藍思科技股份有限公司
Lens Technology Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6613

GLOBAL OFFERING

Sole Sponsor, Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIC SECURITIES

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Lens Technology Co., Ltd.
藍思科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**262,256,800 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**28,848,400 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**233,408,400 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)**
Maximum Offer Price	:	**HK$18.18 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock Code	:	**6613**

Sole Sponsor, Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIC SECURITIES

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

BofA SECURITIES

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

農銀國際 ABC INTERNATIONAL

中銀國際 BOCI

Joint Bookrunners and Joint Lead Managers

富途證券

資信環球·中航資本國際 AVIC INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display," has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters), and the Company on the Price Determination Date, which is expected to be on or before Monday, July 7, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon on Monday, July 7, 2025 (Hong Kong time). The Offer Price will not be more than HK$18.18 per Offer Share and is currently expected to be not less than HK$17.38 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, July 7, 2025 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$18.18 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK$18.18.

The Overall Coordinators, on behalf of the Underwriters, may, where considered appropriate and with the Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus (which is HK$17.38 to HK$18.18) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hnlens.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" sections for further details.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting" section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered (a) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.hnlens.com**. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

June 30, 2025

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of the Prospectus in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.hnlens.com**. You may download and print from these website addresses if you want a printed copy of the Prospectus.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of the Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that the Prospectus is available online at the website addresses stated above.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 200 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

Lens Technology Co., Ltd.
(HK$18.18 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application
	HK$		HK$		HK$		HK$
200	3,672.68	3,000	55,090.03	40,000	734,533.81	2,000,000	36,726,690.60
400	7,345.34	4,000	73,453.38	50,000	918,167.26	2,500,000	45,908,363.26
600	11,018.01	5,000	91,816.73	100,000	1,836,334.54	3,000,000	55,090,035.90
800	14,690.67	6,000	110,180.07	150,000	2,754,501.80	4,000,000	73,453,381.20
1,000	18,363.35	7,000	128,543.42	200,000	3,672,669.05	5,000,000	91,816,726.50
1,200	22,036.01	8,000	146,906.77	250,000	4,590,836.33	6,000,000	110,180,071.80
1,400	25,708.69	9,000	165,270.11	500,000	9,181,672.66	8,000,000	146,906,762.40
1,600	29,381.35	10,000	183,633.45	750,000	13,772,508.98	10,000,000	183,633,453.00
1,800	33,054.02	20,000	367,266.91	1,000,000	18,363,345.30	12,000,000	220,360,143.60
2,000	36,726.68	30,000	550,900.37	1,500,000	27,545,017.96	14,424,200[(1)]	264,876,565.28

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

If there is any change to the following expected timetable of the Hong Kong Public Offering, we will issue an announcement to be published on the Company's website at ***https://www.hnlens.com/*** *and the website of the Hong Kong Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences	9:00 a.m. on Monday, June 30, 2025
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Friday, July 4, 2025
Application lists open[3]	11:45 a.m. on Friday, July 4, 2025
Latest time to (a) completing payment for **White Form eIPO** applications by effecting Internet banking transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC	12:00 noon on Friday, July 4, 2025

If you are instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions which may be different from the latest time as stated above, as this may vary by broker or custodian.

Application lists close[3]	12:00 noon on Friday, July 4, 2025
Expected Price Determination Date[5]	by 12:00 noon on Monday, July 7, 2025
Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the Company's website at **https://www.hnlens.com/** at or before	11:00 p.m. on Tuesday, July 8, 2025

Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (as described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this Prospectus, including:	
• in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at **www.hnlens.com** and **www.hkexnews.hk**, respectively, at or before	11:00 p.m. on Tuesday, July 8, 2025
• from "Allotment Results" page at the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function on a 24-hour basis from	11:00 p.m. on Tuesday, July 8, 2025 to 12:00 midnight on Monday, July 14, 2025
• from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on	Wednesday, July 9, 2025, Thursday, July 10, 2025, Friday, July 11, 2025 and Monday, July 14, 2025
H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[(6)(9)]	Tuesday, July 8, 2025
White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price per Offer Share is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[(8)(9)]	Wednesday, July 9, 2025
Dealings in H Shares on the Hong Kong Stock Exchange expected to commenced at	9:00 a.m. on Wednesday, July 9, 2025

Notes:

(1) All times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a tropical cyclone warning signal number 8 or above, Extreme Conditions and/or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025, the application lists will not open or close on that day. For further details, please see "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" of this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by instructing your broker or custodian to give electronic application instructions to HKSCC to apply on your behalf via **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares — 2. Application Channels" of this Prospectus.

(5) The Price Determination Date is expected to be on or before Monday, July 7, 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Monday, July 7, 2025, the Global offering will not proceed and will lapse.

(6) The H Share certificates are expected to be issued on Tuesday, July 8, 2025 but will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Wednesday, July 9, 2025. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of the H Share certificates and before they become valid do so entirely of their own risk.

(7) None of the website or any of the information contained on the websites forms part of this Prospectus.

(8) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applicants if the Offer Price is less than the price payable per Offer Share on application. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund check.

(9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Any uncollected H Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies".

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this Prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, officers, employees, agents, advisers or representatives, or any other person or party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this Prospectus. You should read the entire Prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the H Shares are set out in "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the H Shares.

OVERVIEW

Who We Are

We are an industry-leading integrated one-stop precision manufacturing solution provider. We are focused on technological innovation and empowered by smart manufacturing. In terms of revenue in 2024, we are a global leading player in precision structural parts and modules integrated solutions for both consumer electronics and smart vehicles interaction systems with market shares of 13.0% and 20.9%, respectively. We have accumulated strong expertise and capabilities in consumer electronics and smart vehicles, with robust and comprehensive platform-based capabilities that include talent, technology, supply and smart manufacturing. This empowers us to expand into new business areas and seize future growth opportunities, and lays the foundation for being one of the first companies in the industry to undertake large-scale production of key components and complete device assembly for humanoid robots and AI glasses/XR head-mount displays.

The following are our business highlights:

Pioneering contributions	**The world's first touch-enabled smartphones with full-sized screen** Cover glass core supplier	**The world's first premium smart electric vehicle** Central control screens and intelligent B-pillars supplier	**Humanoid robots** One of the first companies to undertake mass production and complete device assembly[1]	**AI glasses** One of the first companies to undertake mass production and complete device assembly[1]
Smart manufacturing	**Industry-first single-piece flow production** Integrating multiple processes into a continuous production line	**Full material coverage** Glass, metal, sapphire, ceramic, plastic, leather, silicon, glass fiber, carbon fiber and more	**Integrated one-stop precision manufacturing** Achieving full industry value chain vertical integration for smart devices	**IoT and smart systems** IoT building the production system with key manufacturing processes fully intelligent
Financial performance	**RMB69.9 billion** Revenue for 2024 at CAGR of 22.3%[2] from 2022 to 2024	**RMB3.7 billion** Net profit for 2024 at CAGR of 20.8%[3] from 2022 to 2024	**RMB5.0 billion[4]** Cumulative cash dividend and repurchase payout ratio from 2022 to 2024[5] – 54.5%	**RMB7.2 billion** Cumulative R&D spending from 2022 to 2024

Note 1: Source from the Frost & Sullivan Report;

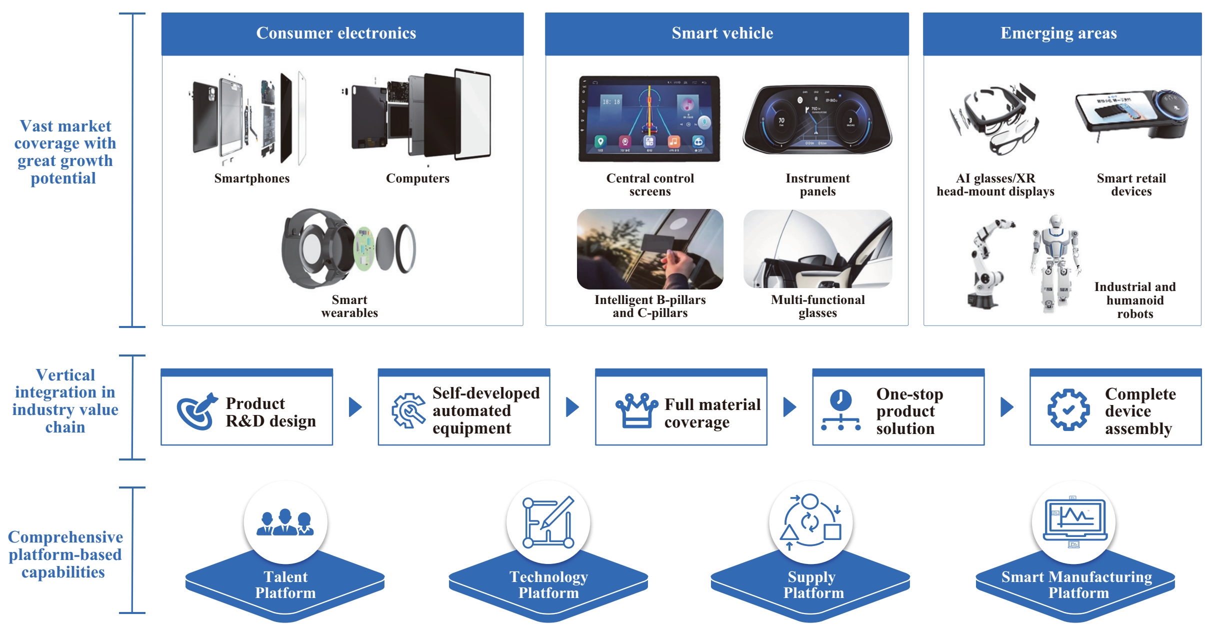
Note 2: (Revenue in 2024/Revenue in 2022)^(1/2)-1

Note 3: (Net profit in 2024/Net profit in 2022)^(1/2)-1

Note 4: Total dividends in respect of 2022 to 2024 (including repurchase of shares in 2022)

Note 5: Cumulative cash dividend and repurchase payout ratio from 2022 to 2024 = Total dividends in respect of 2022 to 2024 (including repurchase of shares in 2022)/Total net profit attributable to shareholders of the Group from 2022 to 2024

Since the 2000s, led by our Chairman, Ms. Chau, we have been at the forefront of the development and application of new materials such as glass, sapphire and ceramics in consumer electronics under the guidance of our "four new" strategy — new materials, new technologies, new equipment and new fields. In 2007, we were the first in the industry to apply glass to the world's first touch-enabled smartphone with full-sized screen, establishing the mainstream technology for functional panels on smart devices. To date, through our accumulated expertise in materials science — including glass, metal, sapphire, ceramics, plastics, leather, glass fiber and carbon fiber — we have achieved full vertical integration along the smart devices industry value chain. This spans from raw materials and structural part production to functional module lamination and complete device assembly. We have established long-term strategic relationships with global leading brands in consumer electronics and smart vehicles and are deeply involved in the development and production of their products two to three years ahead of the product launches. In addition, we proactively expand into broad and high-growth-potential areas and extend horizontally into diversified markets such as smart retail devices, industrial applications, humanoid robots and AI glasses/XR head-mount displays, creating a multi-faceted presence in various emerging markets.



Our Solutions

Consumer Electronics: We provide various structural parts and functional modules including cover glass, metal mid-frames, touch modules, display modules, thermal modules, antenna modules, biometric recognition modules and wireless charging modules as well as complete device assembly for consumer electronics such as smartphones, computers and smart wearables. Our customized solutions cover a variety of materials, including glass, metal, sapphire, ceramics, plastics, leather, silicone, glass fiber and carbon fiber.

Smart Vehicle: We develop and produce a wide range of automotive electronics products and structural parts for the smart cockpit. We offer innovative solutions to customers, including glass and components for automotive electronics such as central control screens and instrument panels, intelligent B-pillars and C-pillars and multi-functional glasses for side windows, windshields and sunroofs.

Other Emerging Smart Devices Markets: We have expanded into various markets, including humanoid robots, AI glasses/XR head-mount displays and smart retail devices. We collaborate with leading humanoid robot companies, providing mass production of core components and complete device assembly. In the AI glasses/XR head-mount displays market, we offer a full-chain service covering functional modules and complete device assembly. In addition, we have also jointly launched "Tap to Pay" smart retail devices with a leading company in the third-party payment industry.

Our Platform-Based Capabilities

We possess robust and comprehensive platform-based capabilities, encompassing talent, technology, supply and smart manufacturing. As for the talent platform, we have cultivated a large number of R&D experts who combine theoretical innovation with excellent craftsmanship and practical skills. Moreover, we are capable of quickly assembling teams across various areas and industries to meet our evolving business requirements. Our technology platform embodies the ability to transfer technologies across different areas, leveraging proven technologies in mature areas to empower new end uses. Our supply platform is built upon the capability to produce raw materials ourselves and have access to abundant upstream resources, which enable the rapid mass production of a wide range of products and the efficient fulfillment of customers' diverse requirements. Our smart manufacturing platform stems from years of accumulated experience in equipment development which enables us to make adjustments based on the modules and designs of existing equipment and efficiently develop production lines for new products.

Vertical Integration

Our business operations cover everything from production of raw materials and structural part production such as cover glass and metal mid-frames, to functional module lamination such as display modules, fingerprint modules, camera modules and wireless charging modules, as well as complete device assembly of smart devices. We have achieved comprehensive coverage of raw materials through technical capabilities for a variety of functional materials. More specifically, we are one of the few solution providers in the global consumer electronics supply chain with advanced processing capabilities in both glass and metal. We offer our customers vertically integrated one-stop solutions, covering everything from design to mass production.

Global Footprint

We have nine production and R&D centers both domestically and internationally, including a production center in Southeast Asia and overseas offices in Hong Kong, the United States, Japan and South Korea, ensuring extensive coverage of domestic and international markets. By strategically positioning ourselves close to our customers, we optimize supply chains and logistics costs, enabling us to respond quickly to customer demands.

RESEARCH AND DEVELOPMENT

Given the highly customized nature of our solutions, our product R&D are primarily done in cooperation with our customers for specific projects according to the customers' customization requirements and end product designs. Our customers usually approach us at the beginning of the product development cycle of the end products, and we work with them closely to design and develop customized structural parts or functional modules pursuant to their specifications and the design of the end products in which the structural parts and functional modules will be used.

In addition to the research and development of specific projects and products, we also undertake innovative R&D initiatives that focus on new materials, new technologies, new equipment and new fields. Our innovative R&D has resulted in various technological breakthroughs and upgrades that enabled the continuous iteration and advancement of consumer electronics, such as CNC processing for glass, ion-exchange strengthened glass, coating techniques, high-adhesion ultra-thin ink, polishing techniques, spraying techniques and yellow-light processing.

OUR CUSTOMERS AND SUPPLIERS

Our customers are mainly global brands in the consumer electronics and smart vehicles industries.

During the Track Record Period, we did not engage any distributors, and all our products and services were sold or provided by us to our customers directly. We intend to continue to engage in direct sales only without the use of distributors given the nature of our long-term strategic relationships with our customers.

In 2022, 2023 and 2024, sales to our five largest customers amounted to RMB38,878.3 million, RMB45,282.2 million and RMB56,707.4 million, accounting for 83.3%, 83.1% and 81.1% of our total revenue in the respective periods. In 2022, 2023 and 2024, sales to our largest customer, who was also our largest supplier during the Track Record Period ("**Customer/Supplier A**"), amounted to RMB33,136.2 million, RMB31,512.3 million and RMB34,566.5 million, accounting for 71.0%, 57.8% and 49.5% of our total revenue in the respective periods.

Our suppliers are mainly suppliers of raw materials and equipment. We have established and maintain stable and long-term relationships with these major suppliers.

In 2022, 2023 and 2024, purchase of raw materials from our five largest suppliers amounted to RMB9,033.5 million, RMB17,224.6 million and RMB26,064.7 million, accounting for 23.7%, 37.4% and 43.6% of our total cost of sales in the respective periods. In 2022, 2023 and 2024, purchases from our largest supplier, Customer/Supplier A, amounted to RMB6,198.4 million, RMB7,665.7 million and RMB14,372.7 million, accounting for 16.2%, 16.7% and 24.1% of our total cost of sales in the respective periods.

See "Business — Our Customers — Our Top Five Customers" and "Business — Raw Materials and Supply Chain — Top Five Suppliers" for further details.

Relationship with our largest customer during the Track Record Period

Customer/Supplier A was our largest customer throughout the Track Record Period. Sales to Customer/Supplier A accounted for 71.0%, 57.8% and 49.5% of our revenue for 2022, 2023 and 2024, respectively. Customer/Supplier A is a Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services.

Our strategic and mutually beneficial relationship with Customer/Supplier A started almost two decades ago when Customer/Supplier A was developing the industry's first touch-enabled smartphone with full-sized screen. Over the past 19 years, we were closely involved in the product development phase of Customer/Supplier A's product iterations, offering crucial technological solutions to facilitate its design ideas and functionality requirements.

Customer/Supplier A requires its suppliers, including us, to purchase raw materials and components used in products manufactured for it from Customer/Supplier A itself in order to exert overall control of the procurement process and to better control the cost and quality of raw materials. This is commonly referred to in the industry as the buy-and-sell model. Our sales to and purchases from Customer/Supplier A were conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis. As a result, in addition to being our largest customer, Customer/Supplier A was also our largest supplier in 2022 and 2023 and our second largest supplier in 2024. Purchases from Customer/Supplier A accounted for 16.2%, 16.7% and 14.5% of our total cost of sales for 2022, 2023 and 2024.

See "Business — Our Customers — Relationship with Customer/Supplier A" for further details.

PRODUCTION AND MANUFACTURING

We produce all our products ourselves in our nine production centers to ensure that we consistently deliver high-quality products on time to meet our customers' demands. As of December 31, 2024, we had nine production centers located in China, Vietnam and Mexico.

Technology is the core of our competitiveness in production. We have integrated smart manufacturing into various aspects of our production, significantly improving our production efficiency and product yields. We were one of the earliest companies to develop and implement automated equipment and industrial robots in production processes, which significantly increases efficiency, precision and consistency in production. We have also implemented an intelligent warehousing system that helped to improve our warehousing, logistics and inventory management capabilities. Furthermore, we have been developing industrial robots for our production centers. For example, the four-axis, six-axis, parallel robots, humanoid robots, AOI visual inspection robots, AGV tuggers developed and manufactured by us not only outperforms conventional equipment in the market in terms of overall performance, efficiency, degree of automation, energy consumption and cost, but also ensures high product quality and consistency.

As a result of our advanced technologies and equipment, during the Track Record Period, the product yields for our structural parts, functional modules and complete device assembly were all above industry average.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and will continue to drive our future growth:

- Global leader in integrated one-stop precision manufacturing, with leading positions across multiple industries
- Focused on technological innovation and committed to research and development, we drive the evolution of advanced materials and technology
- Long-term strategic collaborations with global leading customers to lead and pioneer developments within the industry
- Comprehensive platform-based strategy and vertical integration along the full industry value chain to identify and capture market opportunities
- Industry-first automated smart manufacturing equipment and highly advanced data-driven manufacturing system
- Dedicated founder and experienced senior management team that guided our rise to a global leadership in smart manufacturing

OUR STRATEGIES

We will pursue the following strategies to drive further growth:

- Expand our global footprint through strategic expansion and optimization of production capacity
- Enrich product and service portfolio to meet diversified customer needs
- Continue to enhance our smart manufacturing system to improve production efficiency and promote green manufacturing
- Further invest in research and development to solidify our technological leadership
- Facilitate growth through potential industry value chain integration and strategic acquisitions

COMPETITION

We operate in a highly competitive market, and we compete with other providers in the global precision manufacturing industry. Our ability to maintain and grow our market share depends on us competing effectively against our competitors. The competitive landscape is shaped by multiple factors, including the growth of our customers and their respective industries, advancements in technology, emergence of new materials or technology, production capacity, regulatory changes and general economic conditions.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables sets forth summary financial data from our consolidated financial information during the Track Record Period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements as set out in the Accountants' Report in Appendix I to this Prospectus, including the related notes. Our consolidated financial information was prepared in accordance with the IFRS Accounting Standards.

Results Of Operations

	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Revenue						
Contracts with customers	46,603,225	99.8%	54,364,061	99.8%	69,756,758	99.8%
Leases	95,321	0.2%	126,673	0.2%	140,018	0.2%
Total revenue	**46,698,546**	**100.0%**	**54,490,734**	**100.0%**	**69,896,776**	**100.0%**
Cost of sales	(38,151,630)	(81.7%)	(45,998,870)	(84.4%)	(59,713,283)	(85.4%)
Gross profit	**8,546,916**	**18.3%**	**8,491,864**	**15.6%**	**10,183,493**	**14.6%**
Other income	678,576	1.5%	1,017,209	1.9%	567,024	0.8%
Reversal of impairment losses (impairment losses recognised) under expected credit loss ("**ECL**") model, net	43,962	0.1%	1,259	0.0%	(33,859)	0.0%
Other gains and losses, net	321,012	0.7%	218,657	0.4%	384,380	0.5%
Selling expenses	(708,849)	(1.5%)	(674,057)	(1.2%)	(705,599)	(1.0%)
Administrative expenses	(3,239,490)	(6.9%)	(2,910,299)	(5.3%)	(3,368,955)	(4.8%)
Research and development expenses	(2,104,976)	(4.5%)	(2,316,619)	(4.3%)	(2,784,813)	(4.0%)
Other expenses	(10,032)	0.0%	(6,848)	0.0%	(8,216)	0.0%
Share of results of investments accounted for using the equity method	3,987	0.0%	(57,291)	(0.1%)	3,899	0.0%
Finance costs	(616,216)	(1.3%)	(509,986)	(0.9%)	(388,438)	(0.6%)
Profit before tax	**2,914,890**	**6.2%**	**3,253,889**	**6.0%**	**3,848,916**	**5.5%**
Income tax expense	(395,069)	(0.8%)	(212,062)	(0.4%)	(172,061)	(0.2%)
Profit for the year	**2,519,821**	**5.4%**	**3,041,827**	**5.6%**	**3,676,855**	**5.3%**
Profit for the year attributable to:						
Owners of the Company	2,448,037	5.2%	3,021,342	5.6%	3,623,901	5.2%
Non-controlling interests	71,784	0.2%	20,485	0.0%	52,954	0.1%

Non-IFRS Measure

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted profit for the year (a non-IFRS measure) and adjusted net margin (a non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted profit for the year (a non-IFRS measure) and adjusted net margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define adjusted profit for the year (a non-IFRS measure) as profit/(loss) for the year adjusted for share-based compensations (a non-cash item). We define adjusted net margin (a non-IFRS measure) as adjusted profit for the year (a non-IFRS measure) as a percentage of our total revenue.

	2022	2023	2024
		(in RMB thousands)	
Profit for the year	**2,519,821**	**3,041,827**	**3,676,855**
Add:			
Share-based compensation	—	54,260	161,375
Adjusted profit for the year (a non-IFRS measure)	**2,519,821**	**3,096,087**	**3,838,230**
Adjusted net margin (a non-IFRS measure)	**5.4%**	**5.7%**	**5.5%**

In 2024, we recorded an adjusted profit for the year (a non-IFRS measure) of RMB3,838.2 million and an adjusted net margin (a non-IFRS measure) of 5.5%, as compared with an adjusted profit for the year (a non-IFRS measure) of RMB3,096.1 million and an adjusted net margin (a non-IFRS measure) of 5.7% in 2023, primarily due to growth in our smartphones and computers related revenue.

See “Financial Information — Non-IFRS Measure.”

Revenue

During the Track Record Period, we mainly generated revenue from the provision of precision manufacturing solutions for a wide variety of end uses, including smartphones and computers, smart vehicles and cockpits, intelligent head-mounted displays and smart wearables and other smart devices. These solutions include structural parts, functional modules and complete device assembly.

By product end use

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Smartphones and computers						
Structural parts and functional modules	37,710,398	80.7%	36,868,430	67.7%	43,234,267	61.9%
Complete device assembly	503,413	1.1%	8,032,202	14.7%	14,519,902	20.7%
Subtotal	38,213,811	81.8%	44,900,632	82.4%	57,754,169	82.6%
Smart vehicles and cockpits	3,583,820	7.7%	4,998,464	9.2%	5,934,795	8.5%
Intelligent head-mounted displays and smart wearables	3,538,691	7.6%	3,103,753	5.7%	3,488,408	5.0%
Other smart devices	171,817	0.4%	164,872	0.3%	1,408,378	2.0%
Others(1)	1,190,407	2.5%	1,323,013	2.4%	1,311,026	1.9%
Total	**46,698,546**	**100%**	**54,490,734**	**100%**	**69,896,776**	**100%**

Note:

(1) Others mainly include revenue generated from sales of scraps and materials, processing fee, leases and others.

Our revenue increased by 16.7% from RMB46,698.5 million in 2022 to RMB54,490.7 million in 2023, and further increased by 28.3% to RMB69,896.8 million in 2024, primarily due to an increase in smartphones and computers related revenue, and we expect this to continue to be a major contributor to our total revenue going forward.

By region

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Offshore						
Special supervision territory in China	28,896,418	61.9%	24,822,418	45.6%	27,496,661	39.3%
Vietnam	4,871,324	10.4%	5,420,199	9.9%	4,882,063	7.0%
Asia (excluding mainland China and Vietnam)	2,811,336	6.0%	4,187,813	7.7%	6,079,024	8.7%
North America[1]	1,544,346	3.3%	2,008,840	3.7%	2,036,548	2.9%
Others[2]	143,019	0.3%	367,288	0.6%	484,087	0.7%
	38,266,443	81.9%	36,806,558	67.5%	40,978,383	58.6%
Mainland China (excluding special supervision territory)	8,432,103	18.1%	17,684,176	32.5%	28,918,393	41.4%
Total	**46,698,546**	**100.0%**	**54,490,734**	**100.0%**	**69,896,776**	**100.0%**

Notes:

(1) North America includes revenue generated from the United States, Canada and Mexico.

(2) Others mainly include revenues generated from Germany, Bulgaria and Serbia.

During the Track Record Period, our revenue from South Korea amounted to RMB51.3 million, RMB460.2 million and RMB1,362.7 million, accounting for 0.1%, 0.8% and 1.9% of our total revenue for the respective years.

Procurement

By region

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Mainland China	23,653,974	79.3%	31,187,834	83.9%	43,035,898	85.1%
South Korea	1,709,395	5.7%	1,785,738	4.8%	2,506,326	5.0%
Japan	1,356,821	4.5%	1,395,684	3.8%	1,577,035	3.1%
Vietnam	200,806	0.7%	702,346	1.9%	1,306,678	2.6%
Taiwan	851,745	2.9%	1,053,569	2.8%	1,247,616	2.5%
Others(1)	2,060,787	6.9%	1,049,494	2.8%	909,721	1.7%
Total	**29,833,528**	**100.0%**	**37,174,665**	**100.0%**	**50,583,274**	**100.0%**

Note:

(1) Others mainly include procurement from the United States, Thailand and Germany.

Gross profit and gross profit margin

	2022		2023		2024	
	Gross profit	Gross margin[1]	Gross profit	Gross margin	Gross profit	Gross margin
	(in RMB thousands, except for percentages)					
Smartphones and computers						
Structural parts and functional modules	6,554,143	17.4%	6,338,393	17.2%	7,767,219	18.0%
Complete device assembly	(8,222)	(1.6%)	207,245	2.6%	183,251	1.3%
Subtotal	6,545,921	17.1%	6,545,638	14.6%	7,950,470	13.8%
Smart vehicles and cockpits	698,364	19.5%	734,791	14.7%	518,202	8.7%
Intelligent head-mounted displays and smart wearables	559,927	15.8%	433,417	14.0%	636,531	18.2%
Other smart devices	20,290	11.8%	10,781	6.5%	270,069	19.2%
Others	722,414	60.7%	767,237	58.0%	808,221	61.6%
Total/Overall(1)	**8,546,916**	**18.3%**	**8,491,864**	**15.6%**	**10,183,493**	**14.6%**

Note:

(1) The overall gross profit margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

Our gross profit decreased by 0.6% from RMB8,546.9 million in 2022 to RMB8,491.9 million in 2023, primarily due to a decrease in our intelligent head-mounted displays and smart wearables related gross profit, as a result of a decrease in intelligent head-mounted displays and smart wearables related revenue and since we started to produce intelligent head-mounted displays and smart wearables products at our new production center, which resulted in higher per-unit depreciation and amortization costs which drove down our intelligent head-mounted displays and smart wearables related gross profit. Our gross profit increased by 19.9% from RMB8,491.9 million in 2023 to RMB10,183.5 million in 2024, primarily due to an increase in smartphones and computers related gross profit, as a result of the ramp up of our complete device assembly business and the continued growth of our structural parts and functional modules business which increased our smartphones and computers related revenue.

Our gross margin decreased from 18.3% in 2022 to 15.6% in 2023, and further decreased to 14.6% in 2024, primarily due to (i) an increase in revenue contribution from the buy-and-sell model under complete device assembly which had a lower gross margin compared to our other businesses since under the buy-and-sell model, we purchased certain raw materials and components for the device from our customer and sold the completed device to our customer, and the sales price of the completed device is recorded as our revenue on a gross basis. As such, complete devices sold under the buy-and-sell model are associated with much higher selling prices but lower gross profit margin, and (ii) a decrease in our smart vehicles and cockpits related gross margin primarily because (a) in 2024, we produced an increased portion of structural parts and functional modules for smart vehicles and cockpits in our overseas production facilities that led to higher transportation costs and raw material costs for products produced in those facilities. Increasing the utilization of our overseas production facilities is part of our efforts in expanding our global footprint to respond quickly to customer demand, and (b) in 2023, our increased investment in new production facilities resulted in higher equipment depreciation and amortization costs as these production facilities were ramping up in 2023.

See "Financial Information — Year-on-Year Comparison of Results of Operations."

Profit for the year

As a result of the cumulative effects of the changes in our revenue, cost of sales and various expenses, our profit for the year increased by 20.7% from RMB2,519.8 million in 2022 to RMB3,041.8 million in 2023, and further increased by 20.9% to RMB3,676.9 million in 2024.

Summary of consolidated statements of financial position

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Total non-current assets	49,734,453	49,389,065	50,243,266
Total current assets	28,611,319	28,080,676	30,772,781
Total assets	**78,345,772**	**77,469,741**	**81,016,047**
Total non-current liabilities	11,797,468	11,891,798	9,104,976
Total current liabilities	22,167,061	19,056,316	23,065,161
Total liabilities	**33,964,529**	**30,948,114**	**32,170,137**
Net current assets	**6,444,258**	**9,024,360**	**7,707,620**
Equity			
Share capital	4,973,480	4,983,228	4,982,879
Reserves	39,198,513	41,355,757	43,673,762
Equity attributable to owners of the Company	44,171,993	46,338,985	48,656,641
Non-controlling interests	209,250	182,642	189,269
Total equity	**44,381,243**	**46,521,627**	**48,845,910**

Our net current assets increased from RMB6,444.3 million as of December 31, 2022 to RMB9,024.4 million as of December 31, 2023, primarily due to an increase in trade and bills receivables and prepayments and other receivables, and a decrease in borrowings.

Our net current assets decreased from RMB9,024.4 million as of December 31, 2023 to RMB7,707.6 million as of December 31, 2024, primarily due to an increase in trade and other payables and borrowings, and a decrease in bills receivables at FVTOCI and income tax recoverable, partially offset by a decrease in income tax payable and increase in inventories and trade and bills receivables.

Our net assets, being the total equity, increased from RMB42,798.9 million as of January 1, 2022 to RMB44,381.2 million as of December 31, 2022, primarily due to our profit of RMB2,519.8 million in 2022, partially offset by a distribution of RMB523.7 million and repurchase of shares of RMB500.0 million. Our net assets increased to RMB46,521.6 million as of December 31, 2023, primarily due to our profit of RMB3,041.8 million in 2023, partially offset by our distribution of RMB1,033.3 million. Our net assets further increased to RMB48,845.9 million as of December 31, 2024, primarily because of our profit of RMB3,676.9 million in 2024, partially offset by our distribution of RMB1,528.5 million.

See "Consolidated Statements of Financial Position of the Group" in "Appendix I — Accountants' Report."

Summary of consolidated statements of cash flows

	2022	2023	2024
	(in RMB thousands)		
Operating cash flows before movements in working capital	7,471,246	8,341,908	9,154,875
Changes in working capital[1]	1,720,103	1,178,331	1,904,672
Income tax paid	(154,402)	(427,988)	(414,224)
Interest Received	143,586	207,947	243,518
Net cash from operating activities	9,180,533	9,300,198	10,888,841
Net cash used in investing activities	(5,576,695)	(5,367,384)	(6,050,290)
Net cash used in financing activities	(2,416,316)	(5,136,912)	(4,454,405)
Net increase (decrease) in cash and cash equivalents	**1,187,522**	**(1,204,098)**	**384,146**
Cash and cash equivalents at beginning of the year	10,216,339	11,682,255	10,493,519
Effect of foreign exchange rate changes	278,394	15,362	59,139
Cash and cash equivalents at ending of the year	**11,682,255**	**10,493,519**	**10,936,804**

Note:

(1) Changes in working capitals represents changes in working capital items, including inventories, trade and bills receivables, bills receivables at FVTOCI, prepayments and other receivables, restricted banks deposits, trade and other payables, contract liabilities, deferred income and provision.

In 2022, 2023 and 2024, we recorded net cash from operating activities of RMB9,180.5 million, RMB9,300.2 million and RMB10,888.8 million, respectively, primarily due to the profits we generated in each of the respective years, which in turn was due to our successful business expansion.

See "Financial Information — Cash Flows."

Key financial ratios

	For the year ended/as of December 31,		
	2022	2023	2024
Gross margin[1]	18.3%	15.6%	14.6%
Net profit margin[2]	5.4%	5.6%	5.3%
Return on assets[3]	3.3%	3.9%	4.6%
Return on equity[4]	5.8%	6.7%	7.7%
Current ratio[5]	1.3	1.5	1.3
Quick ratio[6]	1.0	1.1	1.0
Gearing ratio[7]	42.7%	32.8%	29.3%

Notes:

(1) Gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

(2) Net profit margin is calculated as net profit for the year divided by revenue for the corresponding year and multiplied by 100%.

(3) Return on assets is calculated as net profit for the year divided by the average total assets and multiplied by 100%. Average total assets is the sum of the balance of total assets at the beginning and at the end of the year, divided by two.

(4) Return on equity is calculated as net profit for the year divided by the average total equity and multiplied by 100%. Average total equity is the sum of the balance of total equity at the beginning and at the end of the year, divided by two.

(5) Current ratio is calculated as total current assets as at the end of the year divided by total current liabilities as at the end of the corresponding year.

(6) Quick ratio is calculated as total current assets less inventories as at the end of the year and divided by total current liabilities as at the end of the corresponding year.

(7) Gearing ratio is calculated as the total bank loans as at the end of the year divided by total equity as at the end of the corresponding year and multiplied by 100%.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the equity interest of our Company was controlled directly as to approximately 56.28% by Lens Technology (HK), 5.78% by Changsha Qunxin and 0.07% by Mr. Cheng. 100% equity interest of Lens Technology (HK) was directly held by Ms. Chau and Changsha Qunxin was directly held as to 97.90% by Ms. Chau and 2.10% by Mr. Cheng. Ms. Chau and Mr. Cheng are spouses.

Accordingly, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin will control in aggregate approximately 59.03% of the total issued share capital of our Company and be entitled to exercise more than 30%

of the voting power at general meetings of our Company. As such, Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin will together constitute a group of Controlling Shareholders upon Listing under the Hong Kong Listing Rules.

For more details, see “Relationship with Our Controlling Shareholders.”

RISK FACTORS

We face risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of risks, you should read the “Risk Factors” section in its entirety before you decide to invest in our H Shares. Some of the major risks that we face include:

- We generate the majority of our revenue from a limited number of key customers, the loss of whom may cause significant fluctuations or declines in our sales
- We purchase our major raw materials from a selected number of key suppliers
- Our growth and profitability depend on general economic conditions and the level of consumer spending
- Our future success depends on our ability to successfully produce new products and effectively manage our growth
- Our research and development efforts are not guaranteed to yield the results we anticipate
- If our production capacity is not adequate, our capability to satisfy customer demand could be hindered

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK$17.78 per H Share (being the midpoint of the range of the Offer Price stated in this Prospectus), we estimate that we will receive net proceeds of approximately HK$4,590 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised). We intend to use our proceeds for the purposes and in the amounts set forth below.

- Approximately 48%, or HK$2,203 million, will be used to expand our product and service portfolio and explore additional end uses for our products;
- Approximately 28%, or HK$1,285 million, will be used to expand our global presence, increase our production capacity globally and enhance our global delivery capabilities;
- Approximately 14%, or HK$643 million, will be used to advance our vertical integration in smart manufacturing; and

- Approximately 10%, or HK$459 million, will be used for working capital and other general corporate purposes.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 262,256,800 H Shares are newly issued in the Global Offering, (ii) the Over-allotment Option and the Offer Size Adjustment Option are not exercised, and (iii) 5,245,028,971 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK$17.38 per H Share	Based on an Offer Price of HK$18.18 per H Share
Market capitalization of our H Shares(1) . . .	HK$4,558 million	HK$4,768 million
Market capitalization of our Shares upon the completion of the Global Offering(2) . .	HK$121,731 million	HK$121,941 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(3)	HK$10.07 (RMB9.19)	HK$10.11 (RMB9.23)

Notes:

(1) The calculation of market capitalization of our H shares is based on 262,256,800 H Shares expected to be issued immediately following the completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised). For details, see "Share Capital — Upon Completion of the Global Offering" in this Prospectus.

(2) The calculation of market capitalization of our Shares is based on 262,256,800 H shares will be in issue immediately after the completion of the Global Offering, the total share capital of 4,982,772,171 A Shares as of the Latest Practicable Date and excluding 23,817,167 treasury shares, with an average closing price of RMB21.58 during the five trading days of A Shares immediately preceding the Latest Practicable Date (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this Prospectus and based on 5,216,614,413 Shares, comprising 4,954,357,613 Shares in issue as at 31 December 2024 excluding 23,817,167 Shares held by the Company in treasury and 4,704,491 restricted shares which are contingently returnable as at 31 December 2024 as detailed in note 36 of the Accountants' Report and 262,256,800 H Shares to be issued, assuming the Global Offering had been completed on 31 December 2024. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the Offer Size Adjustment Option, (ii) any Shares which may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the share scheme, or (iii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets per Share to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2024.

In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on Page II-1 has not taken into account payment of dividends of RMB1,983,582,000 which was approved by the Shareholders at the general meeting on 18 April 2025.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 per Share would have been RMB8.81 (equivalent to HK$9.65) and RMB8.85 (equivalent to HK$9.69) per Share based on the Offer Price of HK$17.38 and HK$18.18, respectively, if the dividend had been taken into account as at 31 December 2024.

For the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this Prospectus.

LISTING EXPENSES

Our listing expenses are estimated to be approximately HK$73.3 million (including underwriting commission), accounting for 1.6% of the gross proceeds of the Global Offering (assuming an Offer Price of HK$17.78 per H Share, being the mid-point of the Offer Price range stated in this Prospectus, and no exercise of the Over-allotment Option or the Offer Size Adjustment Option). Among our listing expenses, approximately HK$69.7 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately HK$0.0 million has been charged to our consolidated statements of profit or loss and other comprehensive income. The listing expenses we incurred during the Track Record Period and expect to incur would consist of approximately HK$37.3 million underwriting related expenses and fees (including but not limited to commissions and fees), approximately HK$35.6 million non-underwriting-related expenses and fees of the Sole Sponsor, legal advisors and reporting accountant and approximately HK$0.4 million for other non-underwriting-related fees and expenses.

DIVIDEND POLICY

In 2022, 2023 and 2024, our Company declared dividends of RMB493.1 million, RMB986.2 million and RMB1,482.2 million, all of which had been paid in full.

We do not have a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. For details of our dividend policy, see "Financial Information — Dividend Policy." Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Dividends Distribution

A dividend of RMB1,983.6 million was approved by the Shareholders at the general meeting on 18 April, 2025 and was paid in cash on June 18, 2025.

Tariffs Imposed by the United States

In February 2025, the president of the United States imposed 20% tariffs (the "**fentanyl tariffs**") on Chinese goods. On April 2, 2025, the president of the United States imposed a 10% across-the-board tariff on all imports from the U.S.'s trading partners, along with additional country-specific tariffs for various countries (the "**Reciprocal Tariffs**", as adjusted from time to time, and, together with the above-mentioned tariffs, the "**Additional US Tariffs**"). On April 9, 2025, it was announced that the Reciprocal Tariffs would be paused for 90 days for all countries but China. On April 10, 2025, the Reciprocal Tariffs on China were raised to 125%. Certain consumer electronics, including smartphones and computers, are exempt from the Reciprocal Tariffs. The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the Reciprocal Tariffs on China to 10% for 90 days. The fentanyl tariffs still remain in place. Therefore, the total Additional US Tariffs on China would be 30% while the Reciprocal Tariffs are lowered during the 90 days.

On May 28, 2025, the U.S. Court of International Trade ruled that the Additional US Tariffs exceeded the president's legal authority. However, that decision is being appealed. The international tariff policies are rapidly evolving, and the final outcome, including whether the Current US Tariffs can be implemented as proposed, is highly uncertain.

We believe that the Additional US Tariffs, including the corresponding tariff policies introduced by other countries, assuming they are enforced as proposed, will not have a material and adverse impact on our business and results of operations, on the bases that (i) we make very limited direct exports to the United States, and therefore has insignificant direct exposure to the tariffs imposed by the United States; (ii) brand companies, including our customers, who import the end products incorporating our products in the United States, are responsible for the tariffs; (iii) changing industry landscape mitigate the risk exposure of leading industry players regarding the Additional US Tariffs; and (iv) we have also taken active measures to mitigate our risks (the "**Directors' Views on the Additional US Tariffs**").

Having considered the above Directors' Views on the Additional US Tariffs and based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on the Directors' Views on the Additional US Tariffs in any material respect.

- **We make very limited direct exports to the United States**

  In 2024, we generated 58.6% of our revenue offshore, including 39.3% in special supervision territory in China, 8.7% in Asia (excluding mainland China and Vietnam), 7.0% in Vietnam and 2.9% in North America (within which, 2.7% was from the United States). We were advised by our legal advisers on United States tariffs that only direct export by us into the United States are subject to United States tariffs, including the Additional US Tariffs. We were further advised by our PRC Legal Advisor that the customers who took delivery of our products in the special supervision territory, which is physically located in China, are fully responsible for the subsequent tariffs imposed by the export destination selected by such customers, including the Additional US Tariffs.

- ***Reason for limited direct sales in the United States***

For our complete device assembly, which accounted for 20.7% of our revenue in 2024, we sell the assembled device to our customer in China, who currently has no direct sales in the United States. As such, the tariffs imposed by the United States currently have no impact on this part of our business.

For our structural parts and functional modules, we rarely export our products directly to the United States. Rather, our products are further processed by other manufacturers and then assembled into various types of end products such as smartphones, and it is the assembled end products that are imported into the United States by our customers. Therefore, our products are usually shipped to other manufacturers for further processing or assembling. Since most large-scale manufacturers for leading consumer electronics brands are located outside of the United States, our products are rarely exported directly to the United States. As such, despite the fact that a number of our major customers are headquartered in the United States, our direct sales to the United States accounted for an insignificant portion of our revenue during the Track Record Period.

- ***Direct export to the United States***

In 2022, 2023 and 2024, our direct sales to the United States amounted to RMB1,468.9 million, RMB1,896.1 million and RMB1,908.0 million, which only accounted for 3.1%, 3.5% and 2.7% of our total revenue for the respective years. These direct sales represent products delivered by us directly to locations within the United States. Within these direct sales to the United States in 2022, 2023 and 2024, only 4.1%, 1.7%, 2.0%, in terms of revenue, represent products manufactured in China, while the rest represents products manufactured in our overseas production centers. In other words, our direct sales of products manufactured in China to the United States in 2022, 2023 and 2024 only accounted for 0.1%, 0.1%, 0.1% of our total revenue for the respective years. The rest of the products we directly exported to the United States were manufactured in Vietnam and Mexico. Mexico is not subject to the Reciprocal Tariffs, and goods imported from Mexico to the United States are generally subject to tariffs of 25%. While Vietnam is subject to tariffs of 55%, including a 10% across-the-board tariff and 45% Reciprocal Tariffs (which is on pause as of the Latest Practicable Date), it is reported that Vietnam is negotiating a favorable tariff arrangement with the United States. In addition, we are planning to set up production centers in Thailand, which is currently subject to tariffs of 46%, including a 10% across-the-board tariff and 36% Reciprocal Tariffs (which is on pause as of the Latest Practicable Date). It is reported that Thailand is also negotiating a favorable tariff arrangement with the United States.

Given that our revenue contribution from direct sales to the United States is very limited, even if we experience a decrease in our direct sales to the United States as a result of the Additional US Tariffs, it will not result in a material and adverse change in our business and results of operations as a whole.

The table below compares the production costs and U.S. tariffs for the following countries.

	Mainland China	Vietnam	Thailand	Mexico
Production costs				
Land acquisition costs	Medium	Low	Low	Medium
Construction costs	Medium	Low	Low	Medium
Labor costs	Medium	Low	Medium	Medium
Logistics costs	High	Medium	Medium	High
Regulatory and administrative costs	Medium	Low	Medium	Medium
Average monthly salary	RMB5,789	RMB2,220	RMB3,400	RMB4,500
Reciprocal Tariffs	125%[1]	45%[2]	36%[2]	N/A

Notes:

1. Lowered to 10% for 90 days from May 12, 2025

2. Paused for 90 days from April 9, 2025

In view of the production cost analysis and leading consumer electronics companies' plan to diversify their global supply chain, we believe that establishing production facilities in these countries is in line with our best commercial interests.

- ***Applicable United States tariffs on our products that are imported directly into the United States***

In 2024, we generated 61.9% of our revenue from structural parts and functional modules for smartphones and computers, 20.7% from complete device assembly for smartphones and computers, 8.5% from smart vehicles and cockpits, 5.0% from intelligent head-mounted displays and smart wearables and 2.0% from other smart devices.

After consulting with our legal advisor on tariffs, we believe that, assuming the Additional US Tariffs are enforced as proposed, their impact on our main businesses as of the Latest Practicable Date would be as follows. The table below indicates the impact if our products are imported directly into the United States. However, as discussed below, since our products need to be further processed and assembled into final products, our products are rarely imported directly into the United States. 70.4% of our products directly exported to the United States in 2024 was exempted from the Additional US Tariffs.

Imported Directly into the United States from the PRC

Business line	Revenue contribution in 2024	General Rates under the HTSUS before the Additional U.S. Tariff[1]	Applicable Additional U.S. Tariffs and potential impact as of the Latest Practicable Date	Overall U.S. tariff rate as of the Latest Practicable Date
Smartphones and computers				
Structural parts and functional modules .	61.9%	Ranges between 0% to 20%[2]	Subject to 20% Fentanyl Tariffs and exempt from reciprocal tariffs	Ranges between 20% to 40%[3]
Complete device assembly	20.7%	Not applicable since no export to the U.S.	No impact since no export to the U.S.	Not applicable
Smart vehicles and cockpits	8.5%	Ranges between 0% to 4.5%[2]	Subject to 20% Fentanyl Tariffs and some subcategories exempt from 10% reciprocal tariffs[3]	Ranges between 20% to 32.5%[3]
Intelligent head-mounted displays and smart wearables	5.0%	Ranges between 0% to 35%[2]	Subject to 20% Fentanyl Tariffs and 10% reciprocal tariffs	Ranges between 30% to 65%
Other smart devices . . .	2.0%	0%	Subject to 20% Fentanyl Tariffs and 10% reciprocal tariffs	30%

Notes:

1. The table does not reflect any special tariffs already in force, such as antidumping or countervailing duties and duties applicable under Section 232 of the Trade Expansion Act of 1962 or Section 301 of the Trade Act of 1974. These Harmonized Tariff Schedule of the United States ("**HTSUS**") codes and the applicable tariff rates are provided purely based on the Chinese HS codes and their corresponding description. These do not include all our products. Rather, only our products directly exported to the United States with Chinese HS codes are included here.

2. Applicable rates depend on the physical characteristics, composition, use and function of the specific product.

3. To the extent these products fall into the HTSUS codes that are exempt from the Fentanyl Tariffs and Reciprocal Tariffs. During the Track Record Period, we exported certain products, such as phone cases, to the United States that would not be exempt from the Fentanyl Tariffs or the Reciprocal Tariffs.

- ***Sales in special supervision territory***

During the Track Record Period, most of our exported products were delivered in special supervision territory in China for further processing or assembling by other manufacturers. In particular, in 2022, 2023 and 2024, 75.5%, 67.4% and 67.1% of our offshore revenue was recorded from sales to special supervision territory. These include sales to our major customers headquartered in the United States.

Special supervision territory are special customs supervision zones in China that are approved by the State Council of the PRC with specific tax and regulatory policies.

Products exported by us through the special supervision territory mainly include protective screens and back covers for mobile phones, touch sensor screens and vehicle central control screens. These products are primarily delivered to downstream customers. These products entering the special supervision territory from places other than the special supervision territory in China are treated as exports and thus eligible for export tax rebates. As advised by our PRC Legal Advisor, under the PRC regulations, most exported goods are exempt from export tariffs, with the applicable export tariff rate being zero. Products exported by us into the special supervision territory qualify for this 0% tariff treatment. Our customs-related obligations, liabilities or responsibilities are fully released and discharged upon completion of delivery within the special supervision territory in China. All subsequent customs-related obligations, including any tariffs imposed by the United States if the customer determines to import their products to the united States, shall become the sole responsibility of the downstream customers.

Materials imported by us through the special supervision territory mainly include raw glass panels, polishing pads, abrasive skins and liquid crystal display panels. These materials entering and stored in the special supervision territory from overseas are not treated as import and thus exempt from import tax. The import tax liability shall only attach to and become payable upon such materials' import from the special supervision territory into other place other than the special supervision territory in China.

Materials imported through the special supervision territory into places other than the special supervision territory in China shall have their import tariff rates determined according to the rules of origin principle, meaning tariff rates are based on the source country or region of such materials. For materials entering the special supervision territory from overseas, which are further processed into finished or semi-finished products within the special supervision territory before entering places other than the special supervision territory in China, the import tariff rates shall be determined based on the final state of the processed products, which may differ from the tariff rates applicable to original materials imported directly into the special supervision territory.

- **Our customers, who import the end products incorporating our products, are responsible for the tariffs**

As explained above, we rarely export our products directly from China to the United States, and our customers, who import the end products into the United States, including through special supervision territory in China, are responsible to pay any tariffs imposed by the United States for importing goods into the United States.

While a tariff on the end product may filter upstream or downstream, none of our current contracts with our customers allow for price adjustment due to tariffs payable by our customers. Back in 2018 and 2019, amid the trade negotiation between the United States and China and the threatened tariffs, none of our customers proposed such tariff-driven price adjustment mechanism. As of the Latest Practicable Date, we had not experienced any material adverse changes in our order volume, price, customer payment or logistics arrangements, nor have we received any requests to cancel orders or suspend delivery of our products because of the imposition of Additional US Tariffs. While this can change in the future, the factors we discuss here can effectively mitigate the uncertainty.

To the best of our knowledge, as of the Latest Practicable Date, none of our top customers sell their products exclusively to the United States since our top customers during the Track Record Period were leading consumer electronics brands with diversified worldwide sales. These leading consumer electronics brands can choose to only import enough products into the U.S. to satisfy the U.S. market demand, while products they sell in other countries can be shipped from the manufacturers, including those located in China, to the relevant countries directly without crossing the U.S. border and therefore triggering U.S. tariffs. Therefore, only a small portion of our products are indirectly imported into the U.S. According to our estimation, approximately 17%, 14% and 11% of our products in terms of revenue were imported into the United States as part of end products in 2022, 2023 and 2024. These percentages are calculated by multiplying our top U.S. customers' percentages of product sales within the United States with the percentages of our sales to these customers. The percentages of our top U.S. customers' product sales within the United States are provided by Frost & Sullivan based on these customers' public filings and industry expert interviews. Within these indirect imports into the United States, based on our estimates, a substantial portion of these products are, or can be, imported into the United States from countries other than China since most large-scale manufacturing companies who supply to the leading consumer electronics brands maintain diversified global supply chains and can swiftly relocate their production to countries that enjoy favorable tariffs arrangements in response to tariffs developments. As such, even if a tariff-driven price adjustment mechanism is agreed upon by us and our customers, only a limited portion of our sales will be impacted even if the proportion of products being imported into the United States from China by our customers remains at the level in 2024.

- **Changing industry landscape**

The Additional US Tariffs have accelerated both the regional reorganization of supply chains and the advancement of higher-end product offerings in the precision manufacturing industry. In terms of upstream suppliers, leading suppliers in the industry are planning to move part of their production capacity to tariff-friendly countries. In terms of downstream customers, faced with cost pressures, customers increasingly demand premium and customized products to increase unit value of products, which in turn requires manufacturers to accelerate technological breakthroughs and innovation. Therefore, industry leading manufacturers are uniquely positioned to navigate the evolving trade landscape with greater agility thanks to their technological edge, vertical integration capabilities and global layout, and the impact of the Current US Tariffs on leading manufacturers are relatively muted.

- **Our Active measures to mitigate risk**

Despite our assessment detailed above, we are also taking active measures to mitigate the risks from the changing tariff and international trade landscape, including:

  - ***Diversifying our customer base***

As a result of our efforts in pursuing opportunities in high-growth end markets and vertical integration, our revenue from sales inside mainland China (excluding special supervision territory) as a percentage of our total revenue has increased from 18.1% in 2022 to 32.5% in 2023 and further to 41.4% in 2024. This is primarily due to the successful ramp-up of our complete device assembly business, whereby we sell assembled end product to a Chinese customer. Also, to our best knowledge, a lot of our customers in emerging end uses such as smart retail, humanoid robots and AR/XR glasses are based in China with limited sales to the United States. We are also expanding our business in other emerging end uses such as smart home. As we continue our efforts in this aspect, we expect the value of our products being indirectly imported to the United States to further decrease from 11% in 2024.

  - ***Expanding our production capacity outside of China***

We plan to expand and optimize our production capacity globally by setting up new production centers at strategic locations that are close to our key customers. In particular, we plan to allocate approximately 28% of the net proceeds from the Global Offering to set up production lines in Vietnam and Thailand for our structural parts for smart devices, including smartphones and computers products, as well as smart vehicles and cockpit products. See "Future Plans and Use of Proceeds" for further details. Both Vietnam and Thailand have favorable conditions such as competitive labor costs, relatively skilled workforce and established consumer electronics manufacturing industries. Furthermore, it is reported that both these countries are negotiating a favorable tariff arrangement with the United States. The major raw materials used in our production, primarily glass, can be imported into these countries without practical difficulties or material tariffs.

Therefore, we believe that it is feasible to expand our production in these countries or to relocate part of our production within China to these countries to address the Additional U.S. Tariffs without significantly impacting our overall profitability or business operations.

- ***Diversifying our supply chain***

In response to the Additional U.S. Tariff, China also imposed a 125% tariff on American goods. On May 12, 2025, China stated that its reciprocal tariffs on the United States would be lowered to 10% for 90 days. During the Track Record Period, we imported certain American goods, including equipment and raw materials. The value of American goods we imported that were subject to tariffs in 2022, 2023 and 2024 amounted to US$17.0 million, US$12.0 million and US$12.6 million, representing less than 0.5% of our total cost of sales in each of these years. As of the Latest Practicable Date, as the American goods we imported are primarily delivered in special supervision territory, we were not requested to pay tariffs. Going forward, if we are required to pay the prohibitive tariff, we plan to actively diversify our supply chain. We believe that these equipment or raw materials are available from sources other than the United States, and we do not foresee any difficulty in procuring these equipment and raw materials outside of the United States at reasonable costs.

Unaudited Financial Information for the Three Months Ended March 31, 2025

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as at and for the three months ended March 31, 2025 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS34, Interim Financial Reporting as at the for the three months ended March 31, 2025 in Appendix IA to this prospectus. Our unaudited interim condensed consolidated financial information as at and for the three months ended March 31, 2025 has been reviewed by our reporting accountant in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Revenue

Our revenue increased by 10.1% from RMB15,498.3 million for the three months ended March 31, 2024 to RMB17,063.2 million for the three months ended March 31, 2025, as a result of the growth in our smartphones and computers business, mainly driven by demand for structural parts and functional modules for new products of our customers, as well as the continued growth of our complete device assembly.

Cost of sales

Our cost of sales increased by 8.9% from RMB13,850.8 million for the three months ended March 31, 2024 to RMB15,079.2 million for the three months ended March 31, 2025, generally in line with the growth of our revenue.

Gross profit

Our gross profit increased by 20.4% from RMB1,647.4 million for the three months ended March 31, 2024 to RMB1,984.0 million for the three months ended March 31, 2025, and our gross profit margin grew slightly from 10.6% for the three months ended March 31, 2024 to 11.6% for the three months ended March 31, 2025.

Research and development expenses

Our research and development expenses increased by 37.7% from RMB574.6 million for the three months ended March 31, 2024 to RMB791.4 million for the three months ended March 31, 2025. As a percentage of revenue, our research and development expenses increased from 3.7% for the three months ended March 31, 2024 to 4.6% for the three months ended March 31, 2025. This is due to increased investments in new projects, new products and emerging areas.

Profit for the period

As a result of the foregoing, our profit for the period increased by 43.8% from RMB315.7 million for the three months ended March 31, 2024 to RMB453.9 million for the three months ended March 31, 2025. As a percentage of our revenue, our profit for the period increased from 2.0% for the three months ended March 31, 2024 to 2.7% for the three months ended March 31, 2025.

Assets and liabilities

Our total assets remained relatively stable at RMB81,016.0 million as of December 31, 2024 and RMB79,142.1 million as of March 31, 2025. Our total liabilities decreased 7.3% from RMB32,170.1 million as of December 31, 2024 to RMB29,831.6 million as of March 31, 2025, primarily due to a decrease in our trade and other payables as we settled these amounts.

Cash flows

We recorded net cash from operating activities of RMB2,630.4 million, net cash used in investing activities of RMB3,124.8 million and net cash used in financing activities of RMB620.0 million for the three months ended March 31, 2025.

No Material Adverse Change

Our Directors confirmed that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of the periods reported in the Accountants' Report included in Appendix I to this Prospectus, and there has been no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Prospectus.

IMPACT OF COVID-19 PANDEMIC

Despite the macroeconomic challenges posed by the COVID-19 pandemic, our business operations and financial condition remained stable during the Track Record Period and were not materially and adversely impacted by the COVID-19 pandemic. Our supply chain remained stable and was operating without material constraint during the Track Record Period. In addition, we continued to observe healthy demand across our customer base, with no material shift in consumer purchasing behavior that can be directly attributed to the COVID-19 pandemic. During the Track Record Period, inventory levels and order flows remain stable and have fluctuated only in the ordinary course of business, and we have not encountered any significant cancellations, deferments or abnormal pricing pressures linked to factors related to the COVID-19 pandemic.

In this Prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms."

"**2023 Restricted Share Incentive Plan**"	the restricted share incentive plan adopted by the Shareholders on August 18, 2023, which permits the grant of restricted shares to eligible participants
"**A Share(s)**"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"**Accountants' Report**"	the accountants' report of our Company, the text of which is set out in Appendix I to this Prospectus
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	Accounting and Financial Reporting Council
"**Articles**" or "**Articles of Association**"	the articles of association of our Company with effect upon the Listing Date (as amended from time to time), a summary of which is set out in Appendix III to this Prospectus
"**associate(s)**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**Audit Committee**"	the audit committee of the Board
"**Board**" or "**Board of Directors**"	the board of Directors of the Company
"**Business Day**"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**Capital Market Intermediary(ies)**" or "**CMI(s)**"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Hong Kong Listing Rules
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC

"**Changsha Qunxin**"	Changsha Qunxin Investment Consulting Company Limited* (長沙群欣投資諮詢有限公司), a limited liability company established in PRC on March 18, 2011, and one of our Controlling Shareholders
"**China**", "**mainland China**" or "**the PRC**"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Prospectus only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"**close associate(s)**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Company**", "**our Company**" or "**Lens Technology**"	Lens Technology Co., Ltd. (藍思科技股份有限公司), a limited liability company established in the PRC on December 21, 2006, formerly known as Lens Technology (Hunan) Company Limited* (藍思科技(湖南)有限公司)
"**Compliance Advisor**"	Gram Capital Limited
"**connected person(s)**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**connected transaction(s)**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**Controlling Shareholder(s)**"	has the meaning ascribed thereto under the Hong Kong Listing Rules and refers to Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin
"**core connected person(s)**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**Corporate Governance Code**"	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules

"CSDC"	China Securities Depository and Clearing Corporation Limited* (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or **"our Director(s)"**	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"ESG"	Environmental, Social and Governance
"Exchange Participant"	a person (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale serious affects the working public's ability to resume work or brings safely concern for a prolonged period
"FINI"	"Fast Interface for New Issuance," the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"General Rules of HKSCC"	General Rules of HKSCC published by the Hong Kong Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", **"our Group"**, **"our"**, **"we"**, or **"us"**	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)

"**Guide**" or "**Guide for New Listing Applicants**"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
"**H Share(s)**"	listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
"**H Share Registrar**"	Computershare Hong Kong Investor Services Limited
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC EIPO**"	the application for Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for Hong Kong Offer Shares on your behalf
"**HKSCC Operational Procedures**"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operation and functions of the CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"**HKSCC Participant**"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"**Hong Kong**" or "**HK**"	the Hong Kong Special Administrative Region of the PRC
"**Hong Kong dollars**" or "**HK$**"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong Offer Shares" 28,848,400 H Shares (subject to reallocation as described in the section headed "Structure of the Global Offering") initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering

"Hong Kong Public Offering" the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee), on and subject to the terms and conditions described in "Structure of the Global Offering — The Hong Kong Public Offering"

"Hong Kong Stock Exchange" The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Hong Kong Underwriters" the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters"

"Hong Kong Underwriting Agreement" the underwriting agreement dated June 27, 2025 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Sole Sponsor, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"

"IFRS" the IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)

"IIT Law" the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)

"Independent Third Party(ies)" any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Hong Kong Listing Rules

"**International Offer Shares**"	the 233,408,400 H Shares offered by our Company pursuant to the International Offering together with any additional H Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option (subject to reallocation as described in the section headed "Structure of the Global Offering")
"**International Offering**"	the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirements under the U.S. Securities Act, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Underwriting — International Offering"
"**International Underwriters**"	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"**International Underwriting Agreement**"	the underwriting agreement relating to the International Offering expected to be entered into on or about July 7, 2025 by our Company and the International Underwriters, as further described in the section headed "Underwriting — International Offering"
"**Joint Bookrunners**"	the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"**Joint Global Coordinators**"	the joint global coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"**Joint Lead Managers**"	the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"**Latest Practicable Date**"	June 21, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication

"**Lens Technology (HK)**"	Lens Technology (HK) Co., Limited (藍思科技(香港)股份有限公司), a limited liability company established in Hong Kong on October 29, 2004, and one of our Controlling Shareholders
"**Lens Changsha**"	Lens Technology (Changsha) Company Limited* (藍思科技(長沙)有限公司), a limited liability company incorporated under the laws of the PRC on January 26, 2011, and a wholly-owned subsidiary of the Company
"**Lens Dongguan**"	Lens Technology (Dongguan) Company Limited* (藍思科技(東莞)有限公司), a limited liability company incorporated under the laws of the PRC on July 6, 2010, and a wholly-owned subsidiary of the Company
"**Lens Hualian**"	Hunan Lens Hualian Precious Ceramics Company Limited* (湖南藍思華聯精瓷有限公司), a limited liability company incorporated under the laws of the PRC on June 13, 2012, and a subsidiary of the Company
"**Lens Intelligent Control**"	Lens Intelligent Control (Changsha) Company Limited* (藍思智控(長沙)有限公司), a limited liability company incorporated under the laws of the PRC on March 18, 2017, and a wholly-owned subsidiary of the Company
"**Lens Intelligent Robot**"	Lens Intelligent Robot (Changsha) Company Limited* (藍思智能機器人(長沙)有限公司), a limited liability company incorporated under the laws of the PRC on July 22, 2016, and a subsidiary of the Company
"**Lens International**"	Lens International (HK) Ltd., a limited liability company established in Hong Kong on November 5, 2010, and a wholly-owned subsidiary of the Company
"**Lens Shenzhen**"	Shenzhen Lens Technology Company Limited* (深圳市藍思科技有限公司), a limited liability company incorporated under the laws of the PRC on September 18, 2003, and a wholly-owned subsidiary of the Company

"**Lens System Integration**"	Lens System Integration Company Limited* (藍思系統集成有限公司), a limited liability company incorporated under the laws of the PRC on March 22, 2019, and a wholly-owned subsidiary of the Company
"**Lens Taizhou**"	Lens Precision (Taizhou) Company Limited* (藍思精密(泰州)有限公司), a limited liability company incorporated under the laws of the PRC on May 3, 2016, and a wholly-owned subsidiary of the Company
"**Lens Vietnam**"	Lens Technology (Vietnam) Company Limited, a single-member limited liability company established in Vietnam on June 12, 2017, and a wholly-owned subsidiary of the Company
"**Lens Xiangtan**"	Lens Technology (Xiangtan) Company Limited* (藍思科技(湘潭)有限公司), a limited liability company incorporated under the laws of the PRC on July 23, 2012, and a wholly-owned subsidiary of the Company
"**Listing**"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"**Listing Committee**"	the Listing Committee of the Hong Kong Stock Exchange
"**Listing Date**"	the date, expected to be on or about Wednesday, July 9, 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"**Listing Rules**" or "**Hong Kong Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"**Macau**"	the Macau Special Administrative Region of the PRC
"**Main Board**"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**Mr. Cheng**"	Mr. Cheng Chun Lung (鄭俊龍), the vice chairman of the Board, an executive Director, one of our Controlling Shareholders and the spouse of Ms. Chau

"**MIIT**"	Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
"**Ms. Chau**"	Ms. Chau Kwan Fei (周群飛), the chairman of the Board, an executive Director, the general manager of our Company, one of our Controlling Shareholders and the spouse of Mr. Cheng
"**Nomination Committee**"	the nomination committee of the Board
"**NPC**"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"**Offer Price**"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering"
"**Offer Share(s)**"	the Hong Kong Offer Share(s) and the International Offer Share(s), together with, where relevant, any additional H Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option
"**Offer Size Adjustment Option**"	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters), pursuant to which the Company may allot and issue up to an aggregate of 39,338,400 additional H Shares (representing in aggregate approximately 15.0% of the Offer Shares initially being offered under the Global Offering assuming the Over-allotment Option is not exercised) at the Offer Price, to cover any excess market demand in the International Offering (without being subject to any reallocation mechanism), as described in "Structure of the Global Offering — Offer Size Adjustment Option"

"**Over-allotment Option**"	the option expected to be granted by us to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 39,338,400 additional H Shares (representing approximately 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 45,239,200 additional H Shares (representing approximately 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this Prospectus
"**Overall Coordinators**"	the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"**Overseas Listing Trial Measures**"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC Company Law**"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"**PRC GAAP**"	generally accepted accounting principles of the PRC
"**PRC Legal Advisor**"	Sundial Law Firm, the PRC legal advisor to our Company
"**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

"**Price Determination Date**"	the date, expected to be on or before Monday, July 7, 2025 (Hong Kong time) on which the Offer Price is determined, or such later time as our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) may agree, but in any event not later than 12:00 noon on Monday, July 7, 2025
"**Prospectus**"	this Prospectus being issued in connection with the Hong Kong Public Offering
"**QIBs**"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Appraisal Committee**"	the remuneration and appraisal committee of the Board
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of the PRC
"**Rule 144A**"	Rule 144A under the U.S. Securities Act
"**SAFE**"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"**SAT**"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"**Securities and Futures Commission**" or "**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Share(s)**"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and A Shares
"**Shareholder(s)**"	holder(s) of the Share(s)

"Shenzhen Lens Wang"	Shenzhen Lens Wang Supply Chain Management Company Limited* (深圳市藍思旺供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on June 17, 2022, and a wholly-owned subsidiary of the Company
"Sole Sponsor"	CITIC Securities (Hong Kong) Limited
"Stabilizing Manager"	CLSA Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code" or **"Hong Kong Takeovers Code"**	the Codes on Takeovers and Mergers and Share Buy- backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended December 31, 2022, 2023 and 2024
"treasury shares"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Type I Restricted Shares"	A Share(s) newly issued by the Company and granted to grantees pursuant to the 2023 Restricted Share Incentive Plan
"Type II Restricted Shares"	A share(s) repurchased from secondary market and granted to grantees pursuant to the 2023 Restricted Share Incentive Plan
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the context may require

"**United States**" or "**U.S.**"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"**U.S. dollar(s)**", "**US$**" or "**USD**"	United States dollar, the lawful currency of the United States
"**U.S. Securities Act**"	The U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"**VAT**"	value-added tax
"**White Form eIPO**"	the application process for Hong Kong Offer Shares with applications issued in applicant's own name and submitted online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO Service Provider**"	Computershare Hong Kong Investor Services Limited
"**%**"	per cent

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this Prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Unless otherwise stated, 23,817,167 repurchased A Shares which are held as treasury shares by the Company as of the Latest Practicable Date have been included in the total number of issued shares of the Company as of the Latest Practicable Date and immediately after completion of the Global Offering. For details of the repurchased A Shares, see "History, Development and Corporate Structure — Our Corporate Structure Immediately prior to the Completion of the Global Offering" and "Substantial Shareholders."

* *For identification purpose only*

This glossary contains explanations of certain technical terms used in this Prospectus in connection with the Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AI"	artificial intelligence
"AI-enabled device"	a device capable of achieving intelligent functions and user interactions through AI technologies such as machine learning, deep learning, and natural language processing
"AGV"	automated guided vehicle
"AR"	augmented reality
"AOI"	automated optical inspection
"AGV"	automated guided vehicles
"CNC"	computer numerical control
"CPI"	colorless polyimide film
"DCU"	device control unit
"HUD"	head-up display
"IoT"	internet of things
"IVI"	in-vehicle infotainment
"NFC"	near-field communication
"other smart devices"	smart devices in emerging end markets such as humanoid robots and smart retail devices
"PCB"	printed circuit board
"PCBA"	printed circuit board assembly
"UTG"	ultra-thin glass
"UV"	ultraviolet
"VTG"	variable thin glass
"VR"	virtual reality
"XR"	extended reality

We have included in this Prospectus forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Prospectus, the words "aim", "anticipate", "believe", "could", "expect", "intend", "project", "seek", "should", "will", "would", "vision", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Prospectus, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;

- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors."

In this Prospectus, statements of or references to our intentions or those of our Directors were made as of the date of this Prospectus. Any such information may change in light of future developments.

You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this Prospectus.

RISKS RELATING TO OUR BUSINESS OPERATIONS

We generate the majority of our revenue from a limited number of key customers.

We generate a substantial portion of our revenue from a limited number of key customers. In 2022, 2023 and 2024, revenue from our five largest customers amounted to RMB38,878.3 million, RMB45,282.2 million and RMB56,707.4 million, accounting for 83.3%, 83.1% and 81.1% of our revenue in the respective year, and sales to our largest customer, Customer/Supplier A, amounted to RMB33,136.2 million, RMB31,512.3 million and RMB34,566.5 million, accounting for 71.0%, 57.8% and 49.5% of our revenue in the respective year.

If these key customers do not continue to transact with us on scales or terms similar to historical levels, our business, financial condition and results of operations will be negatively affected. In particular, these key customers' products are characterized by rapidly evolving technologies that innovate product features or adoption of new or alternative technologies each time a new product is introduced or an existing product is upgraded. In addition, we enter into framework agreements with these customers, and the agreements do not specify the number of products these customers will purchase from us in any given year or contain minimum purchase requirements. Product sales are confirmed with purchase orders rather than framework agreements, and the quantities stated in these purchase orders can be amended unilaterally by our customers before we accept the purchase orders. The loss of or reduction in any key customer's business as a result of our inability to meet the product specifications, to adopt new technologies, our exclusion from a key product development cycle or for any other reason may materially and adversely affect our results of operations.

Moreover, against the backdrop of geopolitical tension and the uncertainties surrounding the international trade, many brand companies are in the process of diversifying their supply chain away from China. For example, Customer/Supplier A is reported to move its complete device assembly service to countries such as Vietnam and India. There can be no assurance that this customer will not decrease their purchase order from us due to transportation cost or other considerations. See "Business — Our Customers — Our Top Five Customers" for further details. Furthermore, we may be required to make substantial capital investment outside of China, which entails additional risk as detailed in "— Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions."

If (i) there is any reduction, delay or cancellation of orders from one or more of our key customers due to a reduction in their product sales or for any other reason, (ii) one or more of our key customers select our competitors' products; (iii) we lose one or more of our key customers and are not able to obtain additional or alternative customers that can replace the lost sales volume and profit or (iv) any of our key customers fails to make timely payment for our products, our financial condition and results of operations may experience material fluctuations and our sales may decline.

Even though we have a diverse and large customer base, given the significant order volume of our key customers, we anticipate that we may continue to generate a substantial part of our revenue from a limited number of key customers in the foreseeable future. If our relationships with these customer are not sustained or do not develop, we may not be able to continue to generate revenue and profit from these customers on scales that are comparative to historical levels, or at all.

We may be subject to the risks associated with international trade policies, export controls and economic sanctions, geopolitics and trade protection measures.

We operate within a global supply chain and our products were sold globally as part of various end products. As such, we face risks associated with international trade regulations and geopolitical developments.

Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Regarding tariffs, in February 2025, the president of the United States imposed 20% tariffs (the "**fentanyl tariffs**") on Chinese goods. On April 2, 2025, the president of the United States imposed a 10% across-the-board tariff on all imports from the U.S.'s trading partners, along with additional country-specific tariffs for various countries (the "**Reciprocal Tariffs**", as adjusted from time to time, and, together with the above-mentioned tariffs, the "**Additional US Tariffs**"). The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the Reciprocal Tariffs on China to 10% for 90 days. The fentanyl tariffs still remain in place. Therefore, the total Additional US Tariffs on China would be 30% while the Reciprocal Tariffs are lowered during the 90 days. On May 28, 2025, the U.S. Court of International Trade ruled that the Additional US Tariffs exceeded the president's legal authority. However, that decision is being appealed. The international tariff policies are rapidly evolving, and the final outcome, including whether the Current US Tariffs can be implemented as proposed, is highly uncertain. The Additional US Tariffs may increase the price of the end products imported to the U.S. market and reduce their competitiveness. Our customers who import the products may wish to pass the additional tariff on to us, their other suppliers or their customers. Even if the tariff is not passed on to us, the reduced competitiveness of our customers' end products could lead to reduction or cancellation of their purchase orders from us.

Regarding U.S. export controls, in October 2022, the Bureau of Industry and Security ("**BIS**") issued an interim final rule (the "**BIS October 2022 IFR**") to limit China's access to advanced computing integrated circuits, supercomputers and advanced semiconductor manufacturing. In October 2023, the BIS released another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded the restrictions from the BIS October 2022 IFR (together with the BIS's April 2024 interim final rule, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs added certain advanced and high-performance computing integrated circuits and related computer commodities to the Commerce Control List, imposing new or expanded license requirements for items subject to the U.S. Export Administration Regulations ("**EAR**") intended for use in developing or producing supercomputers, advanced node integrated circuits, and advanced semiconductor manufacturing equipment in certain jurisdictions, including China. Most recently, in December 2024, the BIS issued an interim final rule (the "**BIS December 2024 IFR**") to further limit China's access to advanced computing integrated circuits and advanced semiconductor manufacturing equipment.

In addition to the restrictions introduced above, the BIS also maintains lists of individuals and entities subject to enhanced export control restrictions. One such list, the Entity List, includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals, and other legal entities. In recent years, the United States has added an increasing number of entities, including several hundreds in China, to the Entity List and other restricted or prohibited parties' lists. Due to the sudden and unpredictable nature of these decisions, it is challenging to foresee developments in this area. The United States has recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals onto Entity List and other sanctions lists that limit their access to certain U.S.-origin goods, software, and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, and foreign direct products of certain U.S.-origin software, technologies or equipment.

These policies have introduced uncertainties to global supply chains, limited access to critical raw materials and components, and increased production and compliance costs for companies operating in affected industries. For instance, restrictions on the export of specific technologies or materials to certain regions could disrupt our ability to procure key inputs or supply solutions to customers in affected markets, causing operational delays or interruptions. If these trade restrictions or geopolitical tensions escalate, we may face additional risks such as reduced access to key markets, strained customer relationships and loss of market opportunities.

Increased compliance costs and operational challenges arising from adhering to complex export control regulations and sanctions could still strain our resources. Tariffs, quotas and local content rules may further raise production costs, impacting the profitability and competitiveness of our solutions. As the Entity List and other sanctions and export control laws and regulations, including the EAR's De Minimis Rule and the Foreign Direct Product Rules, continue to evolve, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, dealing with customers or suppliers that are subject to export control or sanctions may pose significant risks to our business. These risks include potential disruptions in our supply chain, legal and regulatory compliance challenges, and the possibility of financial penalties. We have no control over the countries, regions, or destinations to which the customers will sell and/or export their end products. If the export sales of the customers' end solutions are restricted, prohibited or made subject to any export controls or economic sanctions imposed by any jurisdictions, the customers' demand in our solutions may decline, and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our revenue and cost of sales are subject to foreign exchange fluctuations.

Certain of our trade receivables and trade payables, as well as a substantial portion of our revenue and cost of sales, are denominated in currencies other than the functional currency of our Group, being RMB, which exposes our Group to foreign exchange risks. In 2022, 2023 and 2024, our non-RMB denominated revenue accounted for 81.9%, 67.5% and 58.6% of our total revenue, respectively, with US dollars denominated revenue accounting for 80.4%, 65.9% and 57.5% of our total revenue. Meanwhile, our non-RMB denominated procurement accounted for 60.1%, 54.3% and 46.6% of our total cost of sales, with US dollars denominated procurement accounting for 35.5%, 34.6% and 31.5% of our total cost of sales. Any significant fluctuations in the exchange rates between foreign currencies and RMB may materially and adversely affect our results of operations. Specifically, if the RMB strengthened 10% against the U.S. dollar, we would have recorded RMB551.2 million, RMB586.9 million and RMB854.9 million less of profit for the year in 2022, 2023 and 2024. In particular, Renminbi has experienced volatility against the U.S. dollar, driven by a combination of macroeconomic factors, geopolitical tensions and divergent monetary policies between China and the United States. After the imposition of the recent additional tariffs on exports from China to the U.S. starting in April 2025 (the "**New Tariffs**"), the Renminbi has fluctuated significantly against the U.S. dollar and any future appreciation of the Renminbi against the U.S. dollar would make our products more expensive in U.S. dollar terms, thereby reducing our price competitiveness and demand. Conversely, a significant depreciation could inflate the cost of imported materials or capital equipment denominated in foreign currencies, impacting our cost structure. In addition, potential changes in U.S. monetary policy, may lead to a stronger U.S. dollar. This could further amplify exchange rate volatility, create capital outflow pressures in other markets including China, and affect investor sentiment or funding costs for Chinese companies operating internationally.

In 2022, 2023 and 2024, we incurred net foreign exchange gains of RMB231.5 million, RMB59.5 million and RMB193.2 million. We cannot predict the impact of future exchange rate fluctuations on our results of operations, and we cannot assure you that we will not incur any net exchange loss in the future. While we have actively managed our currency risks, such measures may not be effective or economically feasible under all circumstances. For further details on foreign currency risk exposures and related sensitivity test, see Note 41 of Appendix I to this Prospectus.

We purchase our major raw materials from a selected number of key suppliers.

Procurement of our major raw materials is essential to our operations. Glass, in particular, accounted for a substantial portion of our raw material purchases during the Track Record Period. In 2022, 2023 and 2024, purchase of raw materials from our five largest suppliers were RMB9,033.5 million, RMB17,224.6 million and RMB26,064.7 million, representing 23.7%, 37.4% and 43.6% of our total cost of sales in the respective periods. In addition, purchases from our largest supplier were RMB6,198.4 million, RMB7,665.7 million and RMB14,372.7 million in 2022, 2023 and 2024, representing 16.2%, 16.7% and 24.1% of our total cost of sales in the respective periods. See "Business — Raw Materials and Supply Chain" for further details. Any deterioration in or termination of our relationship with these key suppliers or interruptions in their operations could adversely affect our supply chain and production capabilities.

The stability of our key suppliers' operations and strategies is subject to a number of factors beyond our control, and we cannot assure you that our suppliers' management measures would prevent supply chain disruptions. Disruptions to our key suppliers' financial or operational health, changes in business priorities, or external factors such as geopolitical tensions, regulatory changes or market conditions may impact their ability to supply materials. If we fail to procure such raw materials in a timely manner or on reasonable terms, our product quality, production capacity and profit margins could be adversely affected. Identifying qualified alternative suppliers is a time-consuming and costly process, with no guarantee of success. Any delays or inefficiencies in securing alternatives could lead to production interruptions, increased costs or failure to fulfill customer orders, adversely affecting our reputation and market competitiveness.

Our growth and profitability depend on general economic conditions and the level of consumer spending.

Our results of operations depend significantly on general economic conditions and consumer spending. Consumer spending is affected by a number of economic and other factors beyond our control, such as interest rates, conditions in the real estate and mortgage markets, unemployment rates, labor and healthcare costs, access to credit, consumer confidence, and other macroeconomic factors affecting the spending behaviour of consumers. Economic uncertainty and other related factors may exacerbate negative trends in consumer spending and may cause consumers to postpone or refrain from purchasing consumer electronics or smart vehicles, which in turn will negatively affect our customers' demands for our products and therefore adversely affect our business, results of operations and financial condition.

Similarly, our operating results are affected by cyclicality, either directly or indirectly, in the various industries we serve including consumer electronics and smart vehicles. These industries are highly competitive and to a large extent driven by end-user markets. Fluctuations in price and demand within these industries could lead to reduced sales and declining prices for the end products, which will in turn affect our revenue and profit margins. As a result of the foregoing factors, we may experience fluctuations in our results of operations and financial performance.

Specifically, many of our customers in the consumer electronics and smart vehicles industries face intense competition and constant pressure to cut the selling prices of their end products. Accordingly, many of our customers expect ongoing production cost reductions and increased production efficiencies. If we are not able to meet such expectations, our business, financial condition, results of operations and growth prospects will be adversely affected.

Our future success depends on our ability to successfully produce new products and effectively manage our growth.

Our product development efforts are customized pursuant to the requests of our customers as we often develop new end products together with our customers. Our future success will depend in part on our ability to develop and market products and manufacturing processes which meet changing customer needs and to successfully respond to technological changes in manufacturing processes in a cost-effective and timely way. Many of our products have relatively short product life cycles due to frequent new product launches by our customers, rapidly changing technologies and evolving industry standards. In addition, we may devote resources with our customers in the research and development of new end products that do not enter into markets due to changes in market trends, and we cannot assure you that we and our customers will successfully develop new end products through our research and development efforts. We also cannot assure you that we will be able to keep pace with technological changes taking place in the market. Failure to do so or delay in reacting to the technological changes could have a material and adverse effect on our business and results of operations.

In order to grow our business, we need to maintain and expand our relationships with our customers, suppliers and other third parties and establish new business relationships. We will also be required to improve our existing or implement additional operational and financial systems, procedures and controls and increase production capacity and output. We cannot assure you that our current and planned operations, personnel, systems, internal procedures and controls will be adequate to support our future growth. In addition, the success of our growth strategies depends on a number of internal and external factors, such as market acceptance of our products, raw material costs, our ability to increase production capacity and output and our ability to develop and sell new products. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies or respond to competitive pressures.

Our research and development efforts are not guaranteed to yield the results we anticipate.

In order to maintain our competitive position and continue to grow our business, we need to continuously develop and introduce innovative products for our existing and potential customers. The markets of consumer electronics and smart vehicles are characterized by continuous technological developments and innovation to address increasingly complex and diverse consumer needs. Accordingly, we emphasize our research and development activities, which require considerable human resources and capital investment. In 2022, 2023 and 2024, our research and development expenses amounted to RMB2,105.0 million, RMB2,316.6 million and RMB2,784.8 million, accounting for 4.5%, 4.3% and 4.0% of our revenue in the respective years. The year-over-year increases in our research and development expenses during the Track Record Period were primarily due to our strengthened research and development efforts to keep up with the latest trends and technologies in our market. However, we cannot assure you that these efforts will be successful or produce our anticipated results.

Even if our research and development efforts are successful, we may not be able to apply the technologies we developed to introduce new products or upgrade production processes in time to capture the first-mover advantage, or at all.

If our production capacity is not adequate, our capability to satisfy customer demand could be hindered.

If our production capacity is not adequate to meet the overall market demand for our products, especially if we experience increased demand for our products as we grow our customer base and expand our product offerings, our ability to deliver products to our customers on a timely basis will be affected. Similarly, if we are not able to meet the overall demand for our products or demand for any of our specific products in particular, especially if the production in any of our production centers is disrupted in the future or during periods when we experience high demand for some or all of our products, our ability to satisfy our customers' demands will be affected. Under these circumstances, our business, financial condition and results of operations may be materially and adversely affected. In the future, as our business grows, we may need to expand our production capacity through various measures, including the construction of new production centers. We cannot assure you that our new premises will be ready in time or our production capacity will otherwise be successfully expanded. A number of factors could delay our expansion plans or increase our costs, including (i) failure to raise sufficient funds to establish and maintain working capital to operate our business at the new premises, (ii) failure to obtain environmental and regulatory approvals, permits or licenses from the relevant government authorities in a timely manner, (iii) failure to find new sites for our production centers, (iv) shortage or late delivery of building materials and production equipment resulting in late delivery of the premises for occupancy and use, (v) various factors affecting construction progress and resulting in late delivery of the premises for occupancy and use and (vi) technological changes, capacity expansion or other changes to our plans for the new premises necessitated by changes in market conditions.

Failure to expand our production capacity could hinder our capacity to satisfy customer demand and growth prospects. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for the construction of new premises and the maintenance of expanded production capacity. A delay in or cancellation of our expansion plans could also subject us to disputes with various counterparties, including general contractors and sub-contractors, equipment suppliers, financiers and relevant government authorities. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we experience operational disruption or machinery breakdown in our production facilities, our inventory level and production schedule may be adversely affected.

Our success and reputation depend on our ability to deliver quality products to our customers on time and in required quantities, which in turn relies on the proper and reliable functioning of our production processes. Our production processes rely on the stable operation of our production facilities, particularly machinery and equipment for key processes. Any operational disruption or machinery breakdown could directly impact our production schedules and stock levels, hindering our ability to meet customer orders in a timely manner, thus affecting customer satisfaction.

Operational disruptions or machinery breakdowns in our production facilities may arise from unexpected incidents or catastrophic events, including natural disasters, fires, technical or mechanical failures, power shortages, explosions, labor strikes, epidemics, loss of licenses, certifications or permits, changes in governmental planning for the underlying land, and regulatory developments. Additionally, instability or shortages in electricity supply could halt production activities, causing delays in fulfilling customer orders. In the event of such disruptions, maintaining production volumes and ensuring sufficient stock levels to meet customer demands could be challenging. Identifying and securing alternative facilities or machinery in a timely and cost-effective manner may not always be feasible. Delays in resuming normal operations could also affect the quality and schedule of product deliveries, potentially impacting customer satisfaction and damaging our reputation. Any prolonged suspension of operations or significant disruptions in our production processes could materially and adversely affect our business operations.

If we experience increases in labor costs, shortage of labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. Our staff costs accounted for 28.0%, 21.7% and 19.3% of our total revenue in 2022, 2023 and 2024. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. For details of our employee training efforts and welfare, see "Business — Employees." However, we cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

Future operating results depend upon our ability to obtain raw materials in sufficient quantities on commercially reasonable terms from third-party suppliers.

Raw materials are the largest component of our total cost of sales. The raw materials that we mainly use in the manufacturing of our products are glass, metal, ceramics and sapphire. We procure certain of these raw materials from third-party suppliers. The prices of these materials are susceptible to significant fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. Our supply agreements for raw materials may allow pricing adjustments depending on the contract. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of high quality raw materials in a timely manner at reasonable prices, or if there are significant increases in the costs of raw materials that we could not pass on in full to our customers.

We rely on the timely supply of raw materials in order to carry out our production plans as scheduled. Any delays or disruptions in such supplies from our suppliers may have a material and adverse impact on our ability to meet our customers' demands for our products on time. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and impede our ability to manufacture and deliver our products to our customers in a timely manner.

Many raw materials, including those that are available from multiple sources, are at times subject to industry-wide shortages and significant commodity pricing fluctuations. We cannot assure you that we will be able to extend or renew the agreements that we have entered into for the supply of raw materials on similar terms, or at all. The effects of global or regional economic conditions on our suppliers could also affect our ability to obtain raw materials, and we remain subject to significant risks of supply shortages and price increases, which may adversely affect our business, results of operations and financial condition.

If we are not able to fully comply with present or future environmental, safety and occupational health laws and regulations, our business, financial condition and results of operations may be adversely affected.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters. See "Business — Environmental, Social and Corporate Governance." Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. However, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our production process in the future, or that our risk management measures could effectively mitigate the relevant risks and help us navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

In addition, our production process produces hazardous wastes, such as heavy metals, and pollutants, such as wastewater. The disposal of hazardous waste and the discharge of pollutants from our production operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered, or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the authorities impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

If our products do not meet our customers' quality standards, our business and financial condition may be negatively impacted.

If we are unable to provide products that meet our customers' demands on a timely basis, our relationships with our customers will be negatively impacted, and, if we are unable to repair these relationships by increasing our customers' confidence in us, we may lose our customers. Furthermore, our customers conduct quality check and inspection of our structural parts and modules when they receive these products, and they can return or exchange products that do not meet their quality standards. If we experience a high level of product returns or exchanges, our business and financial condition may be negatively impacted. Similarly, for our complete device assembly where we offer a warranty period, if we receive a large number of warranty claims, our business and financial condition may be negatively impacted.

We face intense competition in the global precision manufacturing industry.

The global precision manufacturing industry in which we operate are highly competitive and include hundreds of companies with widely varying levels of engineering expertise and sophistication, some of which have achieved substantial market shares. General competition in our industries is characterized by price competition and rapid technological changes.

We compete with different companies, depending upon the type of product and geographic area. Some of our competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial, sales and marketing, production, distribution, technical and other resources and experience than we do. Our competitors' greater size in some cases may provide them with a competitive advantage with respect to production costs due to economies of scale and their ability to purchase raw materials and utilities at lower prices. In addition, our competitors may be able to devote greater resources to the research and development of technologies, processes and products that are more effective than ours. They may also adapt more quickly to new or emerging technologies and changes in customer demand and requirements. Our failure to maintain our competitive position with respect to technological advances, to adapt to changing market conditions or to otherwise compete successfully with existing or new competitors may have a material and adverse effect on our business, financial condition and results of operations.

Investment in new business strategies, acquisitions and other forms of business integration could disrupt our ongoing business and present risks not originally contemplated, and we may be unable to realize the anticipated benefits, synergies, cost savings or efficiencies from acquisitions.

We have invested, and may invest in the future, in new business strategies or acquisitions. Endeavors of such kinds are inherently risky, and future ventures of such nature may involve significant risks and uncertainties, including distraction of our management from current business operations, greater than expected liabilities and expenses, inadequate return of capital and unidentified issues not discovered in our due diligence.

We may incur significant acquisition, administrative and other costs in connection with such transactions, including costs related to the integration of acquired businesses. These costs may include unanticipated costs or expenses, including post-closing asset impairment charges and legal, regulatory or contractual costs. In addition, upon completion of an investment or acquisition, we may allocate significant resources to the integration of the acquired business into our existing business to realize synergetic benefits. The integration process involves certain risks and uncertainties, some of which are outside our control, and we cannot assure you that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies. We may also experience difficulties integrating any investments, acquisitions or partnerships into our existing business and operations.

Our expansion into new products and services may not yield the intended results.

Our future success also depends on our ability to expand into new markets by developing new product lines and services or developing new materials to upgrade our existing products. Expanding into new product lines and materials requires us to commit substantial resources to research and develop the technologies required to manufacture these new products and make substantial capital expenditures in new manufacturing facilities and equipment. The manufacturing of new and technologically advanced products involves a complex and uncertain process requiring high levels of innovation and highly skilled engineering and development personnel, as well as the accurate anticipation of technological and market trends. We cannot assure you that we will be able to identify, develop, manufacture and market new products successfully, if at all, or on a timely basis. We also may not be able to develop the underlying core technologies necessary to manufacture these new products and enhancements. In addition, we cannot assure you that the developed and marketed products will be well received by customers. If we fail to successfully develop and market these new products, our future revenue growth may not meet our expectations.

Furthermore, we are planning to increase our production capacity by setting up additional production lines or upgrading our existing production lines. For details, see "Future Plans and Use of Proceeds." In connection with such planned increase in our production capacity, we may incur higher depreciation and amortisation expenses from property, plant and equipment in the future. In addition, we cannot assure you that there will be sufficient market demand for our products to fully utilize our increased production capacity. If our increased production capacity is not fully utilized, or if we incur higher-than-expected depreciation and amortisation expenses, our business operations and financial condition may be adversely impacted.

Failure to collect our trade receivables or other receivables in a timely manner may adversely affect our liquidity.

We may not be able to collect our trade receivables in a timely manner, and we may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. We had total trade receivables with gross carrying amount of RMB9,153.5 million, RMB9,436.9 million and RMB11,006.5 million as of December 31, 2022, 2023 and 2024, of which 5.2%, 4.7% and 3.6% were past due. In addition, we had other receivables of RMB140.6 million, RMB151.1 million and RMB141.2 million as of December 31, 2022, 2023 and 2024. Our other receivables primarily represent deposits, intercompany transactions, receivable on employee security benefits and lease receivables and are also subject to potential impairment. Any significant delay or default in our collection of trade receivables or other receivables may impose pressure on our cash flow and working capital and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us.

We believe that our current cash and cash equivalents and the anticipated cash flows from operations will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. We may not be able to obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, general market conditions for capital raising and debt financing activities and economic, political and other conditions in the markets in which we operate.

Furthermore, if we raise additional funds by incurring debt, we may be subject to various covenants under the relevant debt instruments. Servicing such debt obligations could also be burdensome to our operations. If we fail to service our debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be adversely affected.

Any impairment of goodwill could have a material adverse effect on our results of operations.

As of December 31, 2024, our goodwill amounted to RMB2,970.1 million. We test the goodwill and intangible assets for impairment on an annual basis and when events occur or circumstances change that indicate that the fair value of the reporting unit may be below its carrying amount. Fair value determinations require considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions regarding revenue growth rates, capital expenditures, working capital requirements, tax rates, benefits associated with a taxable transaction and synergies available to market participants. Declines in market conditions, a trend of weaker than anticipated financial performance of our reporting units, a decline in our share price for a sustained period of time or an increase in the market-based weighted average cost of capital, among other factors, are indicators that the carrying value of our goodwill may be impaired. Any impairment of our goodwill could have a material adverse effect on our results of operations.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and preferential tax treatment under relevant preferential tax policies during the Track Record Period. In 2022, 2023 and 2024, several of our subsidiaries were accredited as "High New Tech Enterprise" during the Track Record Period and were therefore entitled to a preferential income tax rate of 15%. In 2022, 2023 and 2024, we recognized income from government grants of RMB492.5 million, RMB759.0 million and RMB224.8 million.

We may not be able to continue to enjoy similar government grants and preferential tax treatment in the future as they are non-recurring in nature. The discontinuation of any of our government grants or current tax treatments could adversely impact our net income and materially increase our tax obligations. Government grants and preferential tax treatments are subject to review of authorities and may be adjusted or revoked at any time in the future. We cannot guarantee that government grants and preferential tax treatments to which we and certain of our subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our financial position in the future.

We had deferred tax assets of RMB1,251.8 million, RMB1,187.2 million and RMB1,387.2 million as of December 31, 2022, 2023 and 2024. We recognise deferred tax assets for all deductible temporary differences, the carry forward of any unused tax credits and any unused tax losses to the extent that our management determines that it is probable that we will generate future taxable profit against which such deferred tax assets can be utilised. See Note 4 to the Accountant's Report set out in Appendix I for further details on our accounting policy with respect to deferred tax assets and on the movements of our deferred tax assets during the Track Record Period. Such determination requires significant judgment from our management on the tax treatments of certain transactions as well as assessment on the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be imprecise, we may need to adjust our tax provisions accordingly. In addition, when we utilise deferred tax assets against our future taxable profit, we charge them to our income statement accordingly, which in turn would decrease our profit for the year for such future period. Furthermore, we cannot predict any future movements in our deferred tax assets and to what extent they may affect our financial position in the future. Any of these events may have a material adverse effect on our business, financial condition and results of operations.

Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed.

Our success will depend in part on our ability to obtain and maintain trade secrets and patent protection for our technologies, processes and products as well as to successfully enforce our intellectual property rights and to defend our intellectual properties against third-party challenges. In the event that our issued patents and patent applications do not adequately provide coverage for our technologies, processes or products, we would not be able to exclude others from developing or utilizing these technologies, processes and products. Furthermore, the degree of future protection of our proprietary rights is uncertain because legal means may not adequately protect our rights or permit us to gain or keep our competitive advantage.

As our technologies and production methods or processes involve unpatented, proprietary technologies, processes, know-how or data, we primarily rely on trade secret protection and agreements to safeguard our interests. However, trade secrets are difficult to protect. While we use reasonable efforts to protect our trade secrets, including requiring our employees and suppliers who may have access to trade secrets to enter into confidentiality agreements or other agreements including confidentiality provisions with us, such persons may unintentionally or willfully disclose our information to competitors. In addition, confidentiality agreements or other agreements including confidentiality provisions may not be enforceable or provide an adequate remedy in the event of unauthorized use or disclosure. It may be difficult to prove or enforce a claim that a third party had illegally obtained and used our trade secrets. In addition, our competitors may independently develop technologies that are equivalent to our trade secrets, in which case, we would not be entitled to enforce our trade secrets and our business could be harmed.

We may encounter future litigation by third parties based on claims that our technologies, processes or products infringe the intellectual property rights of others or that we have misappropriated the trade secrets of others. We may also initiate lawsuits to defend the ownership of our inventions and our trade secrets. It is difficult, if not impossible, to predict how such disputes would be resolved. Litigation relating to intellectual property rights is costly and diverts technical and management personnel from their normal responsibilities. Furthermore, we may not be able to prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of non-infringement by others to our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store business and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. The secure maintenance of such data is critical. We process data in compliance with the applicable legal requirements to ensure data security. Our operations are subject to a variety of laws and regulations concerning data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC, as well as the data security and privacy laws in other jurisdictions where we operate, could result in significant reputational damage and adversely affect our business performance. To ensure compliance with evolving data privacy laws, regulations and standards, it will be necessary to maintain robust internal control and risk management policies, which will require substantial commitment of resources and efforts. The unauthorized access, loss, or misuse of data could lead to increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, and disruptions to our business activities. Such incidents may also result in additional costs associated with defending against legal claims. Concerns from our customers, employees, and third parties, even if unfounded, may also have a detrimental impact on our reputation and operations.

Our business depends substantially on the continuing efforts of our senior management, and our ability to attract and retain key employees.

Our future success depends substantially on the continued services of our senior management. If one or more members of our senior management are unable or unwilling to continue serving in their present positions, we may not be able to replace them readily, if at all. As a result, our business may be severely disrupted, and we may incur additional expenses to recruit and retain new officers. In addition, if any member of our senior management joins a competitor or forms a competing company, we may lose some of our customers and more importantly, our trade secrets. We protect our trade secrets by entering into confidentiality agreements, which contain the non-competition clauses, with each member of our senior management. However, we cannot assure you that, if any disputes arise between our senior management and us, these confidentiality clauses could be adequately enforced in our favour.

Our success also depends to a significant extent on the skills and efforts of our key managerial, technical and other employees and upon our ability to continue to attract, retain and motivate qualified personnel. We compete with other manufacturing companies for technical and other skilled employees, and the competition for such employees is intense. We cannot assure you that we will be able to continue to attract and retain qualified employees essential to our growth. The loss of the services of these key employees or the inability to attract or retain qualified employees could have a material adverse effect on us.

Our business may be impacted by political events, war, terrorism, public health issues, natural disasters and other business interruptions.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our customers and suppliers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive materials from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

During the Track Record Period, we sold certain products to a customer on the Entity List.

During the Track Record Period, we sold products including back covers and middle frames for smartphones and other consumer electronics to a certain customer on the U.S. Bureau of Industry and Security's Entity List (the "**Entity List**"). Items subject to the EAR are restricted from being supplied to this customer without a license. Under the EAR, a non-U.S.-produced item is subject to the EAR if it meets the "De minimis" Rule, where U.S.-origin controlled items incorporated or bundled exceed a certain ratio, or the Foreign Direct Product Rule, where certain U.S.-controlled software or technologies are used during the production process.

During the Track Record Period and up to the Latest Practicable Date, all the products we provided to this customer were manufactured in China and did not meet the "De minimis" Rule or the Foreign Direct Product Rule. Therefore, after consulting with our legal advisor on this issue, we believe that the products we sold to this customer during the Track Record Period were not subject to the EAR and we can sell these products to this customer without any U.S. export control license.

Our sales may be influenced by seasonality.

Our results of operations are affected by seasonal fluctuations in the demand for consumer electronics and smart vehicles, which in turn influence our customers' demands for our products. We usually experience higher sales volume in the fourth quarter of a year due to increased shopping activities during the holiday season. Accordingly, various aspects of our operations, including sales, production utilization, working capital and operating cash flows, are exposed to the risks associated with seasonal fluctuations in the demand for our products, and our quarterly or half year results may not reflect our full year results.

Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions.

We derive a significant portion of our revenue overseas. Accordingly, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial performance. These risks include the following:

- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- changes in international trade policies and regulations including those in relation to economic sanctions, export controls, and import restrictions, as well in trade barriers such as imposition of tariffs;
- difficulty in coping with possible conflict of laws resulting from import/export controls measures of different jurisdictions where we operate;
- changes in foreign country regulatory requirements, including data privacy laws;
- complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in obtaining or enforcing intellectual property rights;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- trade customer insolvency and the inability to collect accounts receivable;
- misconduct by our customers beyond our control, including but not limited to breaching the agreements with them and laws and regulations of various jurisdictions that are applicable to them;
- labor disputes and work stoppages at our operations and suppliers; and
- increased costs associated with maintaining the ability to understand local markets and follow their trends.

In addition, as we operate in many different jurisdictions, we have conducted cross-border related party transactions in our ordinary course of business, which may result in an increased likelihood of tax audits, possibly leading to challenges in relation to, amongst other things, tax residence, permanent establishment and transfer pricing.

Our insurance coverage may not cover all losses.

We maintain different types of insurance policies to cover our operations, including product liability and employer liability. However, there may be circumstances under which certain types of losses, damages and liabilities are not covered by our insurance policies. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners may materially and adversely affect our business.

We are exposed to risks of fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners in the course of our business operations. Such misconduct could include fraud, corruption, bribery, collusion or other violations of applicable laws, including anti-corruption and anti-bribery laws, which could expose us to liabilities, fines and penalties imposed by government authorities, as well as significant reputational damage. We cannot assure you that our measures in place to monitor and prevent such misconduct would be effective at all times in identifying or mitigating all potential risks. Instances of misconduct may still occur, and any undetected or unresolved incidents could lead to adverse consequences, such as financial losses, legal liabilities or disruptions to our operations.

Furthermore, any publicized instances of fraudulent or illegal activities associated with our employees or business partners could harm our reputation, reducing customer and partner trust in our business. If such misconduct involves our employees, we could also face liabilities to third parties and penalties imposed by authorities. Accordingly, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners could materially and adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems in relation to our operations. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

Our operations rely on complex information technology systems and networks, and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches.

We rely extensively on information technology systems to manage and operate our business, some of which are supported by third party vendors including cloud-based systems and managed service providers. If these systems fail to function properly, experience security breaches or disruptions or do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material adverse impact on our results of operations and financial condition.

We may be subject to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products. These events could materially and adversely affect our reputation, financial condition and operating results.

Our information technology systems may be subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. We continue to assess potential threats and make investments seeking to address and prevent these threats, including monitoring and upgrading our networks and systems and conducting employee trainings. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. To date, we have not been materially affected by cyberattacks; however, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our databases or systems. If the information technology systems, networks or service providers we rely upon fail to function properly or if we suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Delivery delays, poor handling by third party logistics service providers or disruptions in the transportation network may adversely affect our business.

We use third party logistics service providers to deliver certain of our products to our customers. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labour strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers' ability to timely deliver materials to us, and our ability to deliver to our customers.

Unfavorable results of legal and regulatory proceedings could adversely affect our business and financial condition and performance.

We may be subject to a variety of litigation and legal compliance risks. Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. Regardless of merit, legal and regulatory proceedings may be time-consuming, costly and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation, regardless of the existence or amount of liability.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensations.

We adopted a series of share incentive schemes since our incorporation. See "Appendix IV — Statutory and General Information — The Share Incentive Scheme." In 2023 and 2024, we recorded share-based compensations of RMB54.3 million and RMB161.4 million, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based compensations that could have a material and adverse impact on our results of operations.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

It may be complex to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the PRC laws and a majority of our assets are located in mainland China. In addition, most of our Directors, Supervisors and senior management reside in mainland China. As a result, it may be complex for investors to effect service of process outside of mainland China upon us, our Directors, Supervisors or senior management or to enforce judgments obtained against us in courts outside mainland China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in mainland China only if the jurisdiction has a treaty with mainland China or if the jurisdiction has been otherwise deemed by the courts of mainland China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, mainland China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in mainland China of judgments of a court in these jurisdictions may consequently be difficult or impossible. On January 14, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2008 Arrangement which is made before the effective date of 2019 Arrangement.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations may be subject to future implementations, and the application of some of these laws and regulations to our businesses may need further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, there are other circumstances where key regulatory definitions may not be entirely precise or clear, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

We are a mainland China enterprise and we are subject to mainland China tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between mainland China and a non-mainland China investor's jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-mainland China resident enterprises, which do not have an establishment or place of business in mainland China, or which have an establishment or place of business in mainland China if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not mainland China residents are generally subject to a mainland China withholding tax at a rate of 20% and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% mainland China income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holders of H Shares are generally subject to individual income tax of mainland China at the withholding tax rate of 10%, in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of mainland China and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of December 31, 2024, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-mainland China resident individuals on the sale of shares of mainland China resident enterprises listed on overseas stock exchanges.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. There is no assurance that our current practice will at all times be deemed in full compliance with relevant laws and regulations by government authorities. During the Track Record Period, there are instances where social insurance and housing provident fund contributions for some of our employees were not fully based on their actual salary levels. See "Business — Non-compliance

Incidents — Social Insurance and Housing Provident Funds." As a result of such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

In addition, as the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are evolving, we cannot assure you that our employment practice are, or will in the future be, fully in compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations, we cannot assure that such risks we may be exposed to will not have any adverse effect on our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We had certain non-compliance incidents relating to employees' overtime work during the Track Record Period.

During the Track Record Period, certain of our employees' overtime hours exceeded the legally prescribed number of hours under PRC laws and regulations. According to PRC laws and regulations, employees' daily working hours shall not exceed eight hours, and the average weekly working hours shall not exceed 44 hours. If it is necessary to extend working hours due to special circumstances, the extension shall not exceed three hours per day, provided that the health of the employees is ensured. Additionally, the total extension shall not exceed 36 hours per month. Therefore, under PRC laws and regulations, where an extension of working hours is required due to special circumstances, working hours shall not exceed 11 hours per day or 210 hours per month.

According to PRC laws and regulations, in the case of overtime work exceeding the legally prescribed number of hours, the Labor and Social Security Administrative Department will give the employer a warning and order it to make rectifications within a prescribed time period and may impose a fine of more than RMB100 but less than RMB500 for each employee who is affected. We had not received any warnings or orders from the Labor and Social Security Administrative Department for rectifications or fines in relation to overtime work during the Track Record Period and up to the Latest Practicable Date. As such, as advised by our PRC Legal Advisor, we believe that the risk of us being subject to fines for employee's overtime work during the Track Record Period is low, and the overtime incidents do not have any material impact on our business, results of operations or financial condition. However, we cannot assure you that we will not be subject to any fines, penalties or litigation in relation to these incidents in the future. For illustration purposes, based on the number of our employees as of December 31, 2024, assuming all our employees engaged in overtime work exceeding the legal prescribed number of hours, the potential fine we may face for such overtime work ranges between RMB13.6 million and RMB68.2 million, accounting for approximately 0.4% and 1.9% of our profit for the year in 2024.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As our A Shares are listed on the Shenzhen Stock Exchange and our H Shares will be listed on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

The characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Hong Kong Stock Exchange. Under current laws and regulations of mainland China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the Global Offering. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us and may not be an indication of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares may be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our customers and suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they own now or may own in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

The interests of our Controlling Shareholders may not align with the interests of the Shareholders as a whole.

Immediately following the completion of the Global Offering, the Controlling Shareholders will, directly and indirectly, hold approximately 59.03% of the total issued share capital in issue (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised). The Controlling Shareholders will, through their voting power at the general meetings, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition of assets, issuance of additional Shares or other equity or debt securities, timing and amount of dividend payments and amendments to the Articles of Association. The Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of the Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us or the Shareholders as a whole. This concentration of ownership may also discourage, delay or prevent a change in control of us, which could deprive the Shareholders of an opportunity to receive a premium for the Shares as part of a sale of the Company and may significantly reduce the price of the Shares.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you whether and when we will pay dividends in the future.

We have declared dividends in the past. However, we cannot assure you that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are at the discretion of our Directors, after taking into account various factors, including our results of operations, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. See "Financial Information — Dividend Policy" for further details. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of mainland China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of mainland China.

We are exposed to risks associated with the potential spin-off of Lens Taizhou.

We are exposed to risks associated with the potential spin-off of Lens Taizhou. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to spin-off Lens Taizhou for listing within three years of the Listing. While we did not have any specific plans with respect to the timing, the listing venue, or other details of any potential spin-off listing as of the Latest Practicable Date, we continue to explore the ongoing financing requirements for our businesses and may consider a spin-off listing of Lens Taizhou within the three year period subsequent to the Listing. As we did not have any specific spin-off plan as of the Latest Practicable Date, there is no material omission of any information relating to any possible spin-off in this Prospectus. We cannot assure you that any spin-off will ultimately be consummated, whether within the three-year period after the Listing or otherwise, and any such spin-off will be subject to, among other things, market conditions and Shareholders' approval at the time. In the event that we proceed with the spin-off of Lens Taizhou, the Company's interest in Lens Taizhou (and its corresponding contribution to the financial results of our Group) will be reduced accordingly. See "Waivers from Strict Compliance with the Hong Kong Listing Rules — Waiver in respect of Strict Compliance with Practice Note 15 and the Three-year Restriction on Spin-offs."

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the Global Offering. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Prospectus. As a result, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Prospectus. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus and any formal announcements made by us in Hong Kong with respect to the Global Offering.

You should read the entire Prospectus carefully and only rely on the information included in this Prospectus to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the Global Offering.

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the Global Offering. Prior to the publication of this Prospectus, there may be press and media coverage regarding the Global Offering and us. Such press and media coverage may include references to certain information that does not appear in this Prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Prospectus, we disclaim responsibility for it and our investors should not rely on such information.

Certain facts, forecast and other statistics in this Prospectus obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this Prospectus are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

Forward-looking statements contained in this Prospectus are subject to risks and uncertainties.

This Prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed Director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

We have filed the required documents with the CSRC, and we have received a filing notice from the CSRC dated June 16, 2025, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Hong Kong Stock Exchange.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of 28,848,400 H Shares initially offered and the International Offering of 233,408,400 H Shares initially offered (subject, in each case, to reallocation and the Offer Size Adjustment Option on the basis under the section headed "Structure of the Global Offering" in this Prospectus) and, in case of the International Offering, to any exercise of the Offer Size Adjustment Option and the Over-allotment Option.

The Listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price being agreed between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the terms of the International Underwriting Agreement which is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this Prospectus.

The Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the

Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this Prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any subsequent time.

Details of the structure of the Global Offering (including its conditions) and the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and stabilization, are set out in the sections headed "Structure of the Global Offering" and "Underwriting" in this Prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" of this Prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us on or before Monday, July 7, 2025, and in any event no later than 12:00 noon on Monday, July 7, 2025. If the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company are unable to reach an agreement on the Offer Price by such time and date, the Global Offering will not proceed.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of the Hong Kong Offer Shares to confirm, that he/she is aware of the restrictions on offers and sales of the Hong Kong Offer Shares in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation for subscription in any jurisdiction or in any circumstances in which such an offer or invitation for subscription is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Wednesday, July 9, 2025. Except for the A Shares that have been listed on the Shenzhen Stock Exchange and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 200 H Shares. The stock code of the H Shares is 6613.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Hong Kong Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Hong Kong Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

H SHARE REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty.

Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our H Share register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. It is emphasized that none of us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, or dealing in, the H Shares or exercising any rights attached to them.

OFFER SIZE ADJUSTMENT OPTION, OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and stabilization are set out under the sections headed "Underwriting" and "Structure of the Global Offering" in this Prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in "How to Apply for the Hong Kong Offer Shares" in this Prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this Prospectus.

LANGUAGE

If there is any inconsistency between this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus shall prevail. However, the translated English names of PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations (including the Company's subsidiaries) and the like included in this Prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this Prospectus may have been subject to rounding adjustments, or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, this Prospectus contains certain translations for convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.9133, Renminbi into U.S. dollars at the rate of US$1.00 to RMB7.1695 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8501. No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Chau Kwan Fei (周群飛)	Building 1, West Side of Lens Technology South Garden, Dongyang Town Liuyang, Hunan Province the PRC	Chinese
Mr. Cheng Chun Lung (鄭俊龍)	Building 1, West Side of Lens Technology South Garden, Dongyang Town Liuyang, Hunan Province the PRC	Chinese
Mr. Rao Qiaobing (饒橋兵)	Building 5, Lens Technology Living Zone Huanghua Town, Changsha County Changsha, Hunan Province the PRC	Chinese
Independent Non-executive Directors		
Ms. Wan Wei (萬煒)	Room 2504, Building C4, Unit 1, Poly West Coast No. 228, Yinbengling Street Changsha, Hunan Province the PRC	Chinese
Mr. Liu Yue (劉岳)	Room 104, Building 8, Block A, Phase 1, Bafang District Wangyue Street, Yuelu District Changsha, Hunan Province the PRC	Chinese
Mr. Tian Hong (田宏)	House 6, 15th Street, Hong Lok Yuen Tai Po District New Territories Hong Kong	United States
Mr. Xie Zhiming (謝志明)	Room 506, Unit 3, Block 6, Phase 2 Sunshine 100 International New City Changsha, Hunan Province the PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Tang Jun (唐軍)	Room 2904, Building 29, Zone 5, Genting Meixi Lake Changsha, Hunan Province the PRC	Chinese
Mr. Chen Xiaoqun (陳小群)	Room 503, Building 4, Tianxi Bay, Changsha Bi Gui Yuan No. 325, Xing Sha Avenue, Changsha County Changsha, Hunan Province the PRC	Chinese
Ms. Zhou Xinyi (周新益)	Building 4, West Side of Lens Technology South Garden, Dongyang Town Liuyang, Hunan Province the PRC	Chinese

For further details, see "Directors, Supervisors and Senior Management."

Sole Sponsor	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Sponsor-Overall Coordinator	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Merrill Lynch (Asia Pacific) Limited** 55/F, Cheung Kong Center 2 Queen's Road Central Central Hong Kong
Joint Global Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Merrill Lynch (Asia Pacific) Limited** 55/F, Cheung Kong Center 2 Queen's Road Central Central Hong Kong **ABCI Capital Limited** 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Central Hong Kong **BOCI Asia Limited** 26/F, Bank of China Tower 1 Garden Road Central Hong Kong

Joint Bookrunners	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Merrill Lynch (Asia Pacific) Limited 55/F, Cheung Kong Center 2 Queen's Road Central Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Central Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
	AVICT Global Asset Management Limited Units 6704B–6A, Level 67 International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Joint Lead Managers	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

AVICT Global Asset Management Limited
Units 6704B–6A, Level 67
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Capital Market Intermediaries

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

AVICT Global Asset Management Limited
Units 6704B–6A, Level 67
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Legal Advisers to the Company

As to Hong Kong and U.S. laws:
Freshfields
55th Floor, One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to PRC law:
Sundial Law Firm
11–12/F., Taiping Finance Tower
6001 Yitian Road
Futian District, Shenzhen
the PRC

Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong and U.S. laws:* **Paul Hastings** 22/F, Bank of China Tower 1 Garden Road Central Hong Kong *As to PRC law:* **King & Wood Mallesons** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing the PRC
Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504 Wheelock Square No. 1717 West Nanjing Road Shanghai the PRC
Receiving Banks	**China CITIC Bank International Limited** 80 Floor, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong **Bank of Communications Co., Ltd. Hong Kong Branch** Unit B B/F & G/F, Unit C G/F, 1–3/F 16/F Room 01 & 18/F, Wheelock House 20 Pedder Street Central Hong Kong

Agricultural Bank of China Limited Hong Kong Branch
25/F., Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Registered Office and Head Office	Liuyang Biomedical Park Liuyang Hunan Province the PRC
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	Unit A, 7/F, MG Tower 133 Hoi Bun Road, Kwun Tong Kowloon Hong Kong
Joint Company Secretaries	Mr. Jiang Nan (江南) Building 5, Lens Technology Living Zone Huanghua Town, Changsha County Changsha, Hunan Province the PRC Ms. Yu Wing Sze (余詠詩) *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorised Representatives	Ms. Chau Kwan Fei (周群飛) Building 1 West Side of Lens Technology South Garden Dongyang Town, Liuyang, Hunan Province the PRC Ms. Yu Wing Sze (余詠詩) 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. Xie Zhiming (謝志明) *(Chairman)* Ms. Wan Wei (萬煒) Mr. Liu Yue (劉岳)

Nomination Committee	Ms. Wan Wei (萬煒) *(Chairman)* Mr. Liu Yue (劉岳) Mr. Cheng Chun Lung (鄭俊龍)
Remuneration and Appraisal Committee	Mr. Xie Zhiming (謝志明) *(Chairman)* Mr. Liu Yue (劉岳) Mr. Cheng Chun Lung (鄭俊龍)
Strategy Committee	Ms. Chau Kwan Fei (周群飛) *(Chairman)* Mr. Tian Hong (田宏) Ms. Wan Wei (萬煒)
Compliance Advisor	**Gram Capital Limited** Room 1209 12/F, Nan Fung Tower 88 Connaught Road Central/ 173 Des Voeux Road Central Central Hong Kong
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shop 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banks	**Bank of China Liuyang Economic and Technological Development Zone Branch** No. 156, Jianshou Avenue Liuyang, Changsha, Hunan Province the PRC **The Export-Import Bank of China Hunan Branch** Building 5, Huayuan Huazhongxin, No. 36 Section 2, Xiangjiang Middle Road Tianxin District, Changsha, Hunan Province the PRC

Company's Website	**www.hnlens.com** *(A copy of this Prospectus is available on the Company's website. Except for the information contained in this Prospectus, none of the other information contained on the Company's website forms part of this Prospectus)*

OVERVIEW

The history of our Group traces back to 2003, when our co-founders, Ms. Chau and Mr. Cheng established Lens Shenzhen. On December 21, 2006, the predecessor of our Company, Lens Technology (Hunan) Company Limited* (藍思科技(湖南)有限公司), was established as a limited liability company in Liuyang, Hunan Province. On June 29, 2011, our Company was converted into a joint stock company with limited liability and renamed as Lens Technology Co., Ltd. (藍思科技股份有限公司). Since March 18, 2015, our A Shares have been listed on the Shenzhen Stock Exchange (stock code: 300433.SZ).

Since the establishment of Lens Shenzhen, our Group has been engaged in the research and development, production, and sales of glass machining and relevant products. After over 20 years of development, we have become an industry-leading integrated one-stop precision manufacturing solution provider. We are focused on technological innovation and empowered by smart manufacturing. In terms of revenue in 2024, we are a global leading player in precision structural parts and modules integrated solutions for both consumer electronics and smart vehicles interaction systems. We have accumulated strong expertise and capabilities in consumer electronics and smart vehicles, with robust and comprehensive platform-based capabilities that include talent, technology, supply and smart manufacturing.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key corporate and business development milestones:

Year	Milestone
2003 . . .	Lens Shenzhen was established
2004 . . .	We cooperated with global leading consumer electronics brands and provided mobile phone cover glass and camera protective glass for the world's first mobile phone series that sold over 100 million units
2006 . . .	Lens Technology was established in Hunan province and served as our primary R&D and production center
2007 . . .	Provided cover glass for the world's first touch-enabled smartphones with full-sized screen
2010 . . .	We began automating and upgrading our production facilities, and began independently developing and processing sapphire materials to enable large-scale production and explore its applications in consumer electronics
2011 . . .	We worked with customers on 3D curved glass development, obtained key technology on 3D curved glass and achieved mass production
2012 . . .	Lens Hualian was established to drive precision ceramics production and application
2015 . . .	Our A Shares were listed on the Shenzhen Stock Exchange (stock code 300433.SZ)

Year	Milestone
2016 . . .	We started to engage in the research, development and manufacturing of intelligent robots and industrial robots, and we accelerated the upgrading of our automated production equipment
2017 . . .	Lens Vietnam was established, representing the beginning of our global production layout
2018 . . .	We pioneered the application of function modules, 3D glass and intelligent B-pillars to the world's first premium smart electric vehicle, and began cooperating with global well-known automotive brands for the development and manufacturing of smart cockpit products
2019 . . .	Lens System Integration was established to advance the intelligent transformation of the smart manufacturing system
2020 . . .	Lens Taizhou was established through acquisition and integration, significantly increasing our production capacity of precision metal and expanding our business scale
2021 . . .	Lens Xiangtan invested in the construction of the first phase of the smart device manufacturing project, entering the complete devise assembly business, and leveraging strengths in key areas such as glass, metal, and modules to drive vertical integration We were recognized as a ''National Corporate Technology Center'' by the relevant ministries, including the National Development and Reform Commission and the Ministry of Science and Technology
2023 . . .	We were added to the Ministry of Industry and Information Technology's ''Green Manufacturing List'' Our Innovation Research Institute was established to focus on research and development of key products, technologies and bottlenecks in the industry based on market trends and demands
2024 . . .	We expanded our business to smart retail devices and, empowered by our vertical integration along the industry value chain, quickly delivered our smart retail devices products
2025 . . .	We were deeply involved in the research, development and production of key components and modules for humanoid robots, successfully delivering our first batch of humanoid robots; we also started providing solutions for AI glasses, achieving full-chain coverage from functional modules to complete device assembly

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we conducted our business operations through 30 subsidiaries. The following table sets forth the detailed information of the major subsidiaries of our Company that made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Equity interest attributable to our Group	Principal activities
			(%)	
Lens Shenzhen	PRC	September 18, 2003	100%	Sales of products and R&D
Lens Changsha	PRC	January 26, 2011	100%	R&D of metal surface treatment and heat treatment technologies, and manufacture and sales of products
Lens Xiangtan	PRC	July 23, 2012	100%	R&D, production, assembly and sales of electronic products and spare parts business
Shenzhen Lens Wang . .	PRC	June 17, 2022	100%	Supply chain management
Lens Dongguan	PRC	July 6, 2010	100%	R&D, production and sales of window protection screens
Lens Intelligent Control	PRC	March 18, 2017	100%	Manufacture of electronic components
Lens Taizhou	PRC	May 3, 2016	100%	R&D, production and sales of components of mobile phone back covers, and research and sales of other metal products
Lens Intelligent Robot .	PRC	July 22, 2016	60%	R&D of intelligent equipment and robot
Lens System Integration	PRC	March 22, 2019	100%	Provision of information system R&D and integration services, including the industrial Internet
Lens International	Hong Kong	November 5, 2010	100%	Trade and investment
Lens Vietnam	Vietnam	June 12, 2017	100%	Production of electronic components and maintenance of electronic and optical equipment

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Incorporation of Our Company in December 2006

In December 2006, our Company was established with an initial registered share capital of USD6.0 million contributed by Lens Technology (HK), one of our Controlling Shareholders. The shareholding structure of our Company as of the date of its establishment was as follows:

Name of the Shareholder	Registered share capital	Approximate percentage of shareholding
	(USD)	(%)
Lens Technology (HK)	6,000,000	100.00
Total	**6,000,000**	**100.00**

Conversion into a Joint Stock Company

Upon completion of several rounds of capital increase and share transfer, the registered capital of our Company reached RMB600,000,000. In June 2011, our Company was converted into a joint stock company with limited liability and was renamed as Lens Technology Co., Ltd. (藍思科技股份有限公司).

After the conversion, the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of Shares held	Approximate percentage of shareholding
		(%)
Lens Technology (HK)	546,660,000	91.11
Changsha Qunxin	53,340,000	8.89
Total	**600,000,000**	**100.00**

Capital Increase in 2011

In September 2011, the registered capital of our Company was further increased to RMB606,000,000 through subscription by 35 individuals who were employees of the Group. The consideration for the share subscription was determined based on arm's length negotiations among the relevant parties after taking into account, among others, our then audited net book value and the business operations and financial prospects of our Group.

After the aforesaid transfers and capital increases, the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of Shares held	Approximate percentage of shareholding
		(%)
Lens Technology (HK)	546,660,000	90.21
Changsha Qunxin	53,340,000	8.80
Other individual Shareholders	6,000,000	0.99
Total	**606,000,000**	**100.00**

Listing on the Shenzhen Stock Exchange in March 2015

As approved by the CSRC, our Company completed the initial public offering and listing of our A Shares on the Shenzhen Stock Exchange (stock code: 300433.SZ) in March 2015 (the "**A Share Listing**"), pursuant to which a total of 67,360,000 new A Shares were issued. Immediately following the A Share Listing, our registered share capital was increased to RMB673,360,000, and the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of A Shares held	Approximate percentage of shareholding
		(%)
Lens Technology (HK)	546,660,000	81.18
Changsha Qunxin	53,340,000	7.92
Other A Shareholders	73,360,000	10.90
Total	**673,360,000**	**100.00**

Private Placement of A Shares in 2016

In April 2016, our Company conducted a private placement of A Shares (the "**2016 A Share Placement**") to expand our sapphire production and 3D curved glass manufacturing capabilities. Pursuant to the 2016 A Share Placement, 53,840,924 new A Shares were issued and the offer price was RMB58.84 per A Share, which was determined based on various factors, including, among other things, the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential investors. The 53,840,924 new A Shares were eventually placed to three institutional investors who were Independent Third Parties, raising net proceeds of approximately RMB3,111.85 million, which have been fully utilized as of December 31, 2024. Immediately following the completion of the 2016 A Share Placement, our registered share capital was increased to RMB727,200,924 in April 2016.

Issuance of 2017 Convertible Bonds, Conversion and Redemption

In December 2017, the Company conducted a public issuance of convertible bonds (the "**2017 Convertible Bonds**") in the principal amount of RMB4.8 billion with a maturity period of six years to invest in, among others, projects for protective glass on the exterior of consumer electronics products. The 2017 Convertible Bonds were listed on the Shenzhen Stock Exchange on January 17, 2018 (bond code: 123003.SZ). The conversion period of the 2017 Convertible Bonds was from the first trading day after six months from the completion date of the issuance of the 2017 Convertible Bonds to the maturity date of the 2017 Convertible Bonds. The initial conversion price of the 2017 Convertible Bonds was RMB36.59 per Share, which was determined after taking into account, among other things, the average trading price prior to the date of the offering circular of the 2017 Convertible Bonds and was subject to the adjustment mechanism as disclosed in the offering circular.

On December 26, 2019, the Board resolved to exercise its conditional redemption rights to redeem all the outstanding 2017 Convertible Bonds at that time at face value plus accrued interests and all the then outstanding 2017 Convertible Bonds were converted into A Shares. The 2017 Convertible Bonds were delisted from the Shenzhen Stock Exchange on February 19, 2020. Immediately following the conversion, redemption and delisting of the 2017 Convertible Bonds, a total of 457,109,407 A Shares were converted from the 2017 Convertible Bonds and the Company's registered share capital was increased to RMB4,383,857,357 in February 2020.

Private Placement of A Shares in 2020

In December 2020, our Company conducted a private placement of A Shares (the "**2020 A Share Placement**") to, among others, invest in the touch function panel construction project. Pursuant to the 2020 A Share Placement, a total of 589,622,641 new A Shares were issued and the offer price was RMB25.44 per Share, which was determined based on various factors, including, among other things, the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential investors. The 589,622,641 new A Shares were eventually placed to 14 investors who are Independent Third Parties, raising net proceeds of approximately RMB14,909.15 million, out of which we have utilized approximately RMB11,629.43 million as of December 31, 2024. Immediately following the completion of the 2020 A Share Placement, our registered share capital was increased to RMB4,973,479,998 in December 2020.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition and Establishment of Lens Taizhou

On August 18, 2020, the Company, Lens International, Lyra International Co., Ltd. ("**Lyra International**") and Catcher Technology Co., Ltd. (可成科技股份有限公司) ("**Catcher Technology**"), entered into a share purchase agreement, pursuant to which, Lens International agreed to purchase 100% equity interests in each of Kesheng Technology (Taizhou) Company Limited (可勝科技(泰州)有限公司) ("**Kesheng Taizhou**") and Keli Technology (Taizhou) Company Limited (可利科技(泰州)有限公司) ("**Keli Taizhou**", together with Kesheng Taizhou, the "**Target Companies**") held by Lyra International at the consideration of RMB9.9 billion (the "**Acquisition**"). Each of Kesheng Taizhou and Keli Taizhou was engaged in research and sales of metal products. The Acquisition was expected to create synergies between our then existing operations and those of the Target Companies, enhancing our overall efficiency and competitiveness. The consideration of the Acquisition was determined based on arm's length negotiation among the Company, Lens International, Lyra International and Catcher Technology, taking into account the latest audited financial results of each of Kesheng Taizhou and Keli Taizhou and with reference to valuation of other comparable companies. Each of Lyra International and Catcher Technology was an Independent Third Party.

As of December 31, 2020, the Acquisition was completed. On February 3, 2021, Kesheng Taizhou was renamed as Lens Wang Precision (Taizhou) Company Limited (藍思旺(精密)泰州有限公司), and Keli Taizhou was renamed as Lens Precision (Taizhou) Company Limited (藍思精密(泰州)有限公司).

Other Major Acquisitions, Disposals and Mergers

We did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE HONG KONG STOCK EXCHANGE

Since 2015, the A Shares of our Company have been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

Our Company seek its H Shares to be listed on the Hong Kong Stock Exchange in order to further promote the Company's internationalization strategy, enhance the Company's international brand image, strengthen the Company's core competitiveness, and enhance the Company's operational and management standards. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" for more details.

PUBLIC FLOAT

So far as our Directors are aware and to the best knowledge of our Directors, immediately following the completion of the Global Offering, 23,817,167 A Shares held by the Company as treasury shares and the Shares held by our core connected persons will not be counted towards the public float for the purpose of Rule 8.08 of the Hong Kong Listing Rules. Shares held by our core connected persons immediately following the completion of the Global Offering include: (i) a total of 3,092,535,433 A Shares held by Lens Technology (HK) and Changsha Qunxin, both of which are our Controlling Shareholders, (ii) 3,347,879 A Shares held by Mr. Cheng and 2,793,741 A Shares held by Mr. Rao Qiaobing, both of whom are our Directors, and (iii) 1,446,225 A Shares held by Ms. Zhou Xinyi, 368,239 A Shares held by Mr. Chen Xiaoqun and 256,279 A Shares held by Mr. Tang Jun, all of whom are our Supervisors.

To the best knowledge of our Directors, immediately following the completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and the Listing Date except for the Global Offering), over 25% of our total issued Shares (excluding 23,817,167 A Shares repurchased and held in the Company's stock repurchase account as treasury shares) will be counted towards the public float for the purpose of Rule 8.08 of the Hong Kong Listing Rules. Given that no new Shares will be issued under the 2023 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan will not impact the public float of the Company upon the Listing.

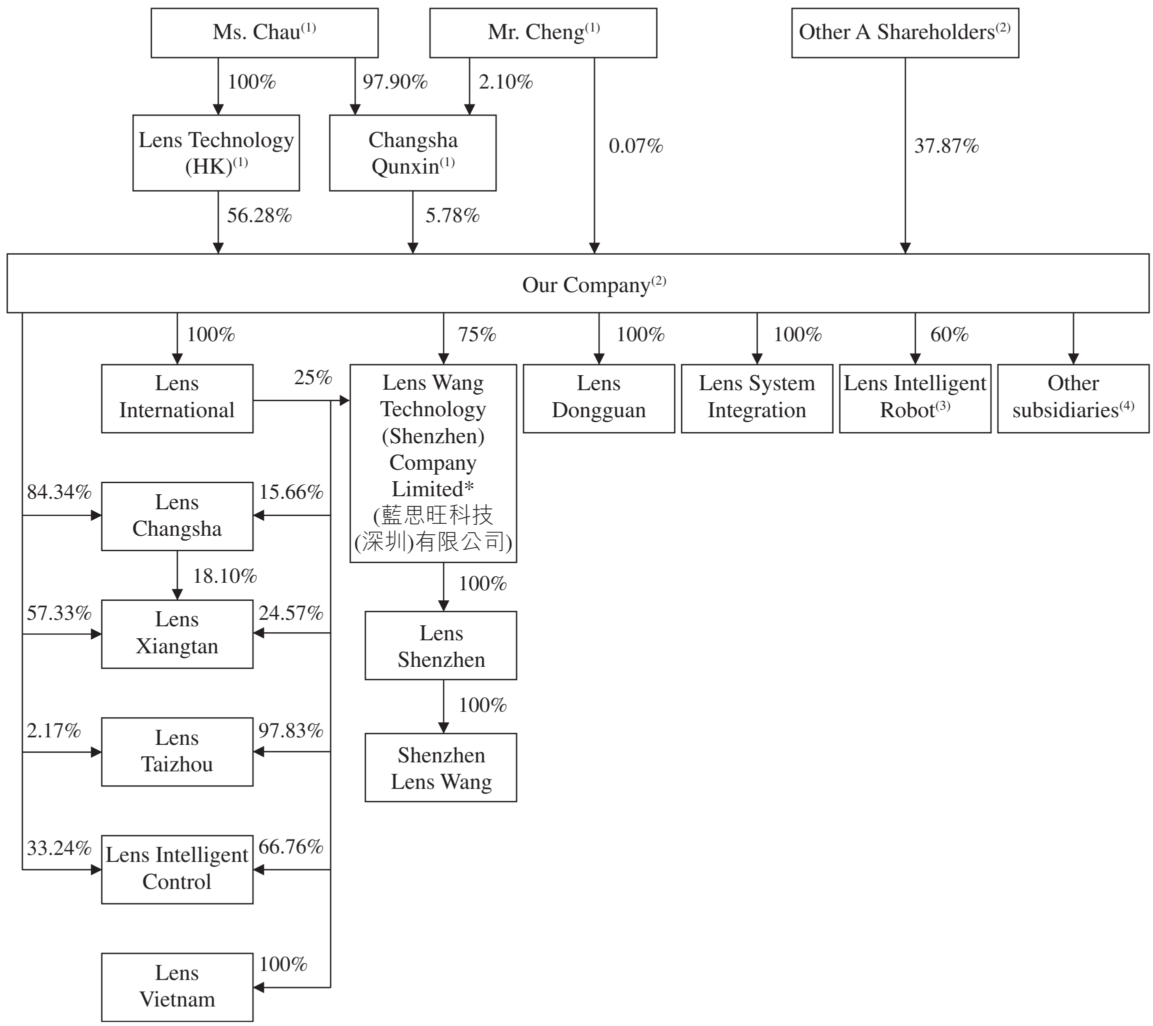
The Company has applied, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 8.08(1)(b) of the Hong Kong Listing Rules to allow the minimum percentage of the H Shares of the Company to be held by the public from time to time shall be no less than 5.00% of the Company's total issued share capital (or such higher percentage upon the completion of any exercise of the Over-allotment Option and/or the Offer Size Adjustment Option). For details, see "Waivers from Strict Compliance with the Hong Kong Listing Rules — Waiver in respect of Minimum Public Float of H Shares."

2023 RESTRICTED SHARE INCENTIVE PLAN

Our Company adopted the 2023 Restricted Share Incentive Plan on August 18, 2023. The purpose of the 2023 Restricted Share Incentive Plan is to improve our Group's incentive mechanism and to attract and retain talents to achieve a sustained and healthy development of our Group in order to realize our Group's long-term objectives. See "Appendix IV — Statutory and General Information — Share Incentive Scheme — 2023 Restricted Share Incentive Plan" of this Prospectus for details.

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE GLOBAL OFFERING

The following chart illustrates our corporate and shareholding structure immediately prior to the Global Offering:



Notes:

(1) As of the Latest Practicable Date, our Company was directly and indirectly (through Lens Technology (HK) and Changsha Qunxin) held as to approximately 62.13% by Ms. Chau and Mr. Cheng. Ms. Chau and Mr. Cheng are spouses. Lens Technology (HK) was wholly owned by Ms. Chau and Changsha Qunxin was owned as to 97.90% by Ms. Chau and 2.10% by Mr. Cheng. Accordingly, Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin constitute a group of Controlling Shareholders (as defined under the Hong Kong Listing Rules) before the Listing. For details of the background of Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin, see "Directors, Supervisors and Senior Management" and "Relationship with Our Controlling Shareholders."

(2) As of the Latest Practicable Date, 23,817,167 A Shares were held by the Company as treasury shares, which did not carry any Shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights.

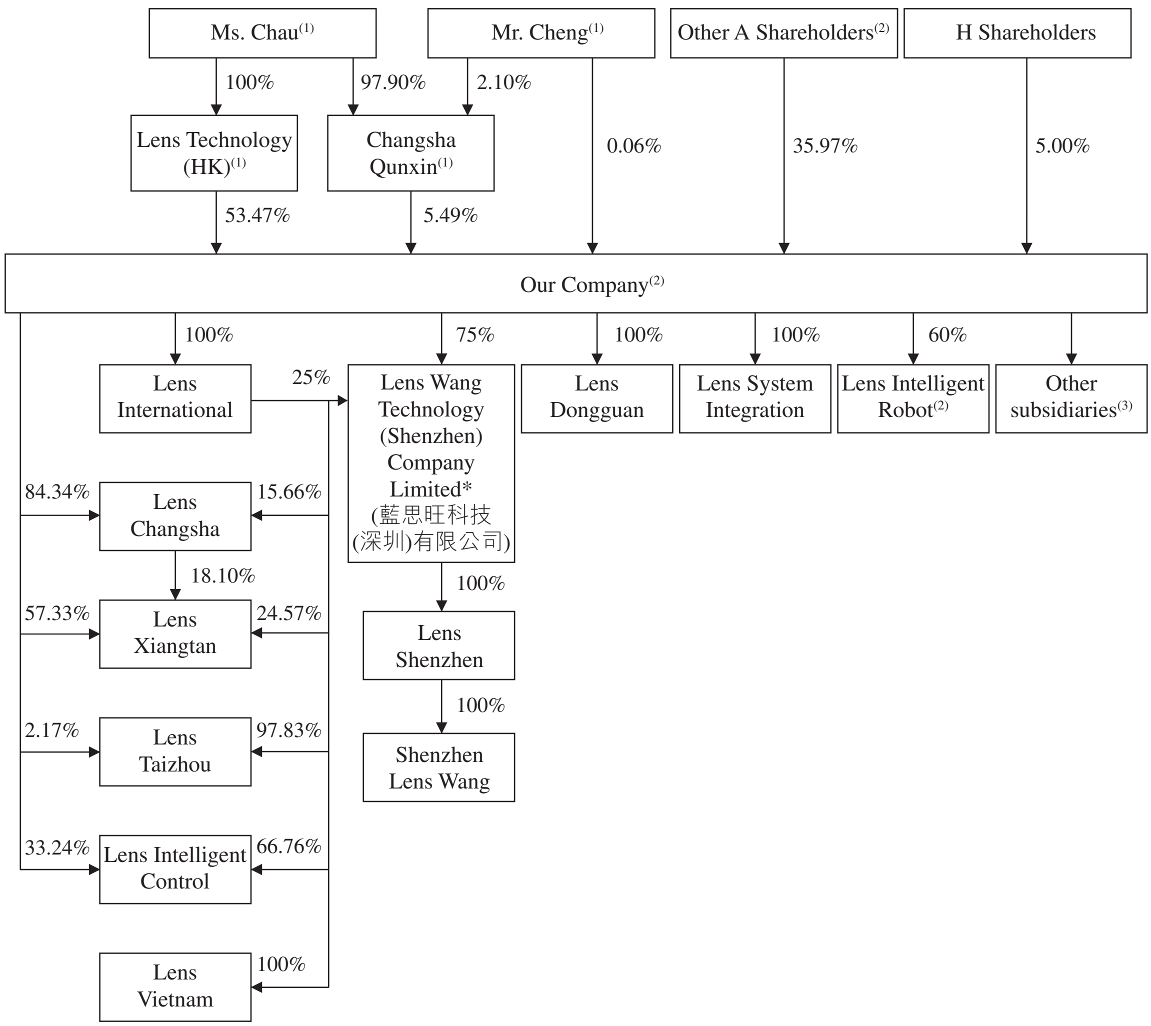
(3) As of the Latest Practicable Date, Lens Intelligent Robot was owned as to 60% by our Company, 20% by Mr. Qiu Huisheng, 15% by Mr. Gou Hua, 3% by Mr. Huang Weijian and 2% by Mr. Chen Quanqiang. The four individual shareholders of Lens Intelligent Robot were Independent Third Parties.

(4) As of the Latest Practicable Date, other subsidiaries include (i) 15 wholly-owned subsidiaries established in the PRC, Japan, the United States, Mexico and Singapore, (ii) Lens Hualian, which was owned as to 51% by our Company and 49% by Hunan Hualian Ceramics Co., Ltd.* (湖南華聯瓷業股份有限公司), an Independent Third Party, respectively, (iii) Changsha Yong'an New Material Company Limited* (長沙永安新材料有限公司), which was owned as to 51% by our Company and 49% by Shenzhen Yong'an Precious Chemical Industry Company Limited* (深圳市永安精細化工有限公司), an Independent Third Party, respectively and (iv) Fortiter Technology Co., Ltd., which was owned as to 98.06% by our Company, 0.97% by Mr. Chen Yunhua, one of our senior management, and 0.97% by Mr. Tan Hong Chien, an Independent Third Party, respectively. For further details of the subsidiaries of our Company, see Note 44 to "Appendix I — Accountants' Report" of this Prospectus.

(5) Certain percentage figures included in the above chart have been subject to rounding adjustments.

OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following chart illustrates our corporate and shareholding structure immediately following the completion of the Global Offering, assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised:



Note: See notes (1) to (5) of "— Our Corporate Structure Immediately Prior to the Completion of the Global Offering" above for details.

The information and statistics set out in this section and other sections of this prospectus were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, Capital Market Intermediaries, and any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

GLOBAL OVERVIEW OF THE PRECISION MANUFACTURING INDUSTRY

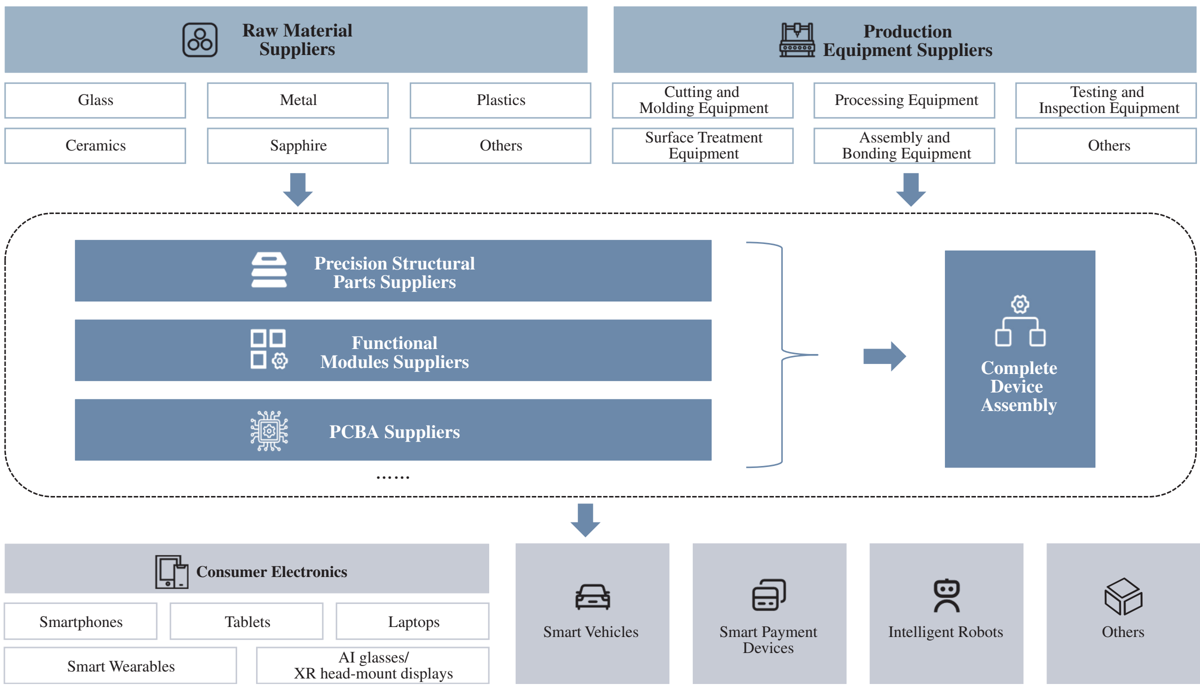
Definition

The precision manufacturing industry refers to an industry that uses precision machining techniques, rapid prototyping technologies, automatic control technologies and other related technologies to design, produce, process, assemble and sell structural parts, functional modules and complete devices that are complex and of high precision.

Precision manufacturing plays a crucial role in promoting product innovation and implementation. As a platform for turning product concepts into reality, precision manufacturing in the industrial chain undertakes the key task of transforming complex designs into high-quality, mass-producible products. For example, cutting-edge products like foldable smartphones rely on the technical support from state-of-the-art manufacturers. Nowadays, leading precision manufacturing companies have transformed from traditional product manufacturers to comprehensive solution providers, capable of providing support for the entire product design and manufacturing process from conceptual design to delivery of the end product. As important players in the industry value chain, precision manufacturers support their customers in maintaining a competitive edge amid rapid technological advancements, facilitating swift product iteration and optimization.

Industry Value Chain Analysis of the Precision Manufacturing Industry

Industry Value Chain of the Precision Manufacturing Industry



Source: Industry expert interviews, Frost & Sullivan

The upstream of the precision manufacturing industry value chain consists of raw material and production equipment suppliers, which provide materials such as glass, metal and ceramics, as well as equipment for cutting, processing and inspection, to mid-stream manufacturers. Leading companies enhance efficiency, reduce costs and shorten delivery cycles by strategically deploying raw materials and smart manufacturing equipment, including independently researching and developing or investing in high-precision industrial robots and smart manufacturing equipment. Mid-stream manufacturers are responsible for processing high-precision structural parts and functional modules, and providing PCBA and complete device assembly. The downstream application fields of the precision manufacturing industry include consumer electronics, smart vehicles, smart retail devices, intelligent robots and others.

Leading precision manufacturing solution providers collaborate closely with customers in product design, research and development, manufacturing and other aspects. They offer tailor-made solutions according to customer needs and gradually achieve vertical coverage of the entire industry value chain, thus forming a one-stop precision manufacturing platform. Additionally, in terms of product design, leading precision manufacturing solution providers proactively propose conceptual designs for customers to evaluate and select from. This way, manufacturing solution providers can continuously deepen long-term strategic partnerships with customers.

Analysis of the Development Trends of the Global Precision Manufacturing Industry

The development trends of the global precision manufacturing industry mainly include the following:

- ***High-precision Development and Application of Multiple Materials***

  The precision manufacturing industry is characterized by high precision, high efficiency, automation and non-standard customization, and involves various materials such as glass, metal and polymers. The demand for high-performance structural parts and functional modules in markets such as consumer electronics, smart vehicles and intelligent robots continues to grow steadily, with increasing demands for higher degrees of stability, reliability and innovation. Leading enterprises enhance product precision and competitiveness through advanced processing techniques, highly reliable processes and innovative materials, driving the industry towards ultra-high precision, high performance and high value-add.

- ***Empowering Production Efficiency through Industrial Smart Manufacturing***

  Precision manufacturing optimizes production processes, improves efficiency and reduces costs by leveraging industrial robots, automated equipment and the industrial internet. The automated processing and precise control of intelligent equipment reduce human errors and energy consumption, while technologies such as big data, cloud computing and AI enhance data collection, analysis and reverse control, improving production yield and transforming the production chain. Leading enterprises integrate intelligent manufacturing to build highly standardized and automated production systems, thereby achieving efficient production and assembly and driving the industry towards more efficient and intelligent development.

- ***Global Footprint Development***

  Precision manufacturing companies are accelerating their global footprint to meet the global demands of customers in industries such as consumer electronics and smart vehicles. Industry leaders establish production bases at home and abroad, optimizing supply chain coordination, expanding their market share with technological and efficiency advantages and getting closer to customers to reduce delivery cycles and logistics costs, while also leveraging local policies and resources to enhance competitiveness. In addition, precision manufacturing companies jointly build global R&D centers with strategic customers to obtain cutting-edge technologies and to meet diverse market demands. Global footprint not only improves production efficiency but also enhances market adaptability and R&D capabilities, facilitating the continuous development of their global business.

OVERVIEW OF GLOBAL CONSUMER ELECTRONICS PRECISION MANUFACTURING INDUSTRY

Overview of Global Consumer Electronics Products Industry

Consumer electronics refer to smart electronic products used in consumers' daily lives, including smartphones, tablets, laptops, smart wearables and AI glasses/XR head-mount displays. These products typically feature touch interaction with users, multimedia integration and software ecosystem synergy. In 2024, global shipment volume of consumer electronics has reached 1,810.8 million units, with the global shipment volume of smartphones reaching 1,238.8 million units. Driven by high demand for AI glasses, the global shipment volume of AI glasses in 2024 experienced a significant year-on-year increase of over 200%, exceeding 2.0 million units. It is anticipated that the integration of innovative consumer electronics product designs and AI applications will accelerate further iterations of these products.

Shipment Volume of Global Consumer Electronics, 2020, 2024, 2025E & 2029E

Product Type	2020	2024	2025E	2029E	CAGR 2020–2024	CAGR 2025E–2029E
	(Million Units)	(Million Units)	(Million Units)	(Million Units)		
Smartphones	1,292.2	1,238.8	1,295.8	1,463.9	–1.0%	3.1%
Tablets	164.0	140.1	151.0	180.0	–3.9%	4.5%
Laptops	303.9	262.7	268.0	305.1	–3.6%	3.3%
Smart wearables	110.9	159.7	171.8	240.4	9.5%	8.8%
AI glasses/XR head-mount displays	6.8	9.6	18.2	106.3	8.9%	55.5%
Total	**1,877.8**	**1,810.9**	**1,904.8**	**2,295.7**	**–0.9%**	**4.8%**

Source: Interviews with industry experts, Frost & Sullivan

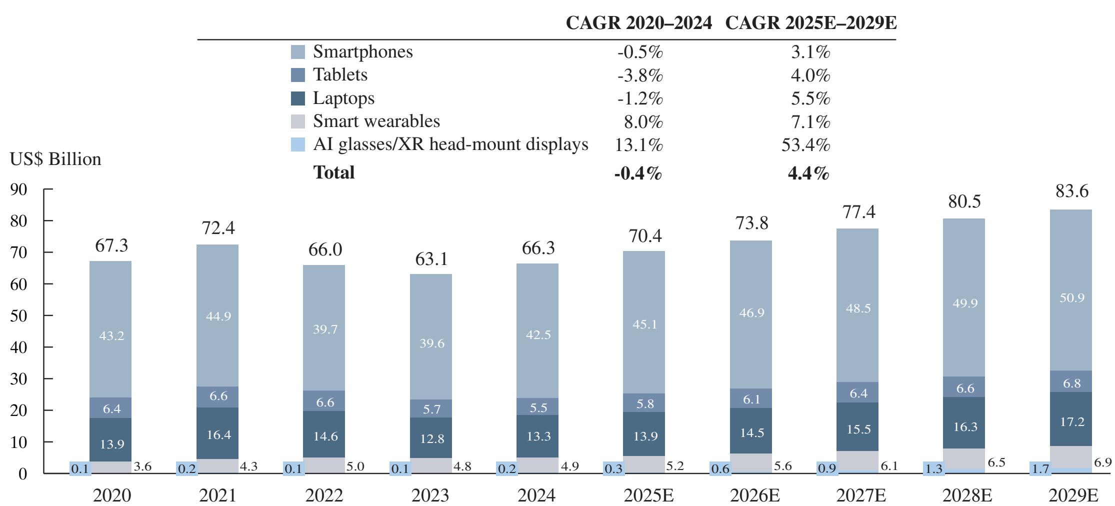
Definition

Consumer electronics precision structural parts and modules integrated solutions refers to the one-stop solution for the design, manufacturing and related services of structural parts (mainly including front, back protective covers and mid-frames) and functional modules for consumer electronics. To better meet the needs of downstream customers, leading providers of consumer electronics precision structural parts and modules integrated solutions typically engage in the product development process years before product releases. Industry participants and downstream customers often have strong ties, resulting in generally saturated orders.

Market Size Analysis of Global Consumer Electronics Precision Structural Parts and Modules Integrated Solutions Industry

Precision structural parts and modules for consumer electronics play a vital role in the functionality, intelligence and usability of consumer electronics. Among them, smartphones represent the largest segment. By 2029, the market size of global consumer electronics precision structural parts and modules integrated solutions industry for smartphones is expected to reach US$50.9 billion. In addition, fueled by ongoing advancements in AI technology and the increasing number of AI glasses introduced by diverse brands, the global market size of consumer electronics precision structural parts and modules integrated solutions for AI glasses/XR head-mount displays is expected to reach US$1.7 billion by 2029, with a significant CAGR of 53.4% from 2025.

Market Size of Global Consumer Electronics Precision Structural Parts and Modules Integrated Solutions Industry by Application, 2020–2029E



Source: Interviews with industry experts, Frost & Sullivan

Market Drivers and Development Trends of Global Consumer Electronics Precision Structural Parts and Modules integrated solutions Industry

The market drivers and development trends for the global consumer electronics precision structural parts and modules integrated solutions industry include the following:

- ***Recovery of the Consumer Electronics Industry and the Application of Foldable Screens and AI Technologies***

In January 2025, Ministry of Commerce, the PRC, and four other ministries jointly issued the "Implementation Plan for Subsidies for New Purchases of Mobile Phones, Tablets, and Smart Watches (Bands)) (《手機、平板、智能手表(手環)購新補貼實施方案》), proposing that individual consumers can enjoy subsidies when purchasing new mobile phones, tablets, and smart watches (bands). This plan, based on adapting to the new situation and trends in the consumer market, vigorously boosts consumption and creates new growth points, thereby promoting the further recovery of the consumer electronics industry.

The recovery of the global consumer electronics industry and growth of the AI industry has brought new business opportunities for the global consumer electronics precision structural parts and modules integrated solutions industry. The market size of global AI industry grew from approximately US$0.2 trillion in 2020 to about US$0.6 trillion in 2024, and is expected to exceed US$3.0 trillion by 2029, with a CAGR of 37.8% from 2024 to 2029. The development and application of AI technology will further drive the growth of the global consumer electronics industry, particularly in areas such as smartphones, laptops, and AI glasses/XR head-mount displays.

As foldable screen technology becomes more widespread and AI functionalities advance, smartphone designs are shifting toward greater personalization and high-end features. The global shipment of foldable smartphones is expected to grow rapidly from 23.8 million units in 2024 to 69.7 million units in 2029, with a CAGR of 24.0%. The rapid advancement of foldable smartphones has driven a substantial growth in screen quantity per device, progressing from single-screen designs to dual-screen and even triple-screen. This evolution has not only enhanced the per-device value contribution from structural parts suppliers, but has also significantly elevated the unit value of individual screen compared to traditional rigid glass displays, owing to the adoption of innovative materials such as ultra-thin flexible glass (UTG). For leading enterprises mastering core foldable screen technologies, with their deep accumulation of UTG technology, comprehensive patent layout and mature mass production capabilities, they have established a significant first-mover advantage in the flexible display sector. This advantage is not only reflected in the period of product iteration but also formed continuous leadership in the industry. Additionally, the rapid development of AI technology is accelerating smartphone replacement cycles. Global shipment volume of AI smartphones is expected to grow from 235.0 million units in 2024 to 1,069.8 million units in 2029, with a CAGR of 35.4%. At the same time, the market share of high-end smartphones (priced over US$600) is expected to increase from 27.2% in 2024 to 33.0% in 2029, further contributing to the increase in the average unit price in global smartphones, as well as to the increase in the price of related structural parts and modules.

With the application of AI technology, laptops are becoming increasingly intelligized, which also elevated demands for their exterior protection to combine both protective functionality and a sense of technological sophistication. Compared to other materials, glass, as the material for the screen cover for laptops has higher hardness and scratch resistance, along with better transparency and display effects. Additionally, other laptop components, such as keyboards and touchpads, are expected to integrate glass materials, bringing better user experiences and providing better protection.

AI glasses are smart eyewears that integrate AI technology for enhanced functionality and present a more intelligent, interactive user experience. These glasses support features such as voice interaction, visual AI assistance and wireless connectivity, allowing users to seamlessly access information and perform tasks in real time. As AI glasses become more sophisticated and widely adopted, the demand for high-quality, durable and precisely manufactured structural parts and modules continues to increase. Leading enterprises, leveraging their vertical integration capabilities in multiple key components of AI glasses, can quickly respond to the iterative demands of terminal products. Moreover, in the innovative field of AI glasses, which integrates optical display and human-computer interaction, they can build a technological moat, directly translating into market dominance in terms of product yield, cost control and product innovation.

- ***Breakthroughs in Emerging Technologies and Materials***

With the rapid iteration of consumer electronics, emerging technologies and materials are continuously driving innovations in the consumer electronics precision structural parts and modules integrated solutions industry. For example, leading companies are continuously exploring the development of emerging technologies, including advanced anti-fingerprint coating technology, specialized chemical tempering processes and ultra-thin, high-adhesive ink applications. In the area of emerging materials, UTG, equipped with multiple performance advantages, has gradually replaced colorless polyimide (CPI) materials and become the mainstream choice for foldable smartphone flexible covers. Leading companies are also developing the next generation of foldable ultra-thin glass technology-variable thin glass (VTG). Compared to UTG, VTG provides higher strength, impact resistance and scratch resistance while maintaining the same light transmittance and excellent bending performance. In terms of materials deployed in smartphone's mid-frames, leading solution providers possess mature die-casting or CNC methods for aluminum alloy mid-frame production process, achieving high product yields, relatively low costs, light weight and excellent thermal conductivity. Additionally, sapphire, known for its high strength and scratch resistance, has been used in smartphone camera covers and smartwatches and provides better protection while enhancing the product's aesthetics and user experience.

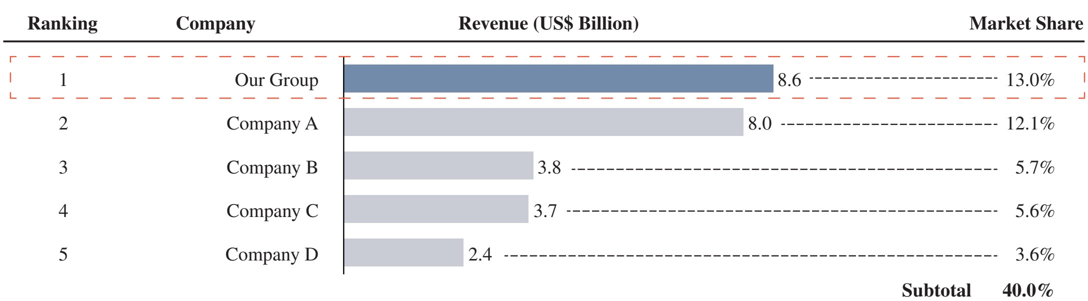
- ***Integration of Smart Manufacturing and Automation***

Smart manufacturing hardware and automation technologies are driving the global consumer electronics precision structural parts and modules integrated solutions industry toward a new stage. Through the integration of industrial robots, smart equipment, smart detection systems, automated production lines and the industrial internet, solution providers have significantly improved production efficiency and product quality while reducing costs and ensuring product consistency. Leading solution providers have developed automation equipment and industrial robots in-house, using artificial intelligence, big data and cloud computing technologies to achieve seamless integration of software and hardware in the production process, ensuring high precision and stability of the products while meeting customers' customized production line needs. Meanwhile, the application of smart detection systems enables data monitoring and quality traceability across all stages of production, effectively reducing the loss within factory systems and facilitating the progress of industry value chain integration.

Competitive Landscape of Global Consumer Electronics Precision Structural Parts and Modules Integrated Solutions Industry

In 2024, the market size of the global consumer electronics precision structural parts and modules integrated solutions industry reached US$66.3 billion. The top five participants in the market accounted for 40.0% of the total market share, indicating a relatively concentrated market. Among them, our revenue in 2024 reached US$8.6 billion, ranking the first among the global consumer electronics precision structural parts and modules integrated solutions providers, with a market share of 13.0%.

Global Top 5 Consumer Electronics Precision Structural Parts and Modules Integrated Solutions Providers by Sales Revenue, 2024



Source: Interviews with industry experts, Frost & Sullivan

Notes:

(1) Company A was founded in 1974 and is listed on the Taiwan Stock Exchange, providing design and manufacturing of structural parts and related functional modules for consumer electronics, among others.

(2) Company B is an unlisted company founded in 1989, focusing on the design and manufacturing of structural parts and modules for consumer electronics.

(3) Company C was founded in 2007 and is listed on the Hong Kong Stock Exchange, mainly engaging in design and manufacturing of structural parts for consumer electronics and smart vehicles interaction systems.

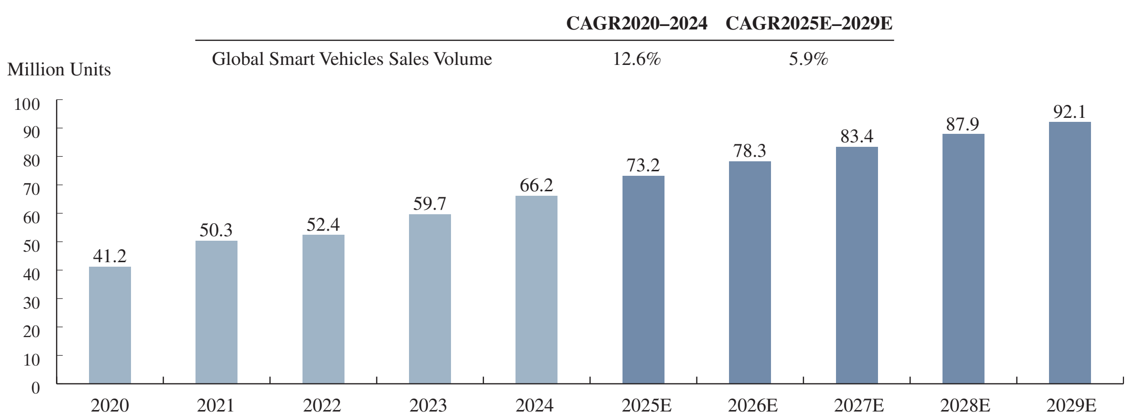
(4) Company D was founded in 2004 and is listed on the Shenzhen Stock Exchange, focusing on design and manufacturing of structural parts, especially laptops.

OVERVIEW OF GLOBAL SMART VEHICLES INTERACTION SYSTEMS INTEGRATED SOLUTIONS INDUSTRY

Overview of Smart Vehicles Industry

In recent years, driven by policy support and technological advancements, the global smart vehicles market has grown rapidly, which in turn accelerated the development of electrification and autonomous driving. The "Intelligent Transformation of Both ICE Vehicles and Electric Vehicles Strategy" has become an industry trend, and vehicle interaction systems are becoming increasingly intelligent to meet consumers' growing demand for an enhanced driving experience. The global sales volume of smart vehicles is expected to increase from 73.2 million units in 2025 to 92.1 million units in 2029, with a CAGR of 5.9% from 2025 to 2029.

Sales Volume of Global Smart Vehicles, 2020–2029E



Source: Association of Automobile Manufacturers, Frost & Sullivan

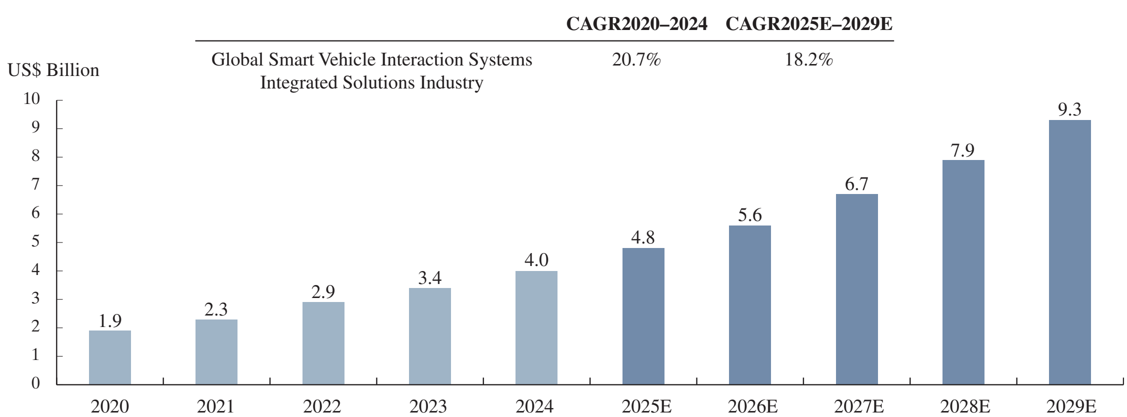
Definition

The smart vehicles interaction systems integrated solutions refers to a one-stop solution encompassing the design, manufacturing and integration of core exterior structural parts and related functional modules for smart vehicles interaction systems. These systems include central control screens, intelligent B-pillar, intelligent instrument panel, HUD and streaming rearview mirror. In addition, with the advancement of technology, multi-functional glass applied in windows and windshields has gradually been used in smart vehicles. This type of glass offers various intelligent and functional services, providing users with a better interactive experience, making it an important structural part of smart vehicles. Providers of smart vehicles interaction systems integrated solutions integrate material innovation, precision manufacturing and other capabilities to deliver high-performance and highly reliable interaction systems integrated solutions for automakers, enhancing smart vehicles in terms of safety, convenience and user experience.

Market Size Analysis of Global Smart Vehicles Interaction Systems Integrated Solutions Industry

Driven by increasing demand for smart cockpits, autonomous driving technology and in-vehicle intelligence technology, the market for smart vehicles interaction systems integrated solutions is expanding rapidly. As display technology, multi-functional glass and sensing systems continue to evolve, the demand for integrated solutions is steadily increasing. Smart vehicles interaction systems integrated solutions suppliers need to offer comprehensive services from one-stop design to manufacturing to gain an edge in the competitive market. In the future, innovative technologies, high-quality services and strong R&D capabilities will become key factors driving the market. The global market size for smart vehicles interaction systems integrated solutions grew from US$1.9 billion in 2020 to US$4.0 billion in 2024 and is expected to reach US$9.3 billion by 2029, with a CAGR of 18.2% from 2025 to 2029.

Market Size of Global Smart Vehicle Interaction Systems Integrated Solutions Industry, 2020–2029E



Source: Interviews with industry experts, Frost & Sullivan

As intelligent technologies become more widely adopted in the automotive industry, vehicle owners are increasingly expecting smart interactive experience. By 2029, the penetration rates for central control screens, intelligent instrument panels, HUD, streaming media rearview mirrors and intelligent B-pillar are expected to reach 98.5%, 65.0%, 50.0%, 25.0% and 29.0%, respectively. The increased penetration of these core interaction systems in vehicles will further drive the development of the global smart vehicles interaction systems integrated solutions industry.

Global Penetration Rate of Key Smart Vehicles Interaction Systems, 2020, 2024 & 2029E

Interaction System	2020	2024	2029E
Central Control Screens	70.0%	90.0%	98.5%
Intelligent Instrument Panels	12.0%	40.0%	65.0%
HUD	4.2%	11.0%	50.0%
Streaming Media Rearview Mirror	0.7%	4.0%	25.0%
Intelligent B-pillar	0.8%	15.0%	29.0%

Source: Interviews with industry experts, Frost & Sullivan

Market Drivers and Development Trends of Global Smart Vehicles Interaction Systems Integrated Solutions Industry

The driving factors and development trends for the global smart vehicles interaction systems integrated solutions industry include the following:

- ***Demand for Automotive Intelligence Driving Growth***

  With continuous breakthroughs in autonomous driving technology, the penetration of smart cockpits has been steadily increasing, and user-vehicle interaction systems are evolving towards higher degrees of personalization, convenience and multimodality. Additionally, the development of smart connectivity technology has accelerated the interconnection of real-time automotive information. For example, intelligent cockpits are evolving towards multi-screen collaboration and multimodal interaction. Specifically, multi-screen collaboration technology improves information sharing and operational convenience, which in turn is expected to drive greater demand for automotive interface manufacturers involved in multi-screen integration and interaction solutions. Meanwhile, favorable policies are creating new growth opportunities for intelligent vehicle component suppliers. For instance, the "Strategy for Innovation and Development of Intelligent Vehicles" (《智能汽車創新發展戰略》), released in 2020, sets the long-term goal of establishing a comprehensive intelligent vehicle system between 2035 and 2050, while encouraging breakthroughs in core technologies related to intelligent vehicles. In 2024, five ministries including the Ministry of Industry and Information Technology (MIIT) jointly issued the "Notice on Launching the Pilot Program for Integrated Vehicle-Road-Cloud Applications in Intelligent Connected Vehicles" (《關於開展智能網聯汽車"車路雲一體化"應用試點工作的通知》), aiming to accelerate technological innovation and industrialization in the intelligent connected vehicle sector. These initiatives are expected to drive demand for relevant auto parts manufacturers. Therefore, driven by both policy support and technological innovation, automotive intelligence will continue to deepen, further driving the growing market demand for smart vehicles interaction systems integrated solutions.

- ***Advancements in Glass Technology***

The progress and innovation of structural parts like glass are key factors driving the growth of the smart vehicles interaction systems integrated solutions market. The internal display interfaces of vehicles are continuously evolving towards larger screens, touch interfaces, curved surfaces and transparency. The widespread adoption of in-vehicle touch screens and HUDs is making automotive interfaces increasingly technology-oriented, enhancing the driving experience. At the same time, the application of multi-functional glass in side windows, windshields and sunroofs is rapidly expanding. Glass applied in side windows and sunroofs not only maintain traditional transparency functions but also offer a variety of intelligent and functional services to improve the interactive experience, such as automatic adjustment of light transmittance based on light changes, UV protection, heat insulation, water resistance, anti-fog, conductivity and image projection. These features integrate with in-vehicle display information, offering owners a more comfortable, safe and efficient experience. Companies with established experience in advanced glass manufacturing and early deployment in these cutting-edge automotive glass technologies are well-positioned to gain a competitive edge. Their ability to meet the evolving needs of intelligent vehicles and provide integrated functional glass solutions will be a key differentiator in the increasingly technology-driven automotive supply chain.

- ***Requirements for Safety and Convenience***

As autonomous driving technology develops, the safety and convenience requirements for in-vehicle and vehicle-body interaction systems are continuously increasing. For example, the intelligent B-pillar in vehicles can be integrated with sensing modules to facilitate functions like recognizing owners and unlocking vehicles. With a key card or an electronic device, vehicles can be conveniently unlocked and turned on, which improves vehicle safety and ease of use. Additionally, the camera modules integrated into the intelligent B-pillar can be used for monitoring of the surrounding environment and driving assistance systems, enabling the detection of obstacles or pedestrians around the vehicle and supporting features such as automatic parking, blind spot monitoring and lane-keeping, thereby enhancing driving safety and convenience.

- ***Deeper Collaboration between OEMs and Suppliers***

As the smart vehicles industry value chain deepens, collaboration between original equipment manufacturers (OEMs) and suppliers is transitioning from traditional, single-product supply to deeper collaborative innovation. OEMs' demand for structural parts and modules is gradually emphasizing whether suppliers can provide comprehensive and integrated system solutions. This collaborative model not only creates more market opportunities for smart vehicles interaction systems integrated solutions providers but also drives the integration and innovation of industry technologies, prompting upstream and downstream supply chain companies to break through technological bottlenecks together and improve the overall performance and user experience of intelligent interaction systems.

Competitive Landscape of Global Smart Vehicles Interaction Systems Integrated Solutions Industry

In 2024, the global market size for smart vehicles interaction systems integrated solutions industry is expected to reach approximately US$4.0 billion. The top five participants accounted for 55.7% of the market share, with our Group generating US$0.8 billion in revenue in 2024, ranking the first in the industry, and holding a market share of 20.9%.

Top 5 Rankings in the Global Smart Vehicles Interaction Systems Integrated Solutions Industry, 2024

Ranking	Company	Revenue (US$ Billion)	Market Share
1	Our Group	0.8	20.9%
2	Company C	0.7	17.6%
3	Company E	0.3	7.7%
4	Company F	0.2	5.3%
5	Company G	0.2	4.2%
		Subtotal	**55.7%**

Source: Interviews with industry experts, Frost & Sullivan

Notes:

(1) Company C was founded in 2007 and is listed on the Hong Kong Stock Exchange, specializing in designing and manufacturing structural parts and associated functional modules for consumer electronics and smart vehicles.

(2) Company E was founded in 2000 and is listed on the Shenzhen Stock Exchange, focusing on the production and manufacturing of structural parts and functional modules for automotive and consumer electronics.

(3) Company F was founded in 1997 and is listed on the Shenzhen Stock Exchange, focusing on design and manufacturing of structural parts and modules, including LCD modules and touch screens.

(4) Company G was founded in 1991 and is listed on the Hong Kong Stock Exchange, providing design and manufacturing of structural parts (mainly including LCD monitors and components, touch screens and touch modules) and related functional modules for automotive and consumer electronics.

OVERVIEW OF GLOBAL SMART RETAIL INDUSTRY

Smart retail devices and electronic price tags are core devices in the smart retail market, driving the integration of online and offline retail activities and the enhancement of consumer experience. Smart retail devices integrate advanced technologies and support multiple payment methods. They can achieve real-time transactions and data transmission through the Internet or mobile networks. The hardware devices feature multi-functional integration, high performance and high security, and are mostly made of tempered glass, metal and plastic. In July 2024, a leading third-party payment platform (with a market share of over 30% in third-party payment industry in China) launched the "Tap-to-Pay" payment mode. The "Tap-to-Pay" payment device adopts an integrated design, with a 3D glass cover plate and metal exterior, ensuring the stability and performance of the device. Electronic price tags replace traditional paper labels through e-paper display technology, updating product information in real time and supporting remote control and batch modification. They are widely used in supermarkets, shopping malls, convenience stores and other places, improving the efficiency of product information updates and the shopping experience of customers.

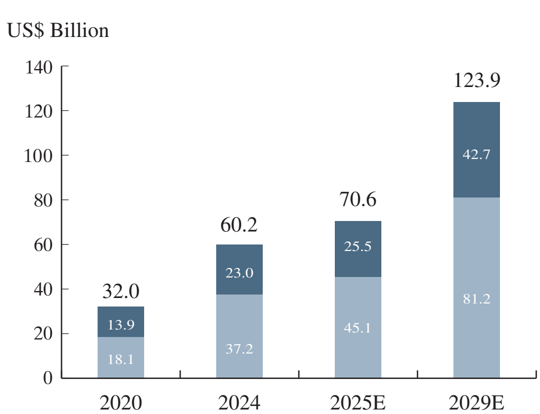
Under the wave of digitalization and the continuous development of technologies for smart retail devices, consumers' dependence on smart retail devices is increasing. Innovative payment devices like "Tap-to-Pay" are becoming widely popular due to their convenience. With the continuous progress of global smart retail devices and NFC technologies, the market for smart retail devices will continue to grow. The global market size of smart retail devices, in terms of the ex-factory price, is expected to increase from US$2.9 billion in 2025 to US$4.4 billion in 2029, with a CAGR of 11.0%. The global market size of electronic price tags, in terms of the ex-factory price, is expected to increase from US$1.6 billion in 2025 to US$2.7 billion in 2029, with a CAGR of 13.4%. Precision manufacturers play a crucial role in the smart retail devices market and the electronic price tags industry value chain. In particular, precision manufacturers with strong technical accumulation and large-scale production capabilities can leverage their strong innovation capabilities to provide high-quality and low-cost customized solutions.

OVERVIEW OF GLOBAL INTELLIGENT ROBOT INDUSTRY

Intelligent robots can be categorized into industrial robots and service robots, with humanoid robots being a new type of service robot. An industrial robot is a multi-purpose mechanical arm that can be automatically controlled and programmed, typically possessing the capability for programming on three or more axes. These robots are mainly used in industrial applications. A humanoid robot is a robot that is designed to resemble the human form in both shape and size and is capable of mimicking human movements, expressions, interactions and locomotion.

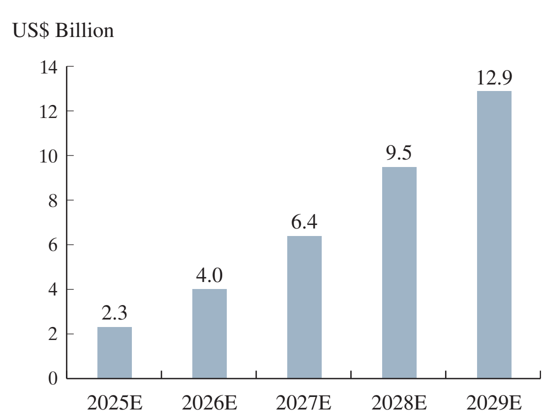
The global intelligent robots market size, 2020–2029E

	CAGR 2020–2024	CAGR 2025–2029E
Industrial robots	13.4%	13.7%
Service robots	19.7%	15.8%
Total	**17.1%**	**15.1%**



The global humanoid robots market size, 2025E–2029E

	CAGR 2025–2029E
Humanoid robots market	54.4%



The global market size of intelligent robots increased from US$32.0 billion in 2020 to US$60.2 billion in 2024, with a CAGR of 17.1%, and it is expected to reach US$123.9 billion by 2029. As an important segment of service robots, humanoid robots have become the market focus in recent years. The market size of humanoid robots is expected to grow from US$2.3 billion in 2025 to US$12.9 billion in 2029, with a CAGR of 54.4%.

With the acceleration of the industrialization of humanoid robots, their core components such as structural parts and functional modules, including joint modules, dexterous hands and trunks, tend to be outsourced to highly qualified suppliers due to high technical barriers and complex processing requirements. These suppliers achieve modular production of high-precision structural parts through technological research and development. This can not only reduce the cost of humanoid robots but also improve supply chain efficiency and drive the industry to evolve towards standardization and modularization. Relying on professional production experience and large-scale manufacturing capabilities, leading companies in structural parts and functional modules are expected to enter the complete device assembly market of humanoid robots and provide full-chain solutions from components to end products.

ENTRY BARRIERS ANALYSIS OF GLOBAL PRECISION MANUFACTURING INDUSTRY

The major entry barriers in the global precision manufacturing industry include:

- **Customer and Supplier Relationship Barriers**

  The success of precision manufacturers relies heavily on stable customer and supplier relationships. In the precision manufacturing industry, customers have strict certification processes for suppliers, and the verification period is lengthy. As a result, customers tend to maintain stable relationships with long-term partners, and the track record of cooperation with downstream partners in production and R&D is crucial for precision manufacturers to secure orders. Additionally, customers typically prioritize manufacturer reputation and track record. Large, well-established manufacturers with strong technical expertise and quality assurance are often the preferred choice. Existing companies, having accumulated years of experience, have built a reputation of being reliable and earned customers' trust. In contrast, new entrants must invest significant time and resources to achieve a similar level of market recognition. In addition, precision manufacturers without long-term relationships with upstream suppliers may face greater challenges in ensuring the procurement of high-quality raw materials and maintaining stable supply. These factors collectively heighten market entry barriers and sustain the competitive advantages of leading industry players.

- **Solution Customization Barriers**

  The precision manufacturing industry often involves highly customized products, with customers having stringent quality and technical requirements. Suppliers must offer highly customized designs, materials and manufacturing solutions for each generation of products. In addition, the ability to provide comprehensive services-from concept design, production to delivery of end products-is an important selection criterion for customers. Leading companies possess vertically-integrated capabilities along the full industry value chain, enabling them to quickly and efficiently respond to customers' diverse needs. New entrants, lacking relevant experience and flexible service capabilities, face difficulty meeting customers' high standards for customized solutions.

- **Technology Innovation Barriers**

Precision manufacturing is a technology-intensive industry. With rapid technological advancements, the demand for advanced manufacturing and intelligent technologies is increasing, requiring companies to have multidisciplinary technical expertise. Some leading companies in the precision manufacturing industry own numerous patents and unique production processes. Furthermore, some leading companies collaborate with strategic clients to establish R&D centers worldwide. This global R&D network allows them to quickly access cutting-edge technological insights and enhance their innovation capabilities. New entrants must overcome these technological research and development barriers, and without breakthroughs in innovation, it is challenging for them to catch up technologically.

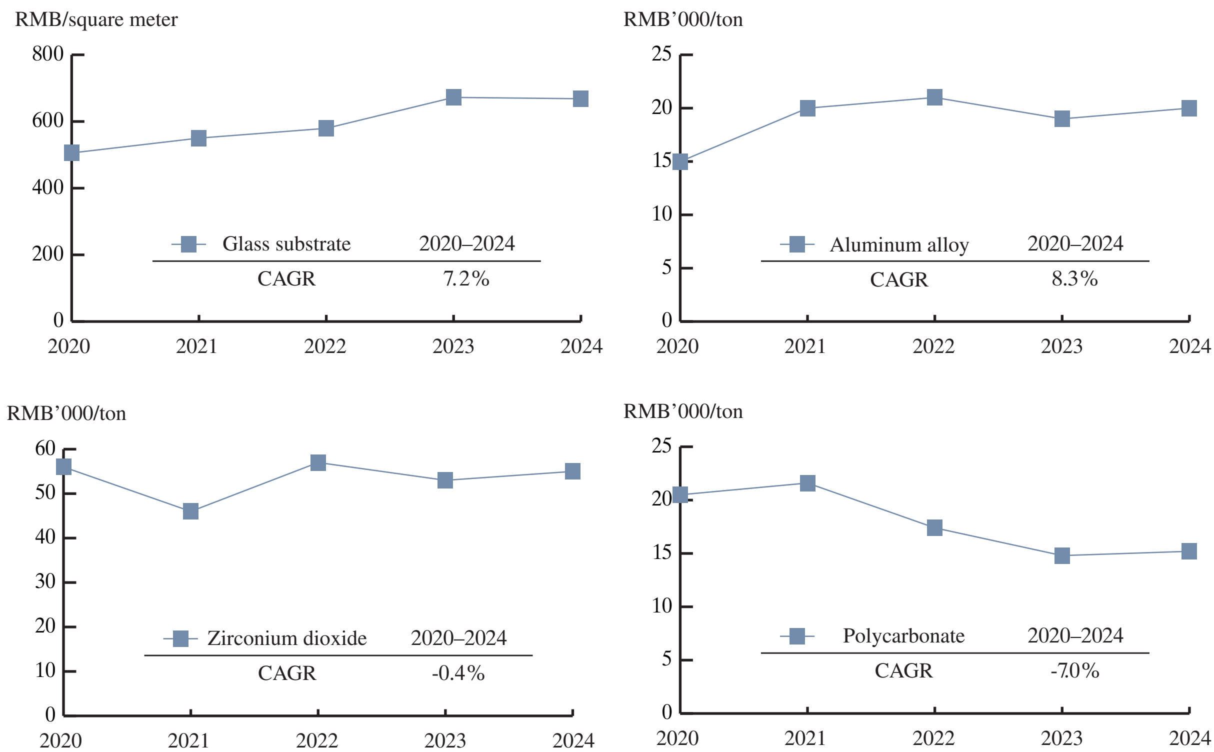
- **Production and Capital Barriers**

Precision manufacturing demands highly stable production capacities. Leading companies achieve this by being the first to develop and widely implement automated intelligent equipment, integrating industrial internet and AI technologies to build efficient, smart production systems. This enables the automation, digitization and intelligent upgrade of the entire production process, significantly enhancing operational efficiency and product quality, while achieving the goals of efficient production and rapid delivery. In contrast, new entrants must invest substantial resources to establish supply chain management and production systems, making it difficult for them to quickly attain sufficient production capacity and stable production lines. Additionally, large companies benefit from economies of scale, effectively reducing the production cost per unit, which is hard for new entrants to match in the short term. Moreover, the capital-intensive investment required in the industry creates a significant entry barrier. This includes expenses for production equipment, factory construction and research and development. Therefore, new entrants face significant financial pressure.

PRICE TREND ANALYSIS OF RAW MATERIAL

The main raw materials for precision structural parts are glass substrates, aluminum alloys, zirconium dioxide and polycarbonate. Glass substrate is a special glass material used in the manufacturing of high-end electronic and optoelectronic devices. It usually features high flatness, a low coefficient of expansion, high light transmittance and excellent chemical stability. Aluminum alloys are widely used in the production of metal outer frames and are commonly used for precision structural parts in consumer electronics. Zirconium dioxide is an important raw material for precision ceramic structural parts. They are non-conductive and will not block signals, making their application in consumer electronics increasingly widespread. In the past three years, due to technological advancements and growing downstream demand, the prices of glass substrate continued to rise. The prices of aluminum alloy and zirconium dioxide remained relatively stable, while polycarbonate prices showed a declining trend.

Precision Structural Parts Raw Material Price Trends, 2020–2024



Source: Interviews with industry experts, Frost & Sullivan

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global precision manufacturing industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB600,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data and considered the key industry drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating critical market elements investigated during the research phase of the project. These elements primarily include forecasting methodology based on expert opinions, integration of market drivers and restraints, market challenges, market engineering measurement trends and econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment around the globe and within mainland China is likely to remain stable in the forecast period; and (ii) related key industry drivers are likely to drive the market in the forecast period.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

I. Laws and Regulations Relating to Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993 and came into effect on July 1, 1994. The PRC Company Law was subsequently amended in 1999, 2004, 2005, 2013, 2018 and 2023. The latest amended PRC Company Law became effective on July 1, 2024. The PRC Company Law generally governs two types of companies — limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the shareholders of a limited liability company is liable to the company to the extent of the amount of capital contributions they have made; while the shareholders of a joint stock limited company is liable to the company to the extent of shares they have subscribed for. The PRC Company Law also applies to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

On December 30, 2019, the Ministry of Commerce of the PRC (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020. Where foreign investors carry out investment activities directly or indirectly within the PRC, foreign investors or foreign-invested companies shall report investment information to commerce departments. On September 6, 2024, MOFCOM and the National Development and Reform Commission (the "**NDRC**") promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List (2024)**"),which became effective on November 1, 2024. Fields that are not included in the Negative List (2024) shall be regulated according to the principle of equal treatment of domestic and foreign investments.

