operator in addition to existing 400 seats. The new operator will be exclusively responsible to follow up work orders and handle those exceeding the time limit. The operator will also make follow-up call to customers relating to closed work orders to check whether the customers are satisfied and collect comments and suggestions.

## **Public Service**

We have always been engaged in public service and have been promoting and supporting public welfare undertakings by concrete action.

### **(1) Targeted Poverty Alleviation**

We help improve the learning environment for children in the mountain areas and local quality of life by setting up a nonprofit foundation, carrying out charitable activities and making donations.

We set up Leyard Hope School in Nanmuping Township, Zhijiang County, Hunan, as

well as Leyard Scholarship in early 1995 to reward teachers and students doing excellent job and help students in need. We have not stopped doing that since then.

Since the establishment of Siyuan Stars Education Fund (SSEF) together with the China Siyuan Foundation for Poverty Alleviation (CSFPA) in 2014, we have been committed to contributing to the “poverty alleviation through education” program in poor areas. Poverty alleviation through education is a key part of China’s poverty alleviation effort and the fundamental solution of targeted poverty alleviation. Based on its organization structure, the SSEF is managed by the CSFPA, the group and the fund itself in a coordinated manner to ensure the operation of programs under the SSEF. The SSEF strives to ensure that every single donation is open and transparent and used properly in strict accordance with applicable provisions of the CSFPA.



**中华思源工程扶贫基金会**  
CHINA SIYUAN FOUNDATION FOR POVERTY ALLEVIATION



**思源繁星教育基金**  
SIYUAN STARS EDUCATION FUND

For many years, the group together with the SSEF has donated over 30 million money and supplies. In total, we have donated 3,000+ pieces of clothing, 350+ schools, 52 smart classrooms, and helped 4,000+ students and 1,000+ teachers. We have provided assistance and supported construction in 20+ regions including Beijing, Guangdong, Guangxi, Hebei, Henan, Shandong, Shanxi, Inner Mongolia, Jiangsu, Hubei, Hunan, Sichuan, Jiangxi, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Xinjiang, and Tibet.

## **(2) One Hour after Class & Smart Classroom**

Once the Siyuan Bazaar · One Hour after Class program was launched by the Siyuan · Bazaar Charity Fund in 2020, we donated 2 million yuan immediately. Moreover, the 1 million yuan for poverty alleviation through education was put in place.

In 2020, we donated 30 standard smart classrooms to the One Hour after Class program in Hunan, Hubei, Xinjiang, Yunnan and Henan, of which 23 have been completed and 3 are planned to complete in 2021.

One classroom is an after-school playground. We hope to transform the physical classroom space in rural schools using technology, so that boarding left-behind children can have access to the same advanced educational concepts and learning experiences as urban children by transforming the physical classroom space of rural schools to be equipped with software education courses.



### **(3) Contribution to the Fight against COVID-19**

In the face of the outbreak of COVID-19 in early 2020, we took positive actions to fight against the virus while providing our help to affected areas to deliver our commitment to CSR. The group and the SSEF donated over 5 million supplies to affected areas at home and abroad. Those supplies included 60,000 pieces of mask, 14t of disinfection powder, 3,000 pieces of disposable protective clothing, 5,000 pairs of medical gloves, 30 intelligent public hand sterilizers, as well as 50 sets of integrated remote video consultation machine to medical establishments in Hubei and Zhongnanshan Medical Foundation.



(Integrated machine we donated at the office of Academician Zhong Nanshan)

We donated 1.5 million yuan suppliers to Baoding, Hebei in the first place when COVID-19 resurged in early 2021. The group and the SSEF donated supplies to Daxing District Education Commission when thousands of students, parents and teachers were forced to isolate collectively due to resurgence of COVID-19.

#### **(4) Accompanying Extra Nutritional Meals**

Tianniang under Leyard and British designer brand MYC cooperated with the SSEF to use partial sale proceeds for the Accompanying Extra Nutritional Meal program. As of September 2020, we have donated nearly 1 million yuan to the program.



#### **(5) Plan for Charity Programs**

Apart from the ongoing SSEF student assistance program and rural classroom, we plan to donate more to the:

Nutritional Meal program: we launched the Nutritional Meal Poverty Alleviation program and called on people to donate to the program for providing extra breakfast and dinner that costs 10 yuan per day to needy students and alleviating hunger for children in poverty-stricken areas.

Fight against COVID-19: the virus resurged during a certain period of time in 2021 and it could persist in the long term. The group and the SSEF will continue to donate and contribute to the fight against COVID-19.

## **Next Step**

2021 is the first year of China's 14th Five-Year Plan period and the last year of our "digging deeper into the display field, pursuing steady development" strategy. At the beginning of the new cycle of LED industry, we will continue to give top priority to display, increase R&D investment, accelerate iteration of new products, and seize market opportunities to lead the development of global display technology. We will face opportunities and challenges under the new situation, improve our comprehensive competitiveness, and consolidate our position as a "global audio-visual technology leader" with confidence and strength.

In terms of corporate governance, we will continue to incorporate sustainable development management into our strategic decision-making and business activities, coordinate COVID-19 response with production and operation, and improve business operations. While advancing the Micro LED process, we plan annual work by focusing on optimization of production and marketing structure, development of smart display market, expansion of overseas presence, and risk control. Meanwhile, a third-party internal control consulting mechanism is introduced to promote internal control management, improve corporate governance, and reduce operating risks.

In terms of environmental responsibility, we will contribute to ecological environmental protection, develop new smart display technology, launch more green,

energy-saving and environmentally friendly products, and perform social responsibility by promoting green travel, green development, and workplace safety. As for environmental protection, we will adopt a problem-oriented practice to enable digital interconnection of online environmental monitoring data of different enterprises and other information for protecting our green home together.

In terms of social responsibility, we will follow our vision, mission, and values, protect the rights and interests of stakeholders, and work and move forward together with people from all walks of life. We will continue to care for employees, participate in social welfare, and support the development of education, sports, culture and other undertakings. While exploring overseas markets, we will hold ourselves to the standard of a global citizen, perform corporate social responsibility, create social value, and expand our global reach.

We are committed to raising CSR awareness, improving CSR management system, better performing CSR in more fields, and contributing to the harmonious development of community, economy and environment and the prosperity of China and the Chinese nation!