
Kaleido Technology ApS

Ryttermarken 1, DK-3520 Farum

Annual Report for 1 January - 31 December 2020

CVR No 26 30 97 35

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/7 2021

Richard Joe Kuen Mok
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Kaleido Technology ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 14 July 2021

Executive Board

Zhu Bingke
CEO

Board of Directors

Richard Joe Kuen Mok
Chairman

Zhu Bingke

Niels Christian Rømer Holme

Independent Auditor's Report

To the Shareholder of Kaleido Technology ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Kaleido Technology ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 14 July 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
statsautoriseret revisor
mne23327

James Liang
statsautoriseret revisor
mne34549

Company Information

The Company

Kaleido Technology ApS
Ryttermarken 1
DK-3520 Farum

Telephone: + 45 44346430
Website: www.kaleido-technology.com

CVR No: 26 30 97 35
Financial period: 1 January - 31 December
Incorporated: 1 November 2001
Financial year: 19th financial year
Municipality of reg. office: Furesø

Board of Directors

Richard Joe Kuen Mok , Chairman
Zhu Bingke
Niels Christian Rømer Holme

Executive Board

Zhu Bingke

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	100.364	110.611	53.514	59.661	7.675
Profit/loss before financial income and expenses	6.087	24.885	9.723	52.957	953
Net financials	6.481	-11.832	-6.893	-1.543	-768
Net profit/loss for the year	9.803	10.145	1.550	40.100	142
Balance sheet					
Balance sheet total	290.935	300.317	247.702	103.491	115.707
Equity	101.922	92.119	81.975	80.425	40.324
Ratios					
Solvency ratio	35,0%	30,7%	33,1%	77,7%	34,9%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Management's Review

Key activities

The company manufactures moulds for glass casting of camera lenses for consumer electronics.

The company develops equipment and processes for lens manufacturing based on wafer technology.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 9,802,841 and at 31 December 2020 the balance sheet of the Company shows equity of DKK 100,921,982. The company has started to generate revenue from the moulds manufacturing this year.

Capital resources

As a development centre for AAC Technologies, it is important for the company's continued development, that the company can continue to deliver new products to customers, that the company can recruit and retain employees with a high level of education and employees with technical experience.

Particular risks

Due to the company's activity as an internal development and production centre, it is assessed that the company is not exposed to any unusual obligations or risks.

Market risks

The company's physical material consumption is very limited, with consequent external impact. The company buys part of its electricity consumption as green electricity, but also has no separate activities to reduce the company's external environmental impact.

Research and development

The company's development activity is within ultra-precision machining and optimization, with a view to massproduction of lenses for consumer electronics.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Outlook

The number of employees is expected to be at approximately the same level as at the end of 2020, but will overall contribute to a higher turnover and result compared to 2020.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		100.363.555	110.611.166
Staff expenses	1	-67.892.753	-66.454.731
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-25.095.011	-19.271.828
Other operating expenses		-1.289.006	0
Profit/loss before financial income and expenses		6.086.785	24.884.607
Financial income	3	12.973.022	46.873
Financial expenses	4	-6.491.558	-11.878.380
Profit/loss before tax		12.568.249	13.053.100
Tax on profit/loss for the year	5	-2.765.408	-2.908.492
Net profit/loss for the year		9.802.841	10.144.608

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Acquired other similar rights		15.247.077	0
Intangible assets	6	15.247.077	0
Land and buildings		61.779.603	56.624.194
Plant and machinery		148.247.230	170.717.919
Other fixtures and fittings, tools and equipment		336.270	2.007.981
Property, plant and equipment in progress		10.639.355	11.718.529
Property, plant and equipment	7	221.002.458	241.068.623
Deposits		349.563	272.701
Fixed asset investments	8	349.563	272.701
Fixed assets		236.599.098	241.341.324
Raw materials and consumables		4.925.857	0
Work in progress		10.604.134	0
Finished goods and goods for resale		208.883	2.294.190
Inventories		15.738.874	2.294.190
Receivables from group enterprises		24.913.097	49.320.552
Other receivables		783.924	2.225.991
Prepayments	9	1.304.848	1.145.995
Receivables		27.001.869	52.692.538
Cash at bank and in hand		11.595.149	3.988.525
Currents assets		54.335.892	58.975.253
Assets		290.934.990	300.316.577

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	10	17.221.939	17.221.939
Share premium account		971.928	971.928
Retained earnings		83.728.115	73.925.274
Equity		101.921.982	92.119.141
Provision for deferred tax	12	8.814.221	6.048.813
Provisions		8.814.221	6.048.813
Payables to group enterprises		160.046.799	180.962.562
Other payables		0	2.585.679
Long-term debt	13	160.046.799	183.548.241
Trade payables		3.419.751	13.028.241
Other payables	13	16.732.237	5.572.141
Short-term debt		20.151.988	18.600.382
Debt		180.198.787	202.148.623
Liabilities and equity		290.934.990	300.316.577
Distribution of profit	11		
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained</u>	<u>Total</u>
	<u>DKK</u>	<u>DKK</u>	<u>earnings</u>	<u>DKK</u>
Equity at 1 January	17.221.939	971.928	73.925.274	92.119.141
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>9.802.841</u>	<u>9.802.841</u>
Equity at 31 December	<u>17.221.939</u>	<u>971.928</u>	<u>83.728.115</u>	<u>101.921.982</u>