On March 15, 2019, the NPC promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) (the "**Implementing Rules**"), to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》). Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the investor, making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects, report relevant information, and cooperate with the supervision and inspection. Sensitive projects carried out by investors directly or through overseas enterprises controlled by them shall be subject to approval, specifically, including projects involving sensitive countries and regions and sensitive industries; non-sensitive projects directly carried out by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing.

II. Laws and Regulations Relating to Import and Export of Goods

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**"), promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Before December 30, 2022, a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, Customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021 and effective on the same date, the Customs of the People's Republic of China is the entry and exit customs supervision and administration authority of PRC. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations.

Pursuant to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs on November 19, 2021, and effective as of January 1, 2022, customs declaration entities are defined as consignees and consignors of import and export goods, as well as customs declaration enterprises registered with customs. To apply for recordation, consignees, consignors, and customs declaration enterprises must first obtain market entity qualification. Additionally, consignees and consignors of import and export goods must also complete foreign trade operator recordation. The recordation of customs declaration entities is valid indefinitely, whereas temporary recordation is valid for one year and may be renewed upon expiration through reapplication.

III. Laws and Regulations Relating to Safe Production

The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) was promulgated by the SCNPC on June 29, 2002, which was implemented on November 1, 2002 and latest revised on June 10, 2021. Production and business entities shall abide by this Law and other laws and regulations concerning work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. The law stipulates provisions on guarantee of safety by production and business operation entities, rights and obligations of employees relating to work safety, supervision and administration of work safety, emergency rescue, investigation, and handling of work safety accidents and legal responsibilities.

Pursuant to the Measures for the Administration of the "Three Simultaneities" System for Safety Facilities in Construction Projects (《建設專案安全設施"三同時"監督管理辦法》), promulgated by the former State Administration of Work Safety (now restructured as the Ministry of Emergency Management) on December 14, 2010 and amended on April 2, 2015, the safety facilities in any newly constructed, reconstructed, or expanded construction project shall be designed, constructed, and commissioned simultaneously with the principal part of the project. Project entities are obligated to conduct safety condition demonstration and pre-assessment for construction projects, prepare specialized safety facility design documentation, submit such documentation to the competent work safety regulatory authority for review or record-filing, and complete safety facility acceptance procedures along with preparing inspection reports in accordance with regulatory requirements.

IV. Laws and Regulations Relating to Hazardous Chemicals and Precursor Chemicals

Pursuant to the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), initially promulgated on January 26, 2002 and subsequently amended on March 2, 2011 and December 7, 2013, it is strictly prohibited for any entity or individual to engage in the production, storage, use, operation, transportation, or any other business activities involving hazardous chemicals without obtaining proper authorization. Entities storing hazardous chemicals must implement comprehensive safety measures, including the installation of prominent signage on transportation pipelines, regular inspection and testing of pipeline integrity, and the display of clear safety warning signs in all work areas, safety facilities, and equipment installations. Such entities are required to establish, maintain, and regularly upgrade their safety facilities and equipment in compliance with national and industry standards, taking into account the specific classification and hazard characteristics of the stored chemicals. Entities storing highly toxic chemicals or hazardous chemicals that constitute a significant hazard source must report detailed information including storage quantities, precise locations, and designated management personnel to both the work safety supervision department and the public security agency at the county-level local government. Any enterprise engaged in the production of chemicals listed in the Catalogue of Hazardous Chemicals must obtain a Hazardous Chemicals Work Safety Permit in accordance with the Regulation on Work Safety Permits prior to commencing production activities.

Pursuant to the Regulation on the Administration of Precursor Chemicals (《易制毒化學品管理條例》), promulgated on August 26, 2005 and subsequently amended on July 29, 2014, February 6, 2016, and September 18, 2018, the State implements a category-based management and licensing system governing the production, operation, purchase, transportation, import, and export of precursor chemicals. Precursor chemicals are classified into three categories, with Category I comprising major substances used in drug production, while Categories II and III encompass chemical auxiliary substances utilized in drug manufacturing. For pharmaceutical precursor chemicals falling under Category I, entities purchasing precursor chemicals must obtain a purchase license through examination and approval by the medical products administration of the provincial-level people's government, autonomous region, or municipality directly under the Central Government where entities operate; for non-pharmaceutical precursor chemicals classified under Category I, entities purchasing precursor chemicals are required to secure a purchase license following examination and approval by the public security organ of the provincial-level people's government, autonomous region, or municipality directly under the Central Government where entities operate; for precursor chemicals categorized under Category II or III, entities purchasing precursor chemicals must report the specific varieties and required quantities to the public security organ of the local people's government at or above the county level for registration prior to procurement.

According to the Measures for the Administration of Public Security Control over Explosive Precursor Chemicals (《易制爆危險化學品治安管理辦法》) issued by the Ministry of Public Security on July 6, 2019, enterprises that have legally obtained the Work Safety License for Hazardous Chemicals, the Safe Use License for Hazardous Chemicals, or the Business License for Hazardous Chemicals may purchase explosive precursor chemicals by presenting the corresponding licenses.

V. Laws and Regulations Relating to Product Quality

Pursuant to the provisions of the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018 respectively, all producers and sellers who engage in production and sales activities in the PRC shall establish and improve the internal product quality management system, and strictly implement position-based quality regulations, quality responsibilities and corresponding assessment measures. Where any producer or seller violates the responsibilities and obligations of the Product Quality Law, and cause losses or personal or property damages to consumers, it shall be liable for compensation. The competent authority may take administrative penalties against any illegal acts, such as ordering to suspend production, confiscating illegally produced or sold products, imposing a fine, confiscating illegal gains (if any), and revoking the business licence in case of a serious violation. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

VI. Laws and Regulations Relating to Environmental Protection

1. *Environmental Protection Law*

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was promulgated and came into effect on December 26, 1989, and was most recently amended on April 24, 2014. The Environmental Protection Law was established to protect and improve both the living and ecological environments, prevent and control pollution and other public hazards, and safeguard public health.

According to the provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorisation from the relevant government agencies.

2. *Construction Project Environmental Protection*

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements an environmental impact assessment system for construction projects. Prior to the commencement of a construction project, the construction entity must submit an environmental impact report, an environmental impact statement for approval, or an environmental impact registration form for record-filing, as required by the competent environmental protection administrative department under the State Council. Furthermore, upon completion of a construction project for which an environmental impact report or statement has been prepared, the construction entity must conduct an acceptance inspection of the supporting environmental protection facilities in accordance with the standards and procedures prescribed by the competent environmental protection administrative department under the State Council, and prepare an acceptance report. For projects constructed or put into operation in phases, the corresponding environmental protection facilities must undergo phased acceptance inspections. The construction project may only be put into production or use after the supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not undergone or failed the acceptance inspection are prohibited from being put into production or use.

3. *Prevention and Control of Various Types of Pollution*

The Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), as promulgated on May 11, 1984 and last amended on June 27, 2017, the Law on Prevention and Control of Atmospheric Pollution of the PRC (《中華人民共和國大氣污染防治法》), as promulgated on September 5, 1987 and last amended on October 26, 2018, the Law on Prevention and Control of Environmental Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), which was promulgated on December 24, 2021, and the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated on October 30, 1995 and last amended on April 29, 2020, prescribe the requirements for the prevention and control of water pollution, atmospheric pollution, noise pollution and solid waste respectively.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》), which was promulgated on April 1, 2024 and implemented on July 1, 2024, and the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, enterprises, public institutions and other producers and operators under the administration of discharge permits shall apply for and obtain a pollutant discharge license and discharge pollutants in accordance with the provisions of the discharge permit. Any enterprise that fails to obtain a pollutant discharge license as required shall not discharge pollutants.

VII. Laws and Regulations Relating to Fire Prevention

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was issued by the SCNPC on April 29, 1998, became effective on September 1, 1998 and was last amended and implemented on April 29, 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. Pursuant to the Fire

Prevention Law, the construction project that fails to complete as-built acceptance check on fire prevention shall be ordered by the competent government authorities to close and shall be fined not less than RMB30,000 but not more than RMB300,000.

According to Interim Regulations on Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

VIII. Laws and Regulations Relating to Employment and Labour Security

1. *Labour Law and Labour Contracts*

According to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of work place safety and sanitation, strictly comply with state rules and standards on workplace safety, and provide employees with training on labor safety and sanitation. Labour safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with relevant laws and regulations of labour protection.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September 2008 set out specific provisions in relation to the execution, the terms and the termination of a labour contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

2. *Despatched Workers*

According to the Interim Provisions on Labour Despatch (《勞務派遣暫行規定》) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, employers may only use despatched workers for temporary, ancillary or substitute positions. The aforementioned temporary positions shall mean positions lasting for no more than six months; ancillary positions shall mean positions of non-major business that serve positions of major business; and substitute positions shall mean positions that can be substituted by other workers for a certain period of time during which the workers who originally held such positions are unable to work as a result of full-time study, being on leave or other reasons. According to the Interim Provisions on Labour Despatch, the employers should strictly control the number of despatched workers, and the number of the despatched workers shall not exceed 10% of the total amount of their employees (including the aggregate number of employees and despatched workers).

Pursuant to the Interim Provision on Labour Despatch, the Labour Contract Law of the PRC and the Implementation Rules for the Labour Contract Law of the PRC, employers failing to comply with the relevant labour dispatch requirements shall be ordered by labour administrative authorities to rectify the non-compliance within a specified period. Failure to rectify within the stipulated period may result in a penalty of RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

3. *Social Insurance and Housing Fund*

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), last amended by the SCNPC and effective as of December 29, 2018, and the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), last amended by the State Council and effective as of March 24, 2019, as well as other relevant laws and regulations, employers in PRC are obligated to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing provident fund.

In addition, any employer that fails to make contributions to the aforementioned social insurance and housing provident fund as required may be ordered to pay the outstanding contributions within a prescribed time limit. If the employer fails to comply within the specified period, a fine may be imposed. For overdue contributions, the people's court may enforce collection.

4. *Prevention and Control of Occupational Diseases*

Pursuant to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), promulgated on October 27, 2001 and subsequently amended on December 31, 2011, July 2, 2016, November 4, 2017, and December 29, 2018, employers are obligated to provide work environments and conditions that comply with national occupational health standards and requirements. Employers must implement measures to ensure occupational health protection for workers, establish and improve responsibility systems for occupational disease prevention and control, strengthen management in this area, enhance prevention and control capabilities, and assume liability for any occupational disease-related harm. Employers whose workplaces contain occupational disease hazard factors listed in the official catalogue must declare such hazardous items to local health administrative departments and accept supervision. For new construction, expansion, reconstruction projects, or technical transformation/technology introduction projects that may generate occupational hazards, the construction entity must conduct occupational hazard pre-assessments during the feasibility study stage. The construction entity shall incorporate necessary expenses for occupational disease protection facilities into the project budget and ensure simultaneous design, construction, and commissioning of such facilities with the main project. Prior to project completion acceptance, the construction entity must evaluate the effectiveness of occupational hazard control measures. For occupational disease protection facilities in construction projects (excluding those for radioactive occupational disease hazards in medical institutions), the construction entity must organize official acceptance inspections; the project may only commence operations after passing such acceptance procedures.

IX. Laws and Regulations Relating to Intellectual Property Rights

1. *Patent*

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and effective on June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001 and most recently amended by the State Council on December 11, 2023 and effective on January 20, 2024, provide for three types of patents: "invention", "utility model" and "design". "Invention" refers to any new technical solution in relation to a product, or a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent for an "invention" is 20 years, while the validity period of patent for a "utility model" is 10 years and that of a "design" is 15 years, from the date of application.

2. *Trademark*

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982 and most recently amended on April 23, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years which may be renewed for consecutive 10-year periods upon request by the trademark owner, unless otherwise revoked.

3. *Copyright*

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), last amended by the SCNPC on November 11, 2020, and effective as of June 1, 2021, works of Chinese citizens, legal persons, or unincorporated organizations-defined as intellectual achievements in the fields of literature, art, and science that are original and can be expressed in a certain form, whether published or not-are entitled to copyright protection in accordance with the law. Copyright encompasses a series of personal and property rights, including but not limited to the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work, and the right of reproduction.

Pursuant to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), amended by the State Council on January 30, 2013, and effective as of March 1, 2013, the National Copyright Administration is the competent governmental authority responsible for the nationwide administration of software copyright registration. The China Copyright Protection Center is designated as the software registration authority, which shall issue registration certificates to computer software copyright applicants in accordance with the Measures for the Computer Software Copyright Registration and the Regulations on the Protection of Computer Software.

4. *Domain Name*

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 and effective on November 1, 2017, the MIIT supervises and administers domain services nationwide. The principle of "first come, first serve" is followed for the domain name registration service. Applicants of domain name registration shall provide the domain name registration authority with true, accurate and complete information about the identity of the domain name holder for registration purpose, and sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it.

X. Laws and Regulations Relating to Tax

1. *Enterprise Income Tax*

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), promulgated by the NPC on March 16, 2007, most recently amended on December 29, 2018 and effective on the same date, and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in the PRC in accordance with the law, or which are set up in accordance with the law of a foreign country (region) whose actual administration institution is in the PRC. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in the PRC, but which have institutions or establishments in the PRC, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% preferential tax rate for Enterprise Income Tax.

2. *Value-Added Tax*

Pursuant to the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993, most recently amended on November 19, 2017 and effective on the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance on December 25, 1993 most recently amended on October 28, 2011, and effective on November 1, 2011, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in mainland China are subject to the Value-Added Tax (the "**VAT**"). Unless otherwise specified in the above-mentioned regulations, the VAT rate is generally 17% in respect of the sale or importation of goods by taxpayers.

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》), promulgated by the Ministry of Finance (the "**MOF**") and the State Administration of Tax (the "**SAT**") on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

XI. Laws and Regulations Relating to Foreign Exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

Pursuant to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank to handle the exchange, remittance and transfer of funds for the business concerned. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

Meantime, where a domestic shareholder of a domestic company intends to decrease his/her overseas listed shares in accordance with relevant regulations following the overseas listing of the domestic company, such domestic shareholder shall register with the State Administration of Foreign Exchange (the "**SAFE**") branch in the place of domicile of the shareholder within 20 working days after the decrease of shares to obtain the business registration certificate; where a domestic shareholder of the domestic company intends to increase his/her overseas listed shares in accordance with relevant regulations, the shareholder shall, after obtaining the approval, filing, or no-objection letter from the relevant regulatory authorities regarding the increase in shareholdings (except where such documents are not required under applicable regulations), register with the SAFE branch in the place of domicile of the shareholder within 20 working days before the increase of shares to obtain the business registration certificate.

According to the Guidelines on Foreign Exchange Business for Capital Items (2024 Edition) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

XII. Laws and Regulations Relating to Overseas Securities Offering and Listings

1. *Overseas Securities Offering and Listings*

On February 17, 2023, China Securities Regulatory Commission (the "**CSRC**") released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "**New Regulations on Filing**"), which was implemented on March 31, 2023. Under New Regulations on Filing, an enterprise within the PRC that directly or indirectly issues securities overseas or lists and deals in its securities overseas shall comply with the laws, administrative regulations and relevant national rules on foreign investment, state-owned assets management, industrial supervision, overseas investment, cyber security, and data security etc., and shall not disturb the domestic market order or do harm to national interests, social public interests, and the legitimate rights and interests of domestic investors.

An issuer seeking an overseas initial public offering or listing shall, within 3 working days after submitting the issuance and listing application documents overseas, file a registration with the CSRC and submit the filing report, legal opinions, and other relevant documents, ensuring a true, accurate, and complete description of shareholder information. Once the filing documents are complete and comply with the stipulated requirements, the CSRC will, within 20 working days of receiving such documents, conclude the review procedure and publish the filing results on its official website. If the filing documents are incomplete or do not conform to the stipulated requirements, the CSRC will, within 5 working days of receiving the filing documents, request supplementary materials. The issuer shall provide the additional documents within 30 working days. During the review of the filing documents, the issuer may encounter circumstances that are prohibited under the regulations governing overseas offerings and listings. In such cases, the CSRC may seek opinions from the relevant competent authorities of the State Council.

2. *Confidentiality and Archives Administration*

On February 24, 2023, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which was implemented on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involves state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

U.S. OUTBOUND INVESTMENT RULE

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") Office of Investment Security published a final rule ("**OIR**") establishing new regulatory controls on certain technology-related investments by U.S. persons in or related to the People's Republic of China, Hong Kong and Macau ("**countries of concern**").

The OIR, which became effective on January 2, 2025, implements Executive Order 14105 ("**Order**") "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern" (August 9, 2023).

Overview

The OIR applies to U.S. persons engaging in a "covered transaction" involving a "covered foreign person." A covered foreign person is a "person of a country of concern" that engages in certain "covered activities." Depending on the nature of the "covered activity," a covered transaction may be prohibited (prohibited transactions) or may require notification to Treasury (notifiable transactions).

Covered activity is activities referred to in the definition of "prohibited transactions" and "notifiable transactions" and includes research, development, or manufacturing involving "covered national security technologies and products," which are sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and AI sectors that have military, intelligence, surveillance, or cyber-enabled capabilities.

Generally, activities and technology that are deemed to present the most acute national security concerns are prohibited, while other designated activities are subject to notification requirements.

The OIR also prescribes "excepted transactions" which are exceptions to "covered transactions" and provides for a mechanism for the Secretary of Treasury to exempt certain covered transactions from the OIR on a case-by-case basis.

U.S. Persons

Under the OIR, a "U.S. person" is:

- a United States citizen or a lawful permanent resident, wherever located;
- an entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches of any such entity), wherever doing business; or
- any person physically present in the United States.

U.S. persons are required to take "all reasonable steps" to ensure their "controlled foreign entities" also comply with the OIR.

Covered Transaction

The term "covered transaction" in the OIR includes:

- acquiring equity and contingent equity interests in a covered foreign person;
- providing debt financing to a covered foreign person that affords or will afford the lending party an interest in profits of the covered foreign person, the right to appoint members of the board of directors of the covered foreign person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan;
- acquisition, leasing, or other development of operations, land, property, or other assets in a country of concern that will result in assisting with the establishment of a covered foreign person;
- conversion of a contingent equity interest into an equity interest in a covered foreign person, where the contingent equity interest was acquired on or after January 2, 2025;
- entering into a joint venture with a covered foreign person to engage in certain activities; or
- passive investment in a non-U.S. investment fund that engages in a covered transaction.

Covered Activities

"Covered activity" means any of the activities referred to in the definition of prohibited transactions and notifiable transactions. The chart below sets out activities of the covered foreign person or joint venture relevant to each prohibited transactions or notifiable transactions.

Notifiable transactions are subject to a 30-day post-closing notification to Treasury.

	Prohibited Transactions	Notifiable Transactions
Semiconductor and Microelectronics	A covered transaction in which the covered foreign person: Develop or produce any electronic design automated software for the design of integrated circuits ("**ICs**") or advanced packaging; Develop or produce (1) front-end semiconductor fabrication equipment designed for performing volume fabrication of ICs; (2) equipment for performing volume advanced packaging; or (3) commodity, material, software or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment; Design ICs that meet or exceed certain performance parameters or that are designed for operation at certain temperatures; Fabricate ICs that meet specified criteria; Package ICs using advanced packaging techniques; or Design, sell or produce supercomputers enabled by advanced ICs that can perform at certain thresholds.	A covered transaction in which the covered foreign person: Design, fabricate or package any IC that does not meet the prohibited transaction parameters.
Quantum Information Technologies	Develop quantum computers or the critical components required to produce quantum computers, such as dilution refrigerators or two-stage pulse tube cryocoolers;	None.

	Prohibited Transactions	Notifiable Transactions
	Develop or produce quantum sensing platforms designed for, or intended to be used for, military, government intelligence, or mass-surveillance end uses; or Develop or produce quantum networks or communication systems designed for, or intended to be used for, networking to scale up capabilities of quantum computers, secure communications, or any other application that has any military, government intelligence, or mass-surveillance end use.	
AI Systems	Develop AI systems exclusively designed for, or intended to be used for, military, government intelligence, or mass surveillance end uses; or Develop AI systems trained using a specified quantity of computing (10^25 computational operations generally or 10^24 computational operations using primarily biological sequence data.)	Develop AI systems that are designed for military, government intelligence, or mass surveillance end uses (but not exclusively); Develop AI systems intended to be used for cybersecurity applications, digital forensics tools, penetration testing tools, or the control of robotics systems; or Develop AI systems trained using a quantity of computing power greater than 10^23 computational operations.

	Prohibited Transactions	Notifiable Transactions
Sanctioned Persons	A covered transaction in which the covered foreign person engage in a covered activity (including a notifiable transaction) and is: Included on the BIS' Entity List or Military End User List; A "Military Intelligence End-User" as defined by the BIS; Included on the Department of the Treasury's list of Specially Designated Nationals and Blocked Persons (SDN List), or is an entity in which one or more individuals or entities included on the SDN List, individually or in the aggregate, directly or indirectly, own a 50 percent or greater interest; Included on the Department of the Treasury's list of Non-SDN Chinese Military-Industrial Complex Companies (NS-CMIC List); or Designated as a foreign terrorist organization by the Secretary of State under 8 U.S.C. § 1189.	

Covered Foreign Persons

A "covered foreign person" is:

- a person of a country of concern who engages in a covered activity; or
- a person that has a voting interest, equity interest, board seat, or contractual power to direct or cause the direction of the management or policies in a person of a country of concern where more than 50% of one of several key financial metrics of the entity is attributable to such a person of a country of concern; and

- a person of a country of concern that participates in a joint venture with a U.S. person that engages in activities subject to the prohibition or notification requirements.

A person of a country of concern means:

- an individual who is a citizen or permanent resident of a country of concern (and not a U.S. citizen or permanent resident of the United States);
- an entity that is organized under the laws of a country of concern, headquartered in, incorporated in, or with a principal place of business in a country of concern;
- the government of a country of concern including any political subdivision, political party, agency, or instrumentality thereof; any person acting for or on behalf of the government of a country of concern; or any entity with respect to which the government of a country of concern holds individually or in the aggregate, directly or indirectly, 50 percent or more of the entity's outstanding voting interest, voting power of the board, or equity interest, or otherwise possesses the power to direct or cause the direction of the management and policies of such entity (whether through the ownership of voting securities, by contract, or otherwise);
- an entity in which in any of the aforementioned categories of persons hold at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest; or
- any entity in which one or more persons identified in the preceding paragraph, individually or in the aggregate, directly or indirectly, holds at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest.

The Order identifies the PRC, along with the Special Administrative Regions of Hong Kong and Macau, as a "country of concern."

Penalties

Conduct that violates the OIR includes:

- taking any prohibited action;
- failing to take any required action required within the timeframe and in the manner specified;
- making materially false or misleading representations to Treasury, or falsifying, concealing or omitting any material fact, when submitting any required information; or
- evading or avoiding any of the prohibitions.

Maximum civil penalty that may be imposed for violations of the OIR is the greater of twice the amount of the transaction that is the basis for the violation or $250,000 (or $368,136 as of January 12, 2024, adjusted for inflation). A willful violation of the OIR may result in criminal penalties of up to $1,000,000 and 20 years imprisonment.

Excepted Transaction

The OIR provides for several "excepted transactions" that are not subject to the notification or prohibition requirements of the OIR. Excepted transactions include an investment by a U.S. person in publicly traded securities. Investments in publicly traded securities on both U.S. and non-U.S. exchanges (e.g., HKEX) are typically considered excepted transactions, so long as they do not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person.

The Treasury, however, emphasizes that a U.S. person's acquisition of an equity interest in a covered foreign person that is not yet publicly traded for the purpose of facilitating an IPO, such as a purchase with the intent to create a market for the security or to resell the security on a secondary market (e.g., as part of an underwriting arrangement), is a covered transaction.

In other words, after a covered foreign person is listed on the HKEX, U.S. persons' subsequent acquisition of its equity and equity interests are typically excepted from "covered transactions".

Other excepted transactions include investments in securities issued by investment companies such as index funds, mutual funds, or exchange traded funds.

Certain investments made as a limited partner in a venture capital, private equity fund, fund of funds, or other pooled investment funds are excepted if the limited partner's committed capital is not more than $2 million, aggregated across investments and co-investment vehicles of the fund; or the limited partner received a binding contractual assurance that its capital will not be used to engage in a prohibited or notifiable transaction.

However, an investment is not an excepted transaction if it affords the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person.

Even for excepted transactions, U.S. persons may still be required to conduct due diligence to ensure compliance with the OIR.

The OIR separately provides for a "national interest exemption," pursuant to which the Secretary of the Treasury, in consultation with the Secretaries of Commerce and State, and the heads of relevant agencies, as appropriate, may exempt a transaction from the prohibition or notification requirement on the basis that the transaction would be in the national interest of the United States.

A U.S. person may request that Treasury review a potential transaction under the national interest exemption on behalf of itself or on behalf of its controlled foreign entity. Such a review will be based on the totality of all relevant facts and circumstances, and it is anticipated that an exemption will only be granted in exceptional circumstances.

Therefore, we are not a covered foreign person, and covered transactions in the OIR do not apply to us. Accordingly, after consulting with our legal advisor on this matter, we believe that the OIR would not impact our business or the Global Offering.

OVERVIEW

Who We Are

We are an industry-leading integrated one-stop precision manufacturing solution provider. We are focused on technological innovation and empowered by smart manufacturing. In terms of revenue in 2024, we are a global leading player in precision structural parts and modules integrated solutions for both consumer electronics and smart vehicles interaction systems with market shares of 13.0% and 20.9%, respectively. We have accumulated strong expertise and capabilities in consumer electronics and smart vehicles, with robust and comprehensive platform-based capabilities that include talent, technology, supply and smart manufacturing. This empowers us to expand into new business areas and seize future growth opportunities, and lays the foundation for being one of the first companies in the industry to undertake large-scale production of key components and complete device assembly for humanoid robots and AI glasses/XR head-mount displays.

The following are our business highlights:

Pioneering contributions	**The world's first touch-enabled smartphones with full-sized screen** Cover glass core supplier	**The world's first premium smart electric vehicle** Central control screens and intelligent B-pillars supplier	**Humanoid robots** One of the first companies to undertake mass production and complete device assembly[1]	**AI glasses** One of the first companies to undertake mass production and complete device assembly[1]
Smart manufacturing	**Industry-first single-piece flow production** Integrating multiple processes into a continuous production line	**Full material coverage** Glass, metal, sapphire, ceramic, plastic, leather, silicon, glass fiber, carbon fiber and more	**Integrated one-stop precision manufacturing** Achieving full industry value chain vertical integration for smart devices	**IoT and smart systems** IoT building the production system with key manufacturing processes fully intelligent
Financial performance	**RMB69.9 billion** Revenue for 2024 at CAGR of 22.3%[2] from 2022 to 2024	**RMB3.7 billion** Net profit for 2024 at CAGR of 20.8%[3] from 2022 to 2024	**RMB5.0 billion[4]** Cumulative cash dividend and repurchase payout ratio from 2022 to 2024[5] – 54.5%	**RMB7.2 billion** Cumulative R&D spending from 2022 to 2024

Note 1: Source from the Frost & Sullivan Report;

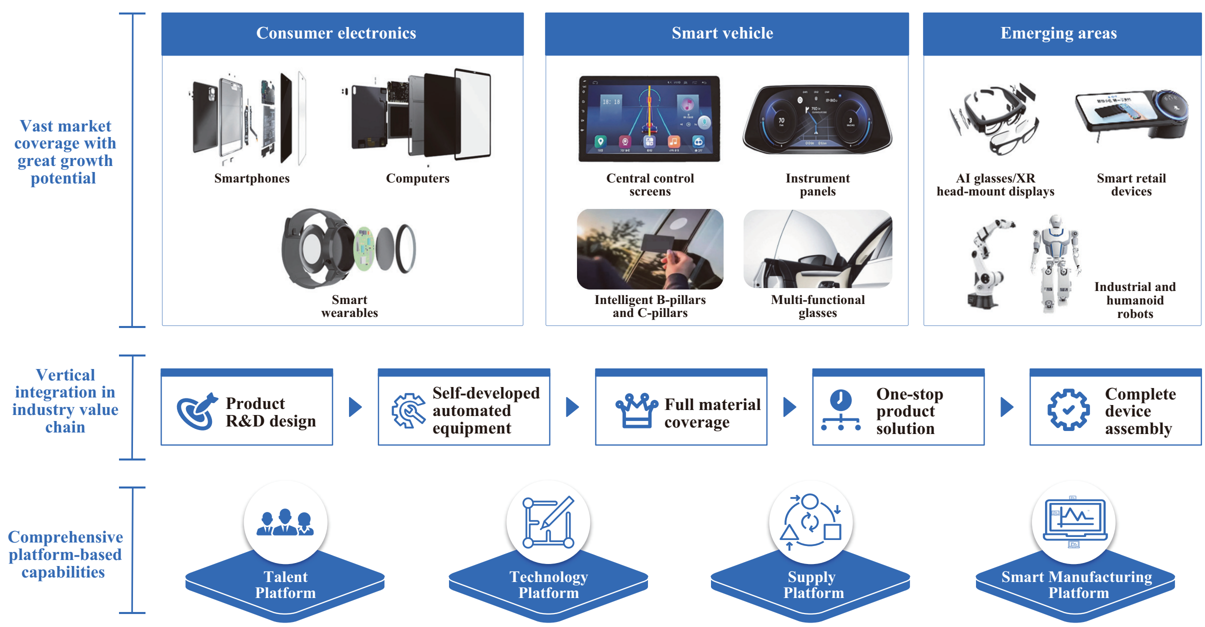
Note 2: (Revenue in 2024/Revenue in 2022)^(1/2)-1

Note 3: (Net profit in 2024/Net profit in 2022)^(1/2)-1

Note 4: Total dividends in respect of 2022 to 2024 (including repurchase of shares in 2022)

Note 5: Cumulative cash dividend and repurchase payout ratio from 2022 to 2024 = Total dividends in respect of 2022 to 2024 (including repurchase of shares in 2022)/Total net profit attributable to shareholders of the Group from 2022 to 2024

Since the 2000s, led by our Chairman, Ms. Chau, we have been at the forefront of the development and application of new materials such as glass, sapphire and ceramics in consumer electronics under the guidance of our "four new" strategy — new materials, new technologies, new equipment and new fields. In 2007, we were the first in the industry to apply glass to the world's first touch-enabled smartphone with full-sized screen, establishing the mainstream technology for functional panels on smart devices. To date, through our accumulated expertise in materials science — including glass, metal, sapphire, ceramics, plastics, leather, glass fiber and carbon fiber — we have achieved full vertical integration along the smart devices industry value chain. This spans from raw materials and structural part production to functional module lamination and complete device assembly. We have established long-term strategic relationships with global leading brands in consumer electronics and smart vehicles and are deeply involved in the development and production of their products two to three years ahead of the product launches. In addition, we proactively expand into broad and high-growth-potential areas and extend horizontally into diversified markets such as smart retail devices, industrial applications, humanoid robots and AI glasses/XR head-mount displays, creating a multi-faceted presence in various emerging markets.



Our Solutions

Consumer Electronics: We provide various structural parts and functional modules including cover glass, metal mid-frames, touch modules, display modules, thermal modules, antenna modules, biometric recognition modules and wireless charging modules as well as complete device assembly for consumer electronics such as smartphones, computers and smart wearables. Our customized solutions cover a variety of materials, including glass, metal, sapphire, ceramics, plastics, leather, silicone, glass fiber and carbon fiber.

Smart Vehicle: We develop and produce a wide range of automotive electronics products and structural parts for the smart cockpit. We offer innovative solutions to customers, including glass and components for automotive electronics such as central control screens and instrument panels, intelligent B-pillars and C-pillars and multi-functional glasses for side windows, windshields and sunroofs.

Other Emerging Smart Devices Markets: We have expanded into various markets, including humanoid robots, AI glasses/XR head-mount displays and smart retail devices. We collaborate with leading humanoid robot companies, providing mass production of core components and complete device assembly. In the AI glasses/XR head-mount displays market, we offer a variety of products and services covering functional modules and complete device assembly. In addition, we have also jointly launched "Tap to Pay" smart retail devices with a leading company in the third-party payment industry.

Our Platform-Based Capabilities

We possess robust and comprehensive platform-based capabilities, encompassing talent, technology, supply and smart manufacturing. As for the talent platform, we have cultivated a large number of R&D expert teams who combine theoretical innovation with excellent craftsmanship and practical skills. Moreover, we are capable of quickly assembling teams across various areas and industries to meet our evolving business requirements. Our technology platform embodies the ability to transfer technologies across different areas, leveraging proven technologies in mature areas to empower new end uses. Our supply platform, which encompasses major phases of production and testing, is built upon our in-house manufacturing capabilities, covering tooling, fixtures, cutting tools, and mold manufacturing, along with our in-house production of raw materials and auxiliary materials, supported by extensive global upstream resources. This further enables the rapid mass production of a wide range of products and the efficient fulfillment of customers' diverse requirements. Our smart manufacturing platform, stems from years of accumulated experience in equipment development, which enables us to make adjustments based on the modules and designs of existing equipment and efficiently develop production lines for new products.

Vertical Integration

Our business operations cover everything from production of raw materials and structural part production such as cover glass and metal mid-frames, to functional module lamination such as touch modules, display modules, thermal modules, radio frequency antenna modules, fingerprint modules, camera modules and wireless charging modules, as well as complete device assembly of smart devices. We have achieved comprehensive coverage of raw materials through technical capabilities for a variety of functional materials. More specifically, we are one of the few solution providers in the global consumer electronics supply chain with advanced processing capabilities in both glass and metal. We offer our customers vertically integrated one-stop solutions, covering everything from design to mass production.

Global Footprint

We have nine production and R&D centers both domestically and internationally, including a production center in Southeast Asia and domestic and overseas offices ensuring extensive coverage of domestic and international markets. By strategically positioning ourselves close to our customers, we optimize supply chains and logistics costs, enabling us to respond quickly to customer demands.

Market Opportunities

- **Consumer electronics:** Consumer electronics products will continue to be updated, iterated and innovated in the next few years with continuous technological development and innovation being the key drivers. For example, the advancement of foldable screen technology and the continuous enhancement of AI function are expected to make, smartphones lighter, more individualized, intelligent and high-end. This led to higher hardware requirements for structural parts and functional modules of smartphones. For example, ultra-thin flexible glass ("**UTG**") will be widely used in foldable smartphones due to its small bending radius and its ability to fold without creases. Variable-thickness glass ("**VTG**") can offer higher strength, impact resistance and scratch resistance compared to UTG, and has become one of the key research and development areas of leading companies in the industry. In addition, we have also developed optical waveguide technology, which will be widely adopted in AR/AI glasses in the future.

- **Smart vehicles:** Driven by policy support and technological innovation, the smart vehicles market is expected to continue to develop rapidly in the next few years, and vehicles are expected to become more intelligent. Specifically, as users' expectations for driving and riding experience increase, the application of smart glass is developing rapidly. Glass components such as side windows and sunroofs will provide a variety of intelligent functions, such as heat insulation, electrochromic sunshade, water-repellency, anti-fogging and image display. This has driven the widespread use of glass in smart vehicles and also requires hardware suppliers to achieve new technological developments and breakthroughs in materials and processing.

- **Other emerging end markets:** With the development of artificial intelligence and technological advancements in new materials and new end uses, many emerging end markets such as humanoid robots, AI glasses/XR head-mount displays and smart retail are expected to experience significant growth in the coming years.

Financial Performance

As a result of the continuous expansion of our product and service portfolio and the deepening of our relationships with our customers, we have achieved remarkable growth in revenue and net profit during the Track Record Period. We recorded revenue of RMB46,698.5 million, RMB54,490.7 million and RMB69,896.8 million in 2022, 2023 and 2024, with a year-on-year growth of 16.7% in 2023 and 28.3% in 2024. We recorded profit for the year of RMB2,519.8 million, RMB3,041.8 million and RMB3,676.9 million in 2022, 2023 and 2024, with a year-on-year growth of 20.7% in 2023 and 20.9% in 2024. As further testament to our ability to create value for our Shareholders, we declared and paid dividends of RMB493.1 million, RMB986.2 million and RMB1,482.2 million in 2022, 2023 and 2024.

STRENGTHS

Global leader in integrated one-stop precision manufacturing, with leading positions across multiple industries

We are a leading integrated one-stop precision manufacturing solution provider with services covering the entire smart devices value chain, and we are a global leader in multiple smart device end markets. We provide vertically integrated solutions that cover the entire industry value chain of precision manufacturing for a diverse range of smart devices, including product design, mold development, production of new materials, software development, manufacturing and processing, quality management and complete device assembly.

- Based on revenue in 2024, we have global leading market share in precision structural parts and modules integrated solutions for both consumer electronics and smart vehicles interaction systems.

- Based on revenue in 2024, we are (i) the primary supplier of cover glass for mid-to-high-end smartphone brands globally, and (ii) the main supplier of central control screens and intelligent B-pillars for the world's largest battery electric vehicle brand.

Leveraging our excellent innovation capability and sustained R&D investment, we continuously explore new business growth areas and lead the industry in terms of innovation. We have developed high-precision, high-performance components for emerging end-use areas through our expertise in precision structural parts and smart manufacturing. With our platform-based capabilities, we have improved the performance of humanoid robots and AI glasses/XR head-mount displays while empowering smart retail devices with better user experience.

Focused on technological innovation and committed to research and development, we drive the evolution of advanced materials and technology

The precision manufacturing industry addresses end markets such as consumer electronics and smart vehicles, which are characterized by the persistent introduction of innovative technologies and new product features. Our focus on research and development and innovation enables us to stay at the forefront of the market and provide smart manufacturing solutions for the latest products. Guided by our "four new" strategy, namely new materials, new technologies, new equipment and new fields, we are able to fulfill our long-term strategic customers' needs for innovative product functions while also spearheading the development of new products through collaborative research and development with our downstream partners.

We are committed to research and development and innovation, and have accumulated abundant core technologies in materials and production processes, thereby leading the technological transformation in smart devices and significantly improving the aesthetics and functionality of smart devices. For example, we were one of the first companies to apply materials such as glass, sapphire and ceramics in premium smart devices. We independently developed and achieved process innovations such as CNC glass machining, fully-automatic silk-screen printing and intelligent transfer printing and coating, which have become industry standard technologies. In addition, we have strategically planned for the research and development of cutting-edge technologies with growth opportunities in emerging areas such as foldable screens, industrial and humanoid robots and AI glasses/XR head-mount displays.

To prepare for future changes, we proactively established a scientific and technological innovation system. The core of our in-house R&D system in recent years has been our Innovation Research Institute and the Shenzhen R&D Center, which are committed to technological research and development and product innovation focused on addressing key issues in the industry, market demands and future technologies. In addition, we also continuously conduct R&D and technological transformation of products and end uses during the production process. Through our R&D planning and forward-looking technological advancements, we can seize the strategic opportunities brought about by the dual-wheel drive of AI-enabled devices and foldable screens. We have been strategically and proactively engaged in the research and development of new technologies such as UTG and VTG and exploring foldable screen structural component upgrades. In the area of robots, we have developed the capabilities of independent R&D and mass production of core components for robots. Moreover, we continue to cooperate with customers in the research and development and innovation of components related to AI-enabled devices, which are expected to grow significantly in the future.

Furthermore, we collaborate with top-tier domestic and international customers to establish research and development centers dedicated to their products, building a global R&D network. At the same time, we partner with renowned universities worldwide to develop an industry-academia collaboration model, broadening the application of scientific research outcomes to cultivate future technology talent and meet the diverse demands of future markets. Through this mechanism, we enhance the research capabilities of our R&D and technical personnel, expand their perspectives, and jointly design and manufacture new products to cater to the diverse needs of both domestic and international markets.

As of December 31, 2024, we had over 24,000 experienced R&D and technical personnel and our total research and development expenses from 2015 to 2024 exceeded RMB18 billion.

Our ongoing breakthroughs in core technologies and our leading first-mover advantage enable us to seize market opportunities more effectively, continuously enhance our competitive edge, achieve long-term sustainable growth and solidify our leading position in the global precision manufacturing industry.

Long-term strategic collaborations with global leading customers to drive developments within the industry

We have been a trusted partner of many global leading consumer electronics and smart vehicles brands and have established long-term and stable cooperative relationships with them. In terms of revenue in 2024, we are (i) the primary supplier of cover glass for mid-to-high-end smartphone brands globally; and (ii) the main supplier of central control screens and intelligent B-pillars for the world's largest battery electric vehicle brand. For more than a decade, we have been working with the world's largest consumer IoT platform company, and our solutions to this company have covered cover glass and metal mid-frames in its flagship smartphones as well as complete device assembly. Since our initial collaboration more than 10 years ago, our relationships have expanded from the initial smartphones related products and services to smart vehicles and IoT products.

The long-term and sustainable partnerships we maintain with global leading brands testify to our technical expertise, strong manufacturing capacity, efficient production processes and robust R&D capabilities. Such cooperation also lays the foundation for new opportunities and growth potentials.

We are committed to driving progress and evolution in the consumer electronics industry, partnering with our key customers to shape industry trends and deepen our cooperation in mutually-beneficial ways.

- ***Collaboration since the product design phase.*** We collaborate with our key customers throughout the entire process of product development, including product design, research and development, manufacturing and future iterations, offering tailored solutions and establishing ourselves as a key technical partner of our key customers.

- ***Continuous expansion of relationship.*** We continually and proactively improve our R&D and precision manufacturing capabilities, which allows us to expand our collaboration with our customers into other areas such as smart wearables, encompassing structural parts made of various materials such as metal, sapphire and ceramics. This set the stage for our vertical expansion into functional module lamination and complete device assembly, ultimately achieving closed-loop coverage of the industry value chain. This not only increases technological barriers and entry thresholds but also strengthens our long-term strategic partnerships with customers and creates value for our key customers.

- ***Next generation product development.*** Precision manufacturing capability directly impacts the competitiveness of the end products and the successful realization of innovative concepts. We set up our Innovation Research Institute in 2023 to strategically undertake research and development of technology, processing and production techniques, materials and innovative production or end uses. Our Innovation Research Institute currently focuses on the research and development of brittle materials, applications of new energy and optics, metal materials, modules, artificial intelligence and others. We have collaborated with our key customers to engage in and strategize our future-oriented technological R&D for innovative products by setting up joint R&D facilities and labs. Typically, our research and development starts approximately two to three years prior to the end product's official release. This allows us to consistently maintain a leading position in the industry with each new product iteration through providing of effective and high-quality comprehensive solutions to our customers. In addition, we strategically expand our global footprint to stay close to our customers, allowing us to respond to customer needs quickly and optimize logistics costs, to improve our overall competitiveness.

Leading brands in smart devices typically begin collaborating with precision manufacturing solution providers during the product R&D phase, and these brands usually have rigorous and lengthy supplier approval procedures. These factors significantly increase the difficulty for new suppliers to enter the brand customers' supply chain, thereby solidifying our competitive advantages.

Comprehensive platform-based strategy and vertical integration along the full industry value chain to identify and capture market opportunities

We have accumulated deep expertise and capabilities in the consumer electronics and smart vehicles industries, with strong and comprehensive platform-based capabilities, encompassing the following aspects:

Talent Platform: We have cultivated a high-quality R&D team that combines theoretical innovation with exceptional craftsmanship. The average age of our R&D team is 30 years old, and we have over 24,000 R&D and technical personnel, with a focus on exploration and willingness to push the boundaries of technology. Additionally, our core R&D and technical personnel have over 15 years of industry experience, possessing deep practical expertise and strong technical capabilities. Our platform has brought together and nurtured many experienced technical experts through business units, research institutes and external academic partnerships with multi-disciplinary and comprehensive technical capabilities, enabling us to quickly form cross-domain and cross-industry teams when needed and realizing the synergistic effect of our talent network to efficiently execute R&D plans. With the ongoing AI revolution, we continuously advance in research methods and experimental validation equipment, while also actively recruiting high-end talent to keep the team in a state of constant activation.

Technical Platform: We possess the capability of cross-field technology transfer, utilizing proven technologies in mature areas to empower new end uses. For instance, we have successfully transferred our efficient implementation capabilities and precision manufacturing capabilities in smartphones to smart retail devices. We were the first to achieve advanced processing of and precise assemble for metal mid-frames, 3D glass panels and die-cut accessories, thereby providing one-stop solutions for payment devices, covering everything from design and development to mass production. In addition, our numerous technological breakthroughs in cover glass, curved glass, coating technology and touch display modules for consumer electronics have a wide range of applications in smart vehicles. These technologies enabled us to seamlessly expand into the supply chain of products such as central control screens and intelligent B-pillars.

Supply Platform: By leveraging strong upstream capabilities, advanced production processes and technologies and a diverse product portfolio, we have established platform-based supply capabilities. On the upstream side, we have the capability to produce multiple raw materials in-house and maintain a comprehensive network of upstream resources. With years of manufacturing experience and advanced production technologies, we can swiftly organize production workflows and achieve high-efficiency mass production. For example, our industry-first single-piece flow production method has significantly reduced various production costs and lead times, ultimately creating value for our customers. Furthermore, our diverse product offerings enable us to effectively fulfill customers' various requirements efficiently.

Smart Manufacturing Platform: We possess strong capabilities in bringing innovative equipment and products to life in scale. With our in-house expertise in equipment and process development, we collaborate closely with customers in the early stages of product innovation. This allows us to adjust and adapt equipment based on product characteristics, production line layouts and processing technologies, enabling tailored improvements to create highly automated and intelligent production systems. As a result, we are able to systematically enhance production efficiency and yield rates, achieving rapid large-scale manufacturing and delivery.

Our operation is vertically integrated along the entire industry value chain from R&D and manufacturing of smart manufacturing equipment to production of innovative materials, product design, software development, production of structural parts and lamination of functional modules, quality management and complete device assembly, ultimately forming our capability to provide an integrated one-stop precision manufacturing solution. Our strong and vertically integrated operation allows us to achieve closed-loop coverage of the entire industry value chain, fostering a robust industrial ecosystem around our main operations.

We have achieved comprehensive material coverage while consistently advancing research and development of new materials and their innovative applications. We are a global leader in the processing and production of glass, sapphire, ceramics, leather, glass fiber, and carbon fiber, achieving complete supply chain coverage for smart devices and providing holistic solutions for our customers. With the establishment of Lens Taizhou through acquisition and integration with our existing businesses, we significantly enhanced our processing and assembly capabilities for metal. With this expansion, we became one of the few solution providers in the global consumer electronics supply chain with advanced processing capabilities for both glass and metal.

Leveraging our extensive technological expertise, we have established robust capabilities that are underpinned by our core technologies. This enables us to comprehensively and effectively cater to a wide range of customers in smart devices while expanding into diverse end uses, allowing us to capitalize on significant growth opportunities presented by the following end markets:

- ***Consumer Electronics:*** Capitalizing on our long-lasting strategic alliances with global leading brands in consumer electronics, we have significant first-mover advantage and have made technological achievements in cutting-edge science and technology. For example, we actively invest in the research and development of new technologies such as UTG and VTG, and we have developed the capability for rapid mass production of foldable screen structural parts and modules.

- ***Smart Vehicles:*** We have expanded into the smart vehicles industry to establish an additional growth driver. We have significantly expanded the range of products offered to customers in the smart vehicles industry, with our current product offerings encompassing central control screens, instrument panels, intelligent B-pillars, C-pillars, charging stations, structural parts for batteries and multi-functional glasses for side windows, windshields and sunroofs. With the rapid development of the smart vehicles industry, this business line has become our second-largest revenue source, generating RMB5.9 billion in 2024, and we have established close strategic partnerships with several global leading brands in the smart vehicles industry.

- ***Emerging end uses:*** We continue to expand our footprint in a number of cutting-edge areas, such as smart retail devices, humanoid robots and AI glasses/XR head-mount displays. We undertook the production, assembly and quality control of the core components of humanoid robots for a leading robotics company, and have successfully delivered the first batch of humanoid robots. In addition, with our expertise in nanocrystalline glass technology, we entered into an in-depth strategic cooperation with a leading AI glass company for its entire range of AI glasses, helping it to accelerate bulk delivery and providing core support for the expected explosive growth in AI glasses globally in 2025. Furthermore, we collaborated with a global leading mobile payment platform to develop a smart retail device. Leveraging our extensive expertise in functional modules and complete device assembly, we capitalized on our vertically integrated operation along the full industry value chain to accelerate the delivery and deployment of such device, showcasing our robust product development capabilities in smart devices.

Industry-first automated smart manufacturing equipment and highly advanced data-driven manufacturing system

As an early mover in the Chinese smart manufacturing landscape, we champion and lead the industry by being one of the earliest companies to focus on the research, production and large-scale application of automated equipment, industrial robots and smart manufacturing production system. We have created smart manufacturing facilities that incorporate state-of-the-art technologies, including the Internet of Things, intelligent warehousing, fully automated production processes, single-piece flow and real-time quality checks. The layout of our facilities is guided by the principle of aligning with the specific production processes of individual products, while operating as independent units to ensure operational efficiency and facilitate performance accounting. We were listed on the MIIT's "National Quality Benchmark List" and the Industrial Internet Pilot

Demonstration List in 2022. In addition, our high-end in-vehicle display components full lifecycle collaborative smart factory in Changsha was recognized as an "Excellent Smart Factory Project" by the MIIT in 2025.

We have accumulated substantial experience and achievements in the R&D and application of smart manufacturing in both hardware and software. In terms of hardware, we conduct large-scale in-house R&D, production and deployment of smart and automated production equipment (including laser processing, robotic arms and hot bending machines), and have successfully developed, among others, the industry's first automatic glass printing line and baking line. We are also independently developing and producing high-precision, cost-effective and highly versatile industrial robots and premium smart manufacturing equipment, such as four-axis, six-axis and parallel robots, humanoid robots, AOI visual inspection robots and automatic towing vehicles. These proprietary equipment not only outperforms conventional equipment in the market in terms of performance, overall efficiency, degree of automation, energy consumption and cost, but also ensures high product quality and consistency, expanding our advantages in efficiency and product yield rate. Moreover, we enhance our cost-efficiency by upgrading our equipment to adapt to the layout of our production lines and our processing techniques. For example, we designed and established the first single-piece flow production line in the industry, which strings multiple processes into one straight production line extending over hundreds of meters, enabling the seamless and efficient production of products. This unique design effectively eliminates the need to physically transport work-in-progress and coordinate among different facilities, thereby reducing costs and expenses and creating value for our customers.

In terms of software, we deeply integrate manufacturing with new technologies such as industrial internet, big data, cloud computing and artificial intelligence, significantly improving the level of automated data collection, analysis and reverse control. We have independently developed an industrial large model and its algorithms for internal monitoring of the behavioral patterns of manufacturing processes, such as optimizing the CNC machining process and developing a coating operation system for real-time monitoring of coating quality. We have also successfully leveraged deep learning, large models, and AI technologies to optical inspection in smartphones, computers, and wearable devices. Our smart manufacturing system has achieved full internal connection and system integration through our self-developed "Lens Cloud" industrial internet platform. We achieved real-time sharing of data and information, and digital monitoring of, various processes, thereby facilitating intelligized business decision making, optimizing the design and operation of our factories and production lines, improving our overall production efficiency and product yield rate, and reducing production management cost. In addition, we are among the first in the industry to apply cutting-edge technologies such as machine vision to product exterior inspection. We significantly reduced the costs and labor intensity for product inspection with our automated inspection software and optical platforms that can analyze various characteristics and quality metrics of different materials. With our four CNAS-certified testing centers, we have also substantially enhanced the accuracy and recognition of our testing and analysis results.

Currently, our major production lines have been automated, and our key production processes such as hot bending, precision carving, printing (including silk-screen printing and pad printing) and AOI inspection have been digitalized and, through the construction of industrial Internet of Things, we have achieved interconnection within our production system. Various operations within our warehousing and logistics system have also been digitalized, such as product warehousing, sorting, handling and transportation. The integration of various processes including production, logistics and warehousing enables precise and targeted transportation and delivery based on real-time production requirements. Our capabilities in digitalizing and automating production enable us to continuously optimize our production processes and techniques, thereby enhancing our customers' trust in us and increasing our profit margins.

Dedicated founder and experienced senior management team that guided our rise to global leadership in smart manufacturing

Our founder, Ms. Chau, is an entrepreneur with strategic vision, innovative spirit, strong execution ability, acute market insight and substantial industry experience. Ms. Chau's strategic vision, her ability to grasp the general trend of the industry from a macro perspective and the rich industry experience she has accumulated was instrumental in our success and growth on a global scale. Since the establishment of Lens Shenzhen in 2003, Ms. Chau has been fully responsible for the strategic planning of our growth and has led us to achieve remarkable achievements over the past 20 years. Ms. Chau has received numerous honors and awards in the industry. These include being listed on the Forbes list of the World's 100 Most Powerful Women in 2019, Forbes China's Best CEO in 2021, Hurun Richest Self-Made Women in the World in 2022, "The Most Powerful Women" by Fortune China in 2024 and ranking 2nd on the Forbes "100 Power Businesswomen" list in 2025.

Under the leadership of our Chairman, Ms. Chau, we have formed a proficient management team that brings a wealth of industry expertise and a global perspective. Our executive directors and senior management have an average tenure of more than 15 years with us and more than 20 years of experience in the relevant industries. We recruited management and technical personnel from around the world who possess diverse backgrounds and overseas experiences as well as strategic global mindsights. For details regarding our senior management, see "*Directors, Supervisors, and Senior Management*". We are confident that the extensive industry knowledge and keen market awareness possessed by our senior management will significantly contribute to our ability to develop our business strategies, reach our strategic objectives, foster employee unity and capitalize on growth opportunities, ultimately facilitating our consistent and sustainable business expansion.

Our employees, whether those who have spent decades with us or those international talent, are united together by our shared and unique corporate culture of "law-abiding, people-centric, integrity-first, bold in innovation and willing to commit". Our commitment to our people-centric corporate culture has remained steadfast, as we strive to enhance the well-being of our employees by fostering a safe and healthy workplace, along with extensive welfare initiatives. We have adopted share incentive plans to mobilize our employees by enabling them to benefit from the success of our business.

OUR STRATEGIES

Expand our global footprint through strategic expansion and optimization of production capacity

We are committed to continuously providing market-leading products and services to our existing and potential customers around the world. To this end, we plan to expand our global footprint to solidify our market leadership, enhance our supply chain resilience and meet increasing demands for precision manufacturing solutions. By strategically broadening our global footprint, we aim to align our manufacturing capabilities with global market dynamics, ensuring proximity to our key customers and reducing logistics costs.

We plan to expand and optimize our production capacity globally by setting up new production centers at strategic locations that are close to our key customers. In addition, as demands from emerging end markets such as AI-enabled devices and humanoid robots are expected to grow rapidly, our expanded production capacity will enable us to capitalize on market opportunities to strengthen our competitiveness. For details of our production capacity expansion plan, please refer to the section headed "Future Plans and Use of Proceeds".

Enrich product and service portfolio to meet diversified customer needs

We will continue to enrich our product and service portfolio to stay at the forefront of cutting-edge industry developments. We will continuously facilitate product iterations and service upgrades by incorporating new materials and manufacturing processes to meet our customers' requirements for product features. This will enable us to further deepen our cooperative relationships with existing customers and expand our diverse customer base. We will also continue to cooperate with our strategic customers to develop upgraded products with innovative features, so as to capitalize on opportunities arising from the development of emerging technologies in the consumer electronics industry. In the meantime, we will further vertically integrate our operation along the smart vehicles supply chain, and expand our offerings of smart exterior structural parts and ancillary products. In addition, we will leverage our advantages in material, technology and smart manufacturing to accelerate the implementation and mass production of products tailored to emerging end markets, such as AI glasses/XR head-mount displays and humanoid robots.

Continue to enhance our smart manufacturing system to improve production efficiency and promote green manufacturing

We will continue to pursue the digitalization and automation of our production processes and equipment to further improve our production efficiency and increase our product yield, which in turn enable us to offer high-quality products and services to our customers at competitive prices and at our desired profit margins. We will also invest in the research and development of production techniques and manufacturing equipment and upgrade our existing production facilities and systems to enhance our capabilities in smart manufacturing. We will also continue to promote green manufacturing by continuously optimizing our production processes and techniques as well as upgrading our automation technologies to further reduce production waste, energy use and carbon emissions.

Further invest in research and development to solidify our technological leadership

As a company focused on and driven by technological innovation, we will continue to invest in research and development to strengthen and solidify our technological leadership in the industry. We intend to continue to invest in and follow our "four new" strategy on research and development. In addition, we plan to deepen our collaboration with our customers as well as suppliers on the research and development of new products and new equipment.

Furthermore, to strengthen our research and development capabilities, we plan to continue to attract, train, retain and motivate high-quality talents to support our research and development activities. Specifically, we plan to continue to recruit and cultivate talents for innovation in key aspects of our research and development, including product design and development, innovative technologies and new materials, production techniques and smart manufacturing equipment. We believe that a high quality, dedicated and experienced research and development team is the key to our research and development success.

Facilitate growth through potential industry value chain integration and strategic acquisitions

To complement our organic growth strategy, we will selectively pursue strategic investments, including investments and acquisitions that enhance our capabilities in the vertical industry value chain and the end markets that we currently serve or may enter. Additionally, we aim to expand our user base and extend our product and service offerings. We will continue to evaluate potential businesses and assets that can complement our existing operations and create synergies.

OUR EVOLUTION

We started processing, manufacturing and selling glass products more than 20 years ago, and have since successfully developed in-depth technology and experience in the processing of glass, gained customer recognition in glass products and became the supplier of glass products, primarily cover glass, of many well-known global brands in the consumer electronics industry.

Through our research and development efforts in our core competence of cover glass processing and manufacturing, we developed and applied several processing techniques and technologies that became the industry standard. For example, we were the first to introduce CNC techniques in the processing of cover glass, significantly increasing product yield and precision and opening up possibilities for more product specifications and customizations. We also invented an anti-fingerprint coating technique that became the industry-standard technique and enabled mobile phone screens to become stain-resistant and water-resistant. For details of our research and development breakthroughs, see "— Research and Development — Innovative R&D."

With the development of consumer electronics and increasing consumer desire for better and more diverse products, we started exploring other materials to meet the design and functional requirements of our customers. We were the first to use sapphire and ceramics in smartphones and wearable products. Sapphire and ceramics each has distinct characteristics that enhance the hardness, abrasion resistance, corrosion resistance and texture of consumer electronics products, but the processing of these materials presented challenges for manufacturers. We successfully overcame these challenges with research and development breakthroughs in material optimization, equipment development and processing technology. Our processing techniques allow our customers to have more diverse options of applying different materials in the design of their products.

In 2020, Lens Taizhou was established through acquisition and integration, significantly increasing our production capacity of precision metal and expanding our business scale. By expanding our coverage of the consumer electronics value chain, we further deepened our relationships with existing customers and laid the foundation for our future growth.

With the rapid development of smart vehicles in recent years, we saw an opportunity to apply our expertise in precision processing and manufacturing to a new industry in 2018. Accordingly, we started cooperating with leading brands in smart vehicles, both domestically and overseas, and expanded our product offerings to central control screen, instrument panel, intelligent B-pillars and rearview mirror for smart vehicles.

Over the years, we deepened our expertise in structural parts and started expanding our business to functional modules to vertically expand our coverage of the consumer electronics value chain. Our vertically integrated manufacturing processes allows seamless one-stop production from structural parts to functional modules with high efficiency and cost-effectiveness. In addition, our large-scale production capacity and adherence to stringent quality control ensures that we can meet the rigorous demands of our customers by reliably providing high-quality functional modules in large quantities and on time.

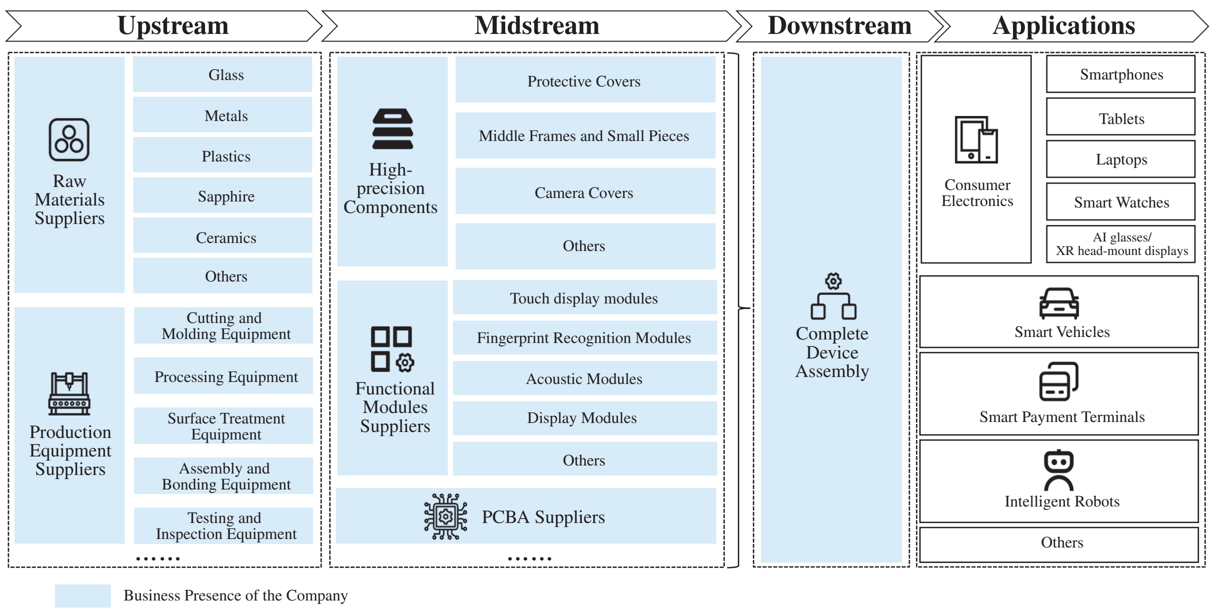
In line with our growth strategy of becoming the one-stop solution provider covering the full smart device industry value chain, we started strategically planning for our expansion into complete device assembly several years ago. In 2021, we started providing complete device assembly on a large scale. This milestone enabled us to capture more of the industry value chain and further solidified our strategic relationship with our customers.

Our vertically-integrated operation enables us to quickly capture market share in new and growing end markets such as humanoid robots, smart retail and AI glasses/XR head-mount displays. In the humanoid robots market, we have established strong partnerships with a number of innovative companies for the manufacturing, assembly and quality control of essential components such as joint modules, DCU controller and gripper, and have successfully delivered the first batch of humanoid robots in January 2025. In the smart retail market, we have demonstrated our strong capability to implement processes efficiently from the research phase to full-scale production by partnering closely with a global leading mobile payment platform to jointly develop a smart retail device by leveraging our full-spectrum industry strengths. In the AI glasses/XR head-mount displays market, we have established strategic partnerships with prominent players in AI interaction for AI glasses/XR head-mount displays, encompassing functional modules and complete device assembly, enabling our customers to overcome production capacity challenges and accelerate the schedule for mass-scale delivery, thereby providing essential support for the anticipated surge in global deliveries of AI glasses/XR head-mount displays in 2025.

OUR SOLUTIONS

We currently offer a comprehensive suite of precision manufacturing solutions in consumer electronics, smart vehicles and other emerging end markets, including various structural parts, functional modules and others, such as complete device assembly. Most of our solutions are specifically designed and manufactured pursuant to the customizations and needs of our customers.

The following diagram shows our coverage of our value chain:



Major end uses of our solutions include the following:

Smartphones and Computers

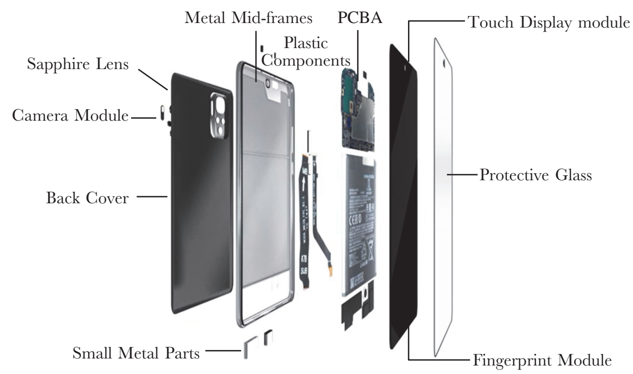
We offer a comprehensive suite of structural parts and functional modules for use in smartphones and computers, including cover glass used in smartphones, tablets and laptops, metal mid-frames for smartphones and various modules such as touch display module fingerprint modules, antenna modules and camera modules and back cover for smartphones and tablets.

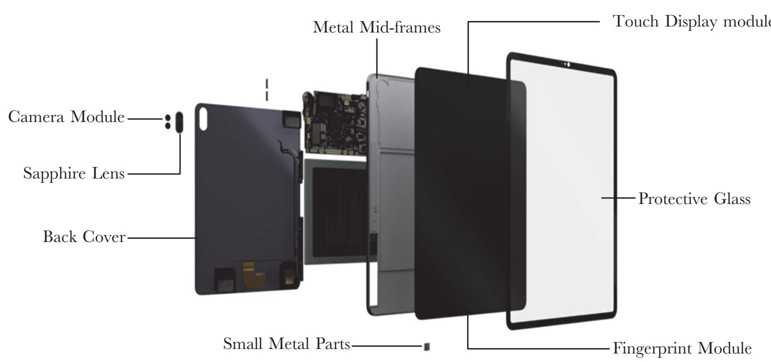
Our cover glass are light, thin, clear, scratch-resistant and fingerprint-resistant. Light transmittance rate of our front cover glass can reach up to 98% with our advanced double-sided anti-reflective coating, and cover glass produced with our chemical strengthening technique can achieve a surface hardness of over 680HV, significantly enhancing their performance in 4-point bending tests. We utilize a diversified range of surface treatment techniques for our glass products, including non-conductive vacuum coating color film, gradient color coating, silk screen printing, pad printing, lithography processing, frosted surface treatment, film lamination, texturing and wire drawing, providing our customers with a complete set of technical solutions.

Our metal mid-frames are crafted with precision to accommodate various device specifications, ensuring structural integrity and design aesthetics. We have comprehensive surface treatment capabilities for our metal products, such as automatic three-dimensional polishing, super-hard physical vapor deposition coating, automated anodizing and various metal surface treatments. Our processing accuracy for metal remains stable at around 0.03mm.

We provide a variety of functional modules for use in smartphones and computers, primarily touch display module, fingerprint modules, antenna modules and camera modules. A functional module is a set of parts and units that are integrated together to construct a more complex structure and is one of the basic components of an electronic device. For example, a touch display module in a smartphone includes several parts such as the touchscreen digitizer, the display panel, the touch sensor and the cover glass, which are laminated together to form the touch display module that enables users to interact with the phone through touch gestures. Thanks to our advanced processing techniques and vertically integrated operation, we can seamlessly integrate the production processes for structural parts and functional modules.

Set forth below are photos of our main products for smartphones and computers.



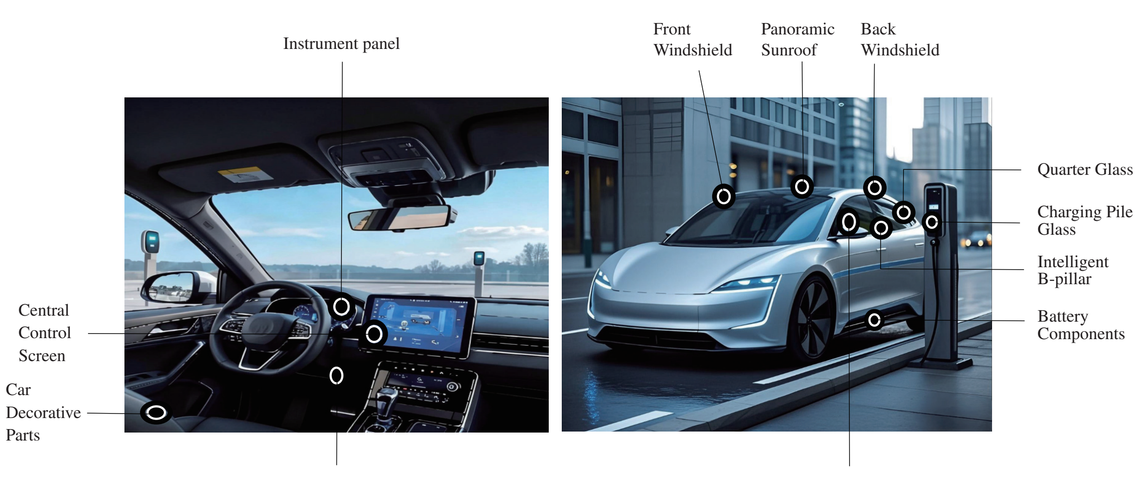


In addition to structural parts and functional modules, we also provide complete device assembly for smartphones where we assemble components and modules, including those manufactured by us and other providers, into end products. With our complete device assembly, we provide our customers with a one-stop solution for structural parts, modules and assembly, achieving vertical integration of the entire value chain.

Smart Vehicles and Cockpits

We offer a variety of structural parts and functional modules for smart vehicles and cockpits include, among others, in-vehicle electronic glass and components such as central control screens and instrument panels, intelligent B-pillars/C-pillars and multi-functional glasses for vehicle side windows, windshields and sunroofs. Our in-depth experience gained in smartphones and computers, along with our platform-based capabilities, allowed us to successfully expand to smart vehicles and cockpits in 2018.

Set forth below are photos of our main products for smart vehicles and cockpits.



Others

We offer structural parts and functional modules for a diverse range of end markets and end uses, including the following:

- **Intelligent head-mounted displays and smart wearables:** We provide various structural parts and functional modules for intelligent head-mounted displays and smart wearables in the consumer electronics industry, such as cover glass for smart watches and functional modules for intelligent head-mounted displays.

- **Other smart devices:** We offer structural parts and functional modules for other smart devices in emerging end markets such as humanoid robots and smart retail devices. We also provide complete device assembly for these devices.

We also generate revenue from the sale of scraps and materials, processing fees and leases.

The table below sets forth a breakdown of our revenue by product end use for the periods indicated.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)					
Smartphones and computers						
Structural parts and functional modules	37,710.4	80.7%	36,868.4	67.7%	43,234.3	61.9%
Complete device assembly	503.4	1.1%	8,032.2	14.7%	14,519.9	20.7%
Subtotal	38,213.8	81.8%	44,900.6	82.4%	57,754.2	82.6%
Smart vehicles and cockpits	3,583.8	7.7%	4,998.5	9.2%	5,934.8	8.5%
Intelligent head-mounted displays and smart wearables	3,538.7	7.6%	3,103.8	5.7%	3,488.4	5.0%
Other smart devices	171.8	0.4%	164.8	0.3%	1,408.4	2.0%
Others[1]	1,190.4	2.5%	1,323.0	2.4%	1,311.0	1.9%
Total	46,698.5	100%	54,490.7	100%	69,896.8	100%

Note:

(1) Others mainly include revenue generated from sales of scape and materials, processing fees, leases and others.

Complete device assembly is the sale of the assembled complete device to our customers. It typically has a lower gross profit margin than sale of structural parts and functional modules because (i) structural parts and functional modules often have higher perceived value due to the complexity and highly specialized knowledge and expertise involved in designing and manufacturing the products, whereas complete device assembly might not command the same premium; and (ii) complete device assembly usually involves higher labor costs compared to the manufacturing of structural parts and functional modules since the assembly process requires high numbers of skilled labor, however, the price for the final assembled device is influenced by intense market competition and manufacturers might need to keep prices competitive to maintain their market share. According to Frost & Sullivan, the lower gross profit margin of complete device assembly as compared to structural parts and functional modules is in line with industry norms.

While we plan to further grow our complete device assembly business, we do not expect such growth to have a significant impact on our overall profitability and financial condition in the near future given the diversified nature of our product and service portfolio. In particular, in line with our proposition of offering customers vertically integrated one-stop solutions, we generally grow our complete device assembly business by expanding our relationship with existing customers who are already purchasing structural parts and functional modules from us, rather than serving new customers with just complete device assembly. This enables us to deepen our relationship with customers and increases our operational efficiency.

Seasonality

Demand for and sales of our products follow the same seasonality pattern as sales of the end products that feature our products, including consumer electronics and smart vehicles. Demand for end products is affected by the holiday season and people's consumption habits, with certain seasonality patterns. As a result, we typically experience higher sales in the fourth quarter of the year. See "Risk Factors — Our sales may be influenced by seasonality" for risks associated with the seasonality of our sales.

Product Pricing

We generally determine the price of our products based on a variety of factors, including (i) complexity of the product both in terms of design and manufacturing, (ii) the costs of developing and manufacturing such products and our expected profit margin and (iii) competition.

RESEARCH AND DEVELOPMENT

Research and development are critical to maintaining our market-leading position and to the sustained growth of our business by ensuring that we can continue to meet the evolving needs of global brands. We are dedicated to research and development, continuously exploring new materials and technologies to enhance our product offerings and upgrade our production processes.

Product R&D

Given the highly customized nature of our products and solutions, our product R&D are primarily done in cooperation with our customers for specific projects according to the customers' customization requirements and end product designs. Our customers usually approach us at the beginning of the product cycle of the end products, and we work with them closely to design and develop customized structural parts or functional modules pursuant to their specifications and the design of the end products in which the structural parts and functional modules will be used. Depending on the specific project or product and the result of our negotiation with our customer, our agreement with the customer will specify which party should be responsible for the expenses of such research and development and own the resulting intellectual properties.

Innovative R&D

In addition to the research and development of specific projects and products, we also undertake innovative R&D initiatives that focus on new materials, new technologies, new equipment and new fields. Our innovative R&D has resulted in various technology breakthroughs and upgrades that enabled the continuous iteration and advancement of consumer electronics.

To address the challenges of glass processing, we developed several glass processing techniques that became industry standard practices. Set forth below are some examples.

- ***CNC processing.*** We were the first to adopt computer numerical control ("**CNC**") techniques in the processing of cover glass. CNC is a manufacturing method that automates the control, movement and precision of machine tools through preprogrammed software. There were challenges in applying CNC processing on glass due to its brittleness. The application of CNC to glass processing allowed glass to be drilled and cut with high precision and high speed, significantly improving product yields and production efficiency and opened up possibilities for more product specifications and customizations.

- ***Ion-exchange strengthened glass.*** We invented a method for eliminating surface compressive stress of strengthened glass through chemical ion exchange. This technique prevents glass bending during processing due to stress differences in glass surface, thus achieving a high-flatness, high-quality smooth surface of strengthened glass while improving yield rates.

- ***Coating technique.*** When tackling the technical challenges of making glass water-resistant and stain-resistant, we invented an anti-fingerprint coating technique, where a layer of material is applied onto the glass surface using nanocoating technology to reduce the adhesiveness of glass, making it difficult for dust or water to stick to the glass. This technique soon became the industry-standard technique and enabled smartphone screens to become stain-resistant and water-resistant.