Notes to the Financial Statements

	2020	2019
	DKK	DKK
1 Staff expenses		
Wages and salaries	63.137.574	63.170.977
Pensions	1.998.692	245.826
Other social security expenses	762.965	811.438
Other staff expenses	1.993.522	2.226.490
	67.892.753	66.454.731
Average number of employees	109	108
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	25.095.011	19.271.828
	25.095.011	19.271.828
3 Financial income		
Other financial income	0	46.873
Exchange adjustments	12.973.022	0
	12.973.022	46.873
4 Financial expenses		
Interest paid to group enterprises	5.018.618	5.171.149
Other financial expenses	575.836	6.707.231
Exchange loss	897.104	0
	6.491.558	11.878.380
5 Tax on profit/loss for the year		
Current tax for the year	0	0
Adjustment of deferred tax concerning previous years	2.765.408	2.908.492
	2.765.408	2.908.492

Notes to the Financial Statements

6 Intangible assets

	Acquired other similar rights <u>DKK</u>
Cost at 1 January	0
Additions for the year	<u>15.738.567</u>
Cost at 31 December	<u>15.738.567</u>
Transfers for the year	<u>0</u>
Revaluations at 31 December	<u>0</u>
Impairment losses and amortisation at 1 January	0
Amortisation for the year	<u>491.490</u>
Impairment losses and amortisation at 31 December	<u>491.490</u>
Carrying amount at 31 December	<u>15.247.077</u>

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	58.447.748	205.003.263	4.138.834	11.718.529
Additions for the year	8.168.239	4.408.861	128.542	7.744.244
Disposals for the year	0	-11.993.297	-3.049.833	-8.823.418
Transfers for the year	170.813	14.858	-185.671	0
Cost at 31 December	<u>66.786.800</u>	<u>197.433.685</u>	<u>1.031.872</u>	<u>10.639.355</u>
Revaluations at 1 January	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revaluations at 31 December	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January	1.823.554	34.285.343	2.130.853	0
Depreciation for the year	3.183.643	20.927.609	492.267	0
Impairment and depreciation of sold assets for the year	0	-6.033.926	-1.920.089	0
Transfers for the year	<u>0</u>	<u>7.429</u>	<u>-7.429</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>5.007.197</u>	<u>49.186.455</u>	<u>695.602</u>	<u>0</u>
Carrying amount at 31 December	<u>61.779.603</u>	<u>148.247.230</u>	<u>336.270</u>	<u>10.639.355</u>

8 Fixed asset investments

	Deposits DKK
Cost at 1 January	272.701
Additions for the year	<u>76.862</u>
Cost at 31 December	<u>349.563</u>
Carrying amount at 31 December	<u>349.563</u>

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

10 Share capital

The share capital consists of 0 shares of a nominal value of DKK 0. No shares carry any special rights.

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	9.505.390	9.505.390
B-shares	7.716.550	7.716.549
		<u>17.221.939</u>

11 Distribution of profit

	<u>2020</u> DKK	<u>2019</u> DKK
Retained earnings	9.802.841	10.144.608
	<u>9.802.841</u>	<u>10.144.608</u>

12 Provision for deferred tax

Intangible assets	-108.000	0
Property, plant and equipment	8.922.000	7.731.671
Tax loss carry-forward	221	-1.682.858
	<u>8.814.221</u>	<u>6.048.813</u>

Notes to the Financial Statements

13 Long-term debt

Payments due within 1 year are recognised in short-term debt.

The debt falls due for payment as specified below:

	2020 DKK	2019 DKK
Payables to group enterprises		
Between 1 and 5 years	160.046.799	180.962.562
Long-term part	160.046.799	180.962.562
Within 1 year	0	0
	160.046.799	180.962.562
Other payables		
Between 1 and 5 years	0	2.585.679
Long-term part	0	2.585.679
Other short-term payables	16.732.237	5.572.141
	16.732.237	8.157.820

14 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement with Wispry ApS. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

15 Related parties

Basis

Controlling interest

AAC Optics Solutions Pte., Ltd.

Singapore

Notes to the Financial Statements

15 Related parties (continued)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No such transactions have been conducted in the financial year.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
AAC Technologies Holdings Inc.

Copies of the consolidated financial statements of AAC Technologies Holdings Inc. may be ordered at the following address: Unit 1607, China Evergrande Centre, 38 Gloucester Road, WanChai, Hong Kong.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Kaleido Technology ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of AAC Tehcnologies Holdings Inc., the Company has not prepared a cash flow statement.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

16 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns. Furthermore cost of sales includes raw materials consumed to achieve revenue for the year.

Gross profit/loss

Gross profit or loss comprises revenue, changes in inventories or finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses. With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Other external expenses

Other external expenses comprise costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

16 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	20 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

16 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost and net realisable value under the FIFO method.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$