- ***High-adhesion ultra-thin ink.*** Our high-adhesion ultra-thin ink is a patented innovation that overcame critical challenges in the processing of glass such as poor adhesion on ultra-thin or curved glass, reduced touch sensitivity from thick coatings and vulnerability to environmental factors like sweat or chemicals. Our ink achieves micron-level thinness while maintaining strong adhesion, scratch resistance and corrosion durability. This breakthrough set industry benchmarks by enabling sleeker, more durable device designs and improved product yields.

- ***Polishing techniques.*** We were the first company in China to adopt glass hole polishing and cross-section polishing technologies to solve the problem of glass being easily broken due to microcracks. This innovation makes glass more durable and less prone to breaking, increasing both product yields and the durability of the finished product.

- ***Spraying techniques.*** Our patented gradient glass spraying technique solved the issue where the surface of glass, after painted, is usually not smooth which reduces its appeal and practical application. Our gradient glass spraying technique advanced the development of various colorful designs of mobile phone back covers.

- ***Yellow light processing.*** We were the first company in adopting the yellow light process in the manufacturing of three-dimensional cover glass, which solved the previous technical problem where edge oil was easily formed during processing, and manual wiping caused secondary defects such as edge transparency and chipping, resulting in high production costs and low yields.

We were also one of the first companies to apply ceramics and sapphire to mobile phones and smart wearable devices.

- ***Sapphire***

  Sapphire has several advantages that make it an excellent material for consumer electronics. For example, it is one of the hardest materials, highly resistant to scratches and wear, making it ideal for watch faces since watches face harsher conditions than phones due to daily wear by consumers and constant contact with skin, sweat and outdoor environment. It is also highly transparent, which is critical for readability in sunlight and accuracy of sensors, such as the heart rate or blood oxygen sensors imbedded in some smart watches, which rely on precise light transmission for accuracy.

However, manufacturing sapphire is expensive, which limited its application in electronics products. We started investing in the growing, processing and manufacturing of sapphire more than 10 years ago and have developed vertically integrated comprehensive capabilities along the sapphire value chain, from growing sapphire in furnaces, processing sapphire to applying sapphire in structural parts and functional modules. This allowed us to significantly decrease costs associated with applying sapphire in consumer electronics, providing our customers with the option of applying sapphire in more products and end uses and on a broader scale.

- ***Ceramics***

Ceramics are resistant to wear, corrosion and thermal cycling, making them suitable for harsh environments. In addition, ceramics exhibit high thermal conductivity, efficiently dissipating heat from components such as processors. This prevents overheating in smartphones, ensuring reliability and longevity of devices.

The processing of ceramics presents several difficulties. For example, ceramics are prone to cracking under mechanical or thermal stress which requires careful handling during manufacturing. We overcame these processing difficulties by adjusting the traditional production formula for ceramics and adopting innovative techniques to enhance their durability during processing. Furthermore, we also applied various techniques to enhance the appearance and functionality of ceramics products, widely increasing their application in consumer electronics.

Innovation Research Institute

We set up our Innovation Research Institute in 2023 to strategically undertake research and development of technology, processing and production techniques, materials and innovative production or end uses. Our Innovation Research Institute currently focuses on the research and development of brittle materials, applications of new energy and optics, metal materials, modules, artificial intelligence and others. For example, we have developed three-dimensional aspheric freeform glass molding technology and its printing technology, which eliminates straight lines and flat surfaces, as well as a full-process laser machining technology which ensures precise and consistent results for brittle materials such as glass and ceramics. Additionally, we have developed a coating machine software platform and a novel AI dynamic control system to achieve optimal coating results.

In addition to internal research and development efforts, we also collaborate with external parties such as universities or research institutions, including Xiangtan University and Central South University, to undertake research and development projects. For our research and development projects with universities, we generally bear the expenses of such projects and obtain the resulting intellectual properties.

Recent R&D Focus

We adjust our research and development focus based on the latest industry trends and projected growth areas. For example, in recent years, we have been focusing on research and development of techniques and technologies relating to foldable screen and AI-enabled devices and have achieved significant results. Set forth below are three notable examples.

- ***Foldable screens***

  We have been strategically and proactively planning the advancement and exploration of new techniques and technologies to prepare for opportunities presented by foldable screens in consumer electronics. Foldable screens still present a number of technical difficulties, such as the tendency to have folding marks and fragility. We are engaged in technological as well as product R&D to try to overcome these challenges. Specifically, we are optimizing the design and structure of the hinges for foldable screens to reduce the pressure on screens, thereby minimizing the folding marks on screen.

- ***AI glasses/XR head-mount displays***

  Leveraging our advanced manufacturing system and technological breakthroughs, we collaborated with our customers to address challenges presented in the production of AI glasses/XR head-mount displays and successfully expedited the timeline for mass product delivery.

  We have made several breakthroughs in key technologies. Our proprietary nano-microcrystalline glass technology improves the strength and light transmission rate of glass lenses, allowing AI glasses/XR head-mount displays to be both lightweight and capable of delivering high-quality visuals. Our technological innovation in optical waveguide enables compact designs and more immersive experiences for AI glasses/XR head-mount displays. Furthermore, our Innovation Research Institute is working on creating lightweight, durable materials, establishing us as a main provider for global leading brands in AI-enabled devices.

- ***Industrial and humanoid robots***

  We have been developing industrial robots since 2016, including four-axis, six-axis, parallel robots, humanoid robots and AOI visual inspection robots. Our industrial robots are widely used in our production activities, significantly increasing our production efficiency and scalability and enhancing the consistency and precision of our products.

  We have made significant progress in humanoid robots and are well-positioned to capitalize on the strong growth opportunities by developing and manufacturing core structural parts and functional modules for humanoid robots.

We successfully enhanced robot exteriors with our advancements and innovation in materials and process, such as the curved glass display technology and the nano-microcrystalline glass technology. In 2024 and 2025, we delivered structural parts and functional modules for joints, hands and torsos and provided complete device assembly for humanoid robots.

R&D Team and Expenses

As of December 31, 2024, we had more than 24,000 experienced R&D and technical personnel. In 2022, 2023 and 2024, our R&D expenses amounted to RMB2,105.0 million, RMB2,316.6 million and RMB2,784.8 million, representing 4.5%, 4.3% and 4.0% of our total revenue in the respective periods. Our R&D expenses are expensed rather than capitalized.

OUR CUSTOMERS

Our customers are mainly global brands in the consumer electronics and smart vehicles industries.

During the Track Record Period, we did not engage any distributors, and all our products and services were sold or provided by us to our customers directly. We intend to continue to engage in direct sales only without the use of distributors given the nature of our long-term strategic relationships with our customers.

Our Top Five Customers

In 2022, 2023 and 2024, sales to our five largest customers amounted to RMB38,878.3 million, RMB45,282.2 million and RMB56,707.4 million, accounting for 83.3%, 83.1% and 81.1% of our total revenue in the respective periods. In 2022, 2023 and 2024, sales to our largest customer, Customer/Supplier A, amounted to RMB33,136.2 million, RMB31,512.3 million and RMB34,566.5 million, accounting for 71.0%, 57.8% and 49.5% of our total revenue in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers in any period during the Track Record Period that are required to be disclosed under the Hong Kong Listing Rules.

The following tables set forth certain information relating to our five largest customers for the periods indicated.

For the year ended December 31, 2022

Rank	Customer	Transaction amount (in RMB million)	Percentage of revenue	Years of business relationship[(1)]	Background
1	Customer/ Supplier A[(2)]	33,136.2	71.0%	19	A Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services Its major products include (i) smartphones, (ii) laptop and desktop personal computers, (iii) tablets, and (iv) wearables, home devices and accessories. Its major services include (i) advertising, (ii) fee-based after-sale services, (iii) cloud services, (iv) digital content, and (v) payment services.
2	Customer B[(3)]	1,563.1	3.3%	8	A Nasdaq-listed American company founded in 2003 that designs and sells smart vehicles, clean energy solutions and related products and services
3	Customer/ Supplier C[(4)]	1,513.5	3.2%	20	A public multinational corporation established in 1969 and headquartered in South Korea, which principally engages in the design, manufacturing, and marketing of various electronics products
4	Customer D[(5)]	1,363.5	2.9%	6	A public French automotive supplier founded in 1997 that principally engages in the design and manufacturing of automotive products for global automotive brands, and a supplier of Customer B
5	Customer E[(6)]	1,302.0	2.9%	18	A private Chinese multinational corporation that designs, develops and sells digital telecommunications equipment, consumer electronics and other related products and services

Notes:

(1) For customers who are also suppliers, the years of business relationships refer to the number of years they first became a customer or supplier, whenever earlier.

(2) Sales to Customer/Supplier A in 2022 primarily included structural parts and functional modules.

(3) Sales to Customer B in 2022 primarily included B-pillar parts and central control screens for cars.

(4) Sales to Customer/Supplier C in 2022 primarily included structural parts, functional modules and processing services.

(5) Sales to Customer D in 2022 primarily included central control screens for cars.

(6) Sales to Customer E in 2022 primarily included structural parts and functional modules.

For the year ended December 31, 2023

Rank	Customer	Transaction amount (in RMB million)	Percentage of revenue	Years of business relationship[1]	Background
1	Customer/ Supplier A[2]	31,512.3	57.8%	19	A Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services Its major products include (i) smartphones, (ii) laptop and desktop personal computers, (iii) tablets, and (iv) wearables, home devices and accessories. Its major services include (i) advertising, (ii) fee-based after-sale services, (iii) cloud services, (iv) digital content, and (v) payment services.
2	Customer/ Supplier F[3]	8,472.7	15.6%	11	A Chinese technology company founded in 2010 and listed on the Hong Kong Stock Exchange that designs, develops, and sells smartphones, smart hardware and intelligent home products
3	Customer D[4]	1,976.6	3.6%	6	A public French automotive supplier founded in 1997 that principally engages in the design and manufacturing of automotive products for global automotive brands, and a supplier of Customer B
4	Customer B[5]	1,951.2	3.6%	8	A Nasdaq-listed American company founded in 2003 that designs and sells smart vehicles, clean energy solutions and related products and services
5	Customer E[6]	1,369.4	2.5%	18	A private Chinese multinational corporation that designs, develops and sells digital telecommunications equipment, consumer electronics and other related products and services

Notes:

(1) For customers who are also suppliers, the years of business relationships refer to the number of years they first became a customer or supplier, whenever earlier.

(2) Sales to Customer/Supplier A in 2023 primarily included structural parts and functional modules.

(3) Sales to Customer/Supplier F in 2023 primarily included complete device services and structural parts.

(4) Sales to Customer D in 2023 primarily included central control screens and glasses for cars.

(5) Sales to Customer B in 2023 primarily included B-pillar parts and central control screens for cars.

(6) Sales to Customer E in 2023 primarily included structural parts and functional modules.

For the year ended December 31, 2024

Rank	Customer	Transaction amount (in RMB million)	Percentage of revenue	Years of business relationship[(1)]	Background
1	Customer/ Supplier A[(2)]	34,566.5	49.5%	19	A Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services Its major products include (i) smartphones, (ii) laptop and desktop personal computers, (iii) tablets, and (iv) wearables, home devices and accessories. Its major services include (i) advertising, (ii) fee-based after-sale services, (iii) cloud services, (iv) digital content, and (v) payment services.
2	Customer/ Supplier F[(3)]	16,328.1	23.4%	11	A Chinese technology company founded in 2010 and listed on the Hong Kong Stock Exchange that designs, develops, and sells smartphones and smart hardware and intelligent home products
3	Customer B[(4)]	2,201.1	3.1%	8	A Nasdaq-listed American company founded in 2003 that designs and sells smart vehicles, clean energy solutions and related products and services
4	Customer E[(5)]	2,094.8	3.0%	18	A private Chinese multinational corporation that designs, develops and sells digital telecommunications equipment, consumer electronics and other related products and services
5	Customer/ Supplier C[(6)]	1,516.9	2.1%	20	A public multinational corporation established in 1969 and headquartered in South Korea, which principally engages in the design, manufacturing, and marketing of various electronics products

Notes:

(1) For customers who are also suppliers, the years of business relationships refer to the number of years they first became a customer or supplier, whenever earlier.

(2) Sales to Customer/Supplier A in 2024 primarily included structural parts and functional modules.

(3) Sales to Customer/Supplier F in 2024 primarily included complete device services and structural parts.

(4) Sales to Customer B in 2024 primarily included B-pillar parts, C-pillar parts and central control screens for cars.

(5) Sales to Customer E in 2024 primarily included structural parts and functional modules.

(6) Sales to Customer/Supplier C primarily included structural parts and processing services.

We believe that the likelihood of any material adverse change in or termination of our business relationship with our five largest customers in each year during the Track Record Period customers is low, considering that (i) we have partnered with all of these customers for long periods of time and have established mutually beneficial relationships with them; and (ii) we are involved in the very beginning of their product development process to develop the end products together, which enables us to gain a unique and deep understanding of their demands and preferences, giving us competitive advantages as compared to our competitors. For risks associated with our key customers, see "Risk Factors — We generate the majority of our revenue from a limited number of key customers."

Relationship with Customer/Supplier A

Our strategic and mutually beneficial relationship with Customer/Supplier A started almost two decades ago when Customer/Supplier A was developing the industry's first touch-enabled smartphone with full-sized screen. Over the past 19 years, we were closely involved in the product development phase of Customer/Supplier A's product iterations, offering crucial technological solutions to facilitate its design ideas and functionality requirements.

Ever since, we had grown our relationship with Customer/Supplier A and, according to Frost & Sullivan, we have been the primary supplier of cover glass for Customer/Supplier A's smartphones and tablets since 2007. More specifically, we provide Customer/Supplier A with (i) cover glass, back cover, touch module and midframe for their smartphones, (ii) cover glass, touch module and physical button for their tablets, and (iii) sapphire cover and ceramic back cover for their wearables.

According to Frost & Sullivan, the consumer electronics market is highly concentrated, particularly among top-tier brands that command a large share of global shipments. As such, it is common for suppliers of premium consumer electronics brands to have a concentrated customer base.

Going forward, we believe that the likelihood of any material adverse change in or termination of our business relationship with Customer/Supplier A is low because of our long-term mutually beneficial relationship, the strict requirements that Customer/Supplier A has on its suppliers (including lengthy and rigorous supplier approval procedures and strict requirements on various aspects of the supplier's business operations such as ESG compliance, corporate governance and others) and the financial condition of Customer/Supplier A (the "**Directors' Views on the Business Relationship with Customer/Supplier A**"). The raw materials, mainly glass, used in Customer/Supplier A's products are primarily sourced from China, South Korea, the United States, Japan and Taiwan.

Having considered the above Directors' Views on the Business Relationship with Customer/ Supplier A and based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on the Directors' Views on the Business Relationship with Customer/Supplier A in any material respect.

It is reported that, in response to the Current U.S. Tariffs, Customer/Supplier A is considering diversifying its supply chain from China to other countries. We do not believe that such diversification will significantly affect our business operations or financial condition given our global production planning, which enables us to keep serving Customer/Supplier A from our overseas production centers. Specifically, according to Frost & Sullivan, only approximately 20% of Customer/Supplier A's products are sold in the United States. In addition, only 17%, 14% and 11% of our products were imported into the United States as part of end products in 2022, 2023 and 2024. We believe that, our existing production lines in Vietnam, together with the new production lines we are planning to set up in Vietnam and Thailand with the proceeds of the Offering, will together account for approximately 9% of our production capacity (with our production capacity in 2024 as the base) when the new production lines are operational. Therefore, even if Customer/Supplier A decides to completely pivot its supply chain away from China for its products sold in the United States, we believe that we have sufficient production capacity to support Customer/Supplier A given its relatively low percentage of product sales in the United States and our production capacity overseas. If the US and China's trade relationship further deteriorates and additional tariffs are imposed, it is possible that Customer/Supplier A may require its suppliers to produce products for its US sales outside of China. We believe that our existing and planned production capacity overseas is sufficient to ensure that we can produce products for Customer/Supplier A's US sales outside of China.

Fluctuations in sales to Customer/Supplier A

During the Track Record Period, we did not experience any disruptions in our relationship with Customer/Supplier A, including significant order cancellations due to quality reasons or failure to renew agreements. The fluctuations in our sales to Customer/Supplier A were primarily driven by macroeconomic conditions and the then-prevailing industry-wide trends, which led to fluctuations in shipments in the global consumer electronics industry.

Our sales to Customer/Supplier A decreased by 4.9% from RMB33,136.2 million in 2022 to RMB31,512.3 million in 2023, primarily due to a decrease in end-market demand for Customer/ Supplier A's products. In 2023, the global consumer electronics industry experienced a moderation in overall demand, primarily due to macroeconomic factors. These challenges contributed to a general decline in global shipments of consumer electronics, affecting procurement volumes across the supply chain.

Our sales to Customer/Supplier A increased by 9.7% from RMB31,512.3 million in 2023 to RMB34,566.5 million in 2024, primarily due to a rebound in consumer demand for Customer/ Supplier A's products, particularly its new generation smartphone incorporating AI features. More broadly, the global consumer electronics market gradually recovered in 2024.

During the Track Record Period, approximately 75% to 85% of the products we supplied to Customer/Supplier A were delivered to the special supervision territory in China for further processing by other manufacturers and assembly into end products such as smartphones.

Decreasing Reliance on Customer/Supplier A

During the Track Record Period, revenue contribution from Customer/Supplier A continued to decrease as a percentage of our revenue. This is primarily due to our efforts in (i) expanding our customer base, (ii) expanding our product and solution portfolio and (iii) expanding vertically along the value chain. While we expect Customer/Supplier A to remain as our largest customer in at least 2025 and as an important customer going forward, we expect the revenue contribution from Customer/Supplier A to account for less than 50% of our total revenue in 2025. As we continue to execute our growth strategies, we expect to further diversify our revenue sources.

The three-dimensional expansion is intertwined. For example, in addition to Customer/Supplier A, we are currently the primary supplier for cover glass for all top five mid-to-high end smartphone brands. As we expanded beyond consumer electronics through the offering of structural parts and functional modules for smart vehicles and cockpits, we also won the recognition of a leading smart vehicle company in 2017, who was among our top five customers during the Track Record Period. In addition, we proactively expand into broad and high- growth-potential areas and extend horizontally into diversified markets such as smart retail devices, industrial applications, smart home, humanoid robots and AI glasses/XR head-mount displays, creating a multi- faceted presence in various emerging markets. As a result of such efforts, we have broadened our customer base to include prominent players in these spaces, and non-consumer electronics end-uses have contributed to a significant portion of our revenue during the Track Record Period.

Our vertical expansion along the value chain not only enabled us to quickly capture market share and win client recognition in these emerging areas, but also attracted new customer for a significant revenue source. We began offering complete device assembly on a large scale in 2021, and our complete device assembly experienced rapid ramp up during the Track Record Period. As a percentage of our total revenue, complete device assembly revenue grew from 1.1% in 2022 to 14.7% in 2023 and 20.7% in 2024. This is primarily due to our success in winning over a leading Chinese technology company that designs, develops and sells smartphones, among other products, who became our second largest customer in 2024.

Major Terms with Our Key Customers

We generally enter into framework agreements with our key customers that cover the design, manufacturing and sales of products. Our products are highly customized, and the majority of our products are developed solely for the relevant customers. Other than this, we do not have exclusivity arrangements with our customers, the terms of these agreements vary depending on the specific product or project and the result of our negotiation with each customer. These agreements, including those with Customer/Supplier A, can be terminated by mutual agreement between the parties. These agreements generally contain the following terms:

Duration	:	Generally ranges between one year to three years. Some of these framework agreements do not have fixed terms. These agreements are typically automatically renewed.
Pricing	:	Pricing of the products is generally specified in purchase orders.
Transfer of risks	:	Risks are transferred to our customers when the products are accepted by them.
Payment and credit terms	:	We generally deliver products to our customers before payment and grant our customers credit periods ranging between 30 days to 60 days after delivery of products.
Minimum purchase requirements	:	Our framework agreements with our customers usually do not contain minimum purchase requirements.
Logistics	:	We are generally responsible for delivering products to locations specified by our customers.
Returns/exchanges	:	Our customers will inspect the products upon delivery and are generally entitled to return or exchange products that do not meet their requirements in terms of quality or specifications. We generally do not otherwise accept product returns or exchanges once the products have been accepted by our customers.
Confidentiality	:	These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our customer.
Termination	:	These framework agreements can be terminated with mutual agreement of parties and under certain circumstances such as force majeure or bankruptcy of a party.

Customer Service

We cooperate closely with our customers throughout the product design, development and manufacturing processes and strive to ensure that we provide our customers with satisfactory services and products that meet their expectations. Specifically, we communicate with our customers frequently during the product design process since we usually conduct the research and development activities together with our customers, and we also regularly collect customer feedback during our cooperation to ensure that they are satisfied with our products and services.

RAW MATERIALS AND SUPPLY CHAIN

Raw Materials

The main raw materials used in our structural parts are glass, metal, sapphire and ceramics. In particular, the main raw materials for our structural parts and functional modules for (i) smartphones and computers are glass, metal, sapphire and ceramics; (ii) smart vehicles and cockpits are glass and metal; (iii) intelligent head-mounted displays and smart wearables are glass, metal, sapphire and ceramics; and (iv) other smart devices are glass and metal. For our functional module lamination and complete device assembly, we also use electronic and optical components and structural parts produced by other suppliers. Our raw materials, primarily glass, are mainly imported from the United States, Korea and Japan. To the extent the goods are not delivered to the special supervision territory, imports from South Korea and Japan are generally subject to PRC tariffs as of the Latest Practicable Date. Specifically, glass from South Korea used for mobile phone or tablet front or back covers is subject to a tariff rate of 5%. Glass from Japan used for mobile phone or tablet front or back covers is also subject to a tariff rate of 5%.

We source raw materials globally for our customers. If our customers designate suppliers for certain raw materials, we source such raw materials based on their designations. In addition, we produce certain of these raw materials ourselves. For details, see "— Research and Development — Innovative R&D." Apart from these key raw materials, we also need ancillary packaging materials such as cardboard boxes and shrink wraps for the packaging of our products.

Our raw material prices fluctuate due to a variety of factors, including supply and demand dynamics, our ability to negotiate prices with suppliers and others. We usually work with multiple suppliers to reduce risks associated with product supply. During the Track Record Period, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Suppliers

Our suppliers are mainly suppliers of raw materials and equipment. We have established and maintain stable and long-term relationships with these major suppliers.

Selection and Management of Suppliers

We have established rigorous processes for the selection, evaluation and management of our suppliers to ensure suppliers meet our quality and performance standards. We consider a number of factors during our supplier selection and qualification process, including each supplier's financial condition, industry reputation, technical certifications and the price and quality of the products or raw materials they offer. We assess each potential supplier's qualifications and credentials carefully, and we also conduct on-site visits to potential suppliers' business premises before we decide to engage the suppliers.

We regularly evaluate the performance of our suppliers, focusing on criteria such as delivery capability, price and quality of the products supplied by them and their compliance with our policies and requirements (including policies on environmental matters, occupational safety and corporate social responsibilities).

Certain of our customers require us to purchase certain key raw materials and components used in products manufactured for the customer from designated suppliers or to purchase such key raw materials and components from such customer after it has first purchased them from the upstream supplier, in order to exert control over the quality of the raw materials and components. In these cases, the customer will select the suppliers of the raw materials and components according to its standards and be responsible for negotiating the supply terms with the suppliers. For details, also see "— Raw Materials and Supply Chain — Overlapping Customers and Suppliers."

Terms of Contract with Our Suppliers

We enter into procurement framework agreements with certain of our suppliers. We do not have exclusivity arrangements with our suppliers. The terms of the agreements vary depending on the result of our negotiation with each supplier, but these agreements typically include the following terms:

Duration	:	Our procurement agreements with our main suppliers usually do not have a fixed term.
Pricing	:	Price is determined by us and our suppliers mutually and adjusted every month based on the prevailing market conditions.
Payment and credit terms	:	Payment terms are usually set out in specific purchase orders rather than the framework agreement. We will make payments once all the payment conditions have been satisfied.
Minimum purchase requirements	:	Our procurement agreements with our main suppliers usually do not contain minimum purchase requirements.
Returns/exchanges	:	We can exchange or return the raw materials or components that do not meet our quality standards.

Liability/warranty	:	Our suppliers usually provide us a 24-month warranty for raw materials or components supplied by them.
Logistics	:	Our suppliers are responsible for arranging for the logistics of delivering the raw materials or components to us.
Termination/renewal	:	The agreement can be terminated by either party upon the occurrence of a list of events, including the un-rectified non-performance of the other party of its obligations under the agreement and insolvency or other conditions that will affect the financial condition of the other party. After the agreement is terminated, unless the termination is due to reasons caused by us or force majeure events, our suppliers shall continue supplying raw materials or components to us until we find a new supplier, otherwise our supplier is liable for any losses we will incur as a result of shortage of supplies.

Top Five Suppliers

In 2022, 2023 and 2024, purchase of raw materials from our five largest suppliers amounted to RMB9,033.5 million, RMB17,224.6 million and RMB26,064.7 million, accounting for 23.7%, 37.4% and 43.6% of our total cost of sales in the respective periods. In 2022, 2023 and 2024, purchases from our largest supplier amounted to RMB6,198.4 million, RMB7,665.7 million and RMB14,372.7 million, accounting for 16.2%, 16.7% and 24.1% of our total cost of sales in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Hong Kong Listing Rules.

The tables below set forth certain information of our top five suppliers during the Track Record Period.

For the year ended December 31, 2022

Rank	Supplier	Transaction amount (in RMB million)	Percentage of total cost of sales	Years of business relationship[(1)]	Background
1	Customer/ Supplier A[(2)]	6,198.4	16.2%	19	A Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services Its major products include (i) smartphones, (ii) laptop and desktop personal computers, (iii) tablets, and (iv) wearables, home devices and accessories. Its major services include (i) advertising, (ii) fee-based after-sale services, (iii) cloud services, (iv) digital content, and (v) payment services.
2	Supplier B[(3)]	927.2	2.4%	14	A public South Korean multinational corporation that manufactures and sells electronics, chemicals, household appliances and telecommunications products
3	Supplier D[(4)]	696.1	1.8%	7	A public Japanese company established in 1972 that provides manufacturing automation products and services such as CNC machines
4	Customer/ Supplier C[(5)]	611.1	1.6%	20	A public multinational corporation established in 1969 and headquartered in South Korea, which principally engages in the design, manufacturing, and marketing of various electronics products
5	Supplier E[(6)]	600.7	1.7%	18	An American multinational company founded in 1851 and listed on the New York Stock Exchange that specialized in specialty glass, ceramics and other related materials and technologies

Notes:

(1) For customers who are also suppliers, the years of business relationships refer to the number of years they first became a customer or supplier, whenever earlier.

(2) Purchases from Customer/Supplier A in 2022 primarily included raw materials and components required for the manufacturing of products sold to Customer/Supplier A, including glass and various electronic components.

(3) Purchases from Supplier B in 2022 primarily included LCM electronic parts.

(4) Purchases from Supplier D in 2022 primarily included equipment, processing consumables and electronic parts.

(5) Purchases from Customer/Supplier C in 2022 primarily included raw materials of glasses.

(6) Purchases from Supplier E in 2022 primarily included raw materials of glasses.

For the year ended December 31, 2023

Rank	Supplier	Transaction amount (in RMB million)	Percentage of total cost of sales	Years of business relationship(1)	Background
1	Customer/ Supplier A(2)	7,665.7	16.7%	19	A Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services Its major products include (i) smartphones, (ii) laptop and desktop personal computers, (iii) tablets, and (iv) wearables, home devices and accessories. Its major services include (i) advertising, (ii) fee-based after-sale services, (iii) cloud services, (iv) digital content, and (v) payment services.
2	Customer/ Supplier F(3)	7,177.1	15.6%	11	A Chinese technology company founded in 2010 listed on the Hong Kong Stock Exchange that designs, develops, and sells smartphones and smart hardware and intelligent home products
3	Supplier B(4)	1,074.2	2.3%	14	A public South Korean multinational corporation that manufactures and sells electronics, chemicals, household appliances and telecommunications products
4	Customer/ Supplier C(5)	668.1	1.5%	20	A public multinational corporation established in 1969 and headquartered in South Korea, which principally engages in the design, manufacturing, and marketing of various electronics products
5	Supplier G(6)	639.5	1.3%	6	A public Chinese company established in 1975 that provides structural parts, components and functional modules of electronics products

Notes:

(1) For customers who are also suppliers, the years of business relationships refer to the number of years they first became a customer or supplier, whenever earlier.

(2) Purchases from Customer/Supplier A in 2023 primarily included raw materials and components required for the manufacturing of products sold to Customer/Supplier A, including glass and various electronic components.

(3) Purchases from Customer/Supplier F in 2023 primarily included parts for surface mount technology.

(4) Purchases from Supplier B in 2023 primarily included LCM electronic parts and raw materials of glasses.

(5) Purchases from Supplier/Customer C in 2023 primarily included raw materials of glasses.

(6) Purchases from Supplier G in 2023 primarily included manufacturing consumables such as screws, rings and glues.

For the year ended December 31, 2024

Rank	Supplier	Transaction amount (in RMB million)	Percentage of total cost of sales	Years of business relationship[(1)]	Background
1	Customer/ Supplier F[(2)]	14,372.7	24.1%	11	A Chinese technology company founded in 2010 and listed on the Hong Kong Stock Exchange that designs, develops, and sells smartphones and smart hardware and intelligent home products
2	Customer/ Supplier A[(3)]	8,659.8	14.5%	19	A Nasdaq-listed multinational corporation headquartered in the U.S. and established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services Its major products include (i) smartphones, (ii) laptop and desktop personal computers, (iii) tablets, and (iv) wearables, home devices and accessories. Its major services include (i) advertising, (ii) fee-based after-sale services, (iii) cloud services, (iv) digital content, and (v) payment services.
3	Supplier B[(4)]	1,585.7	2.7%	14	A public South Korean multinational corporation that manufactures and sells electronics, chemicals, household appliances and telecommunications products
4	Supplier E[(5)]	723.8	1.2%	18	An American multinational company founded in 1851 and listed on the New York Stock Exchange that specialized in specialty glass, ceramics and other related materials and technologies
5	Customer/ Supplier C[(6)]	722.7	1.1%	20	A public multinational corporation established in 1969 and headquartered in South Korea, which principally engages in the design, manufacturing, and marketing of various electronics products

Notes:

(1) For customers who are also suppliers, the years of business relationships refer to the number of years they first became a customer or supplier, whenever earlier.

(2) Purchases from Customer/Supplier F in 2024 primarily included assembly parts for complete device services and parts for surface mount technology.

(3) Purchases from Customer/Supplier A in 2024 primarily included raw materials and components required for the manufacturing of products sold to Customer/Supplier A, including glass and various electronic components.

(4) Purchases from Supplier B in 2024 primarily included LCM electronic parts and raw materials of glasses.

(5) Purchases from Supplier E in 2024 primarily included raw materials of glasses.

(6) Purchases from Customer/Supplier C in 2024 primarily included raw materials of glasses.

Overlapping Customers and Suppliers

During the Track Record Period, certain of our top five customers were also our suppliers, and certain of our top five suppliers were also our customers, details of which are explained below.

Buy-and-sell model

Customer/Supplier A, our top customer in each of 2022, 2023 and 2024, was also one of our five largest suppliers in the same years. This is because Customer/Supplier A requires its suppliers, including us, to purchase certain raw materials and components used in products manufactured for it from Customer/Supplier A itself in order to exert overall control of the procurement process and to better control the cost and quality of raw materials. This is commonly referred to in the industry as the buy-and-sell model. Our sales to and purchases from Customer/Supplier A were conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

Customer/Supplier F, one of our top five customers in 2023 and 2024, was also one of our five largest suppliers in the same years due to similar reasons. Our sales to and purchases from Customer/Supplier F were conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

Supplier B, one of our top five suppliers in 2022, 2023 and 2024, was also one of our largest customers in 2024 for similar reasons. In 2024, our sales to Supplier B amounted to RMB830.8 million, accounting for 1.2% of our total revenue in the same year. Our sales to and purchases from Supplier B were conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

According to Frost & Sullivan, it is in line with industry practice for a company to have both sales to and purchases from the same customer/supplier, and the adoption of the buy-and-sell model is not a definitive determinant of pricing within the precision manufacturing industry.

Conglomerate customers or suppliers

Customer/Supplier C, one of our top five suppliers in 2022, 2023 and 2024, was also our customer in the same years. This is because Customer/Supplier C is a multinational conglomerate in the electronics industry and has very diverse product offerings and business needs. Our sales to Customer/Supplier C in 2022, 2023 and 2024 were not related to or conditional upon our purchases from it. In 2022, 2023 and 2024, we mostly sold structural parts, primarily cover glass for smartphones, to Customer/Supplier C, while our purchases from Customer/Supplier C in the same years were mostly camera modules. Our sales to Customer/Supplier C and purchases from it are negotiated in separate processes and conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

Supplier B, one of our top five suppliers in 2022, 2023 and 2024, was also our customer in 2022 and 2023 for similar reasons. Other than a small portion of our business with Supplier B under the buy-and-sell model, our purchases from Supplier B in 2022 and 2023 were not related to or conditional upon our sales to it. In 2022 and 2023, we mostly purchased LCD display for cars from Supplier B, while our revenue from Supplier B were primarily processing fees for glasses. In 2022 and 2023, our sales to Supplier B amounted to RMB198.8 million and RMB248.9 million, accounting for 0.4% and 0.5% of our total revenue in the respective periods. Our purchases from Supplier B and sales to it are negotiated in separate processes and conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

Customer E, one of our top five customers in 2022, 2023 and 2024, was also our supplier in 2023 and 2024 for similar reasons. Our sales to Customer E in 2023 and 2024 were not related to or conditional upon our purchases from it. In 2023 and 2024, our purchases from Customer E represented an insignificant percentage of our total cost of sales in the respective periods. Our sales to Customer E and purchases from it are negotiated in separate processes and conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

Supplier E, one of our top five suppliers in 2022 and 2024, was also our customer in 2024. Supplier E is one of our main suppliers for glass. In 2024, Supplier E purchased certain of our smartphones and computers products. This is because certain customers of Supplier E require that Supplier E uses our structural parts and modules in the products they provide to these customers. In 2024, our purchases from Supplier E were mainly glass. Our purchases from Supplier E in 2024 were not related to or conditional upon our sales to it. Our sales to Supplier E were insignificant in 2024. Our sales to Supplier E and purchases from it are negotiated in separate processes and conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

Supplier G, one of our top five suppliers in 2023, was also our customer in 2023. Supplier G is a company engaged in the production and sales of structural parts, components and functional modules of electronics. In 2023, Supplier G purchased certain of our smartphones and computers products as well as intelligent head-mounted displays and smart wearables products. This is because certain customers of Supplier G require that Supplier G uses our structural parts and modules in the products they provide to these customers. In 2023, our purchases from Supplier G were mainly materials used in our production such as metal screws, dustpoof net and glue. Our purchases from Supplier G in 2023 were not related to or conditional upon our sales to it. Our sales to Supplier G were insignificant in 2023. Our sales to Supplier G and purchases from it are negotiated in separate processes and conducted in the ordinary course of business and on commercial terms negotiated on an arm's length basis.

During the Track Record Period, the raw materials we purchased from the overlapping customers or suppliers mentioned above were not resold back to them, nor vice versa.

PRODUCTION AND MANUFACTURING

We produce all our products ourselves in our nine production centers to ensure that we consistently deliver high-quality products on time to meet our customers' demands.

We have integrated smart manufacturing into various aspects of our production, significantly improving our production efficiency and product yields. For example, we have been investing in the design and manufacturing of intelligent and automated production machines. We were the first in the industry to successfully develop a fully automated printing line and baking line. We have also been investing in the research and development of high-precision, cost-effective and highly versatile industrial robots and high-end intelligent manufacturing equipment such as automated guided vehicles ("**AGV**") that are tailored to our production line layouts. AGVs are now utilized in our production centers on a large scale and have significantly increased our production efficiency. For more details on the technology and equipment used in our production, see "— Production and Manufacturing — Technology."

Our production centers in Hunan, China are strategically located close to each other to minimize the transportation of products among our production centers. Similarly, our production centers overseas are located close to our customers or their other suppliers to minimize logistics expenses.

In addition, the layout and design of our production centers are carefully and strategically planned to increase production efficiency. For example, the buildings for our factories are typically relatively long to allow us to fit the equipment and machinery for the entire production process (from loading of raw materials to packaging of the finished products) into one building without physical redirection of the production flow, which reduces transportation of products and materials within our factories.

We have established a standardized process for setting up new production centers, and layout and design of our production centers are standardized. This way, we can set up new production centres relatively quickly to address emerging customer needs, and our new production centers can ramp up quickly to achieve our desired production efficiency and product yield.

Production Process

Glass products

The chart below illustrates the production process of our glass products:

- *Precision cutting.* Glass is cut into shapes that matches the device's design, and CNC machines are used to carve precise holes and bevel edges for smooth integration into the device chassis.

- *Thermoforming.* For three-dimensional glass (for example, glass with curved edges), blanks are heated and pressed into molds to achieve the desired curvature. Glass is then cooled to relieve internal stresses and prevent cracking.

- *Chemical strengthening.* Glass is submerged in a molten potassium nitrate bath where smaller sodium ions in the glass are replaced with larger potassium ions, creating compressive stress on the surface to boost scratch resistance and durability.

- *Surface finishing*. Edges and surfaces are polished to a smooth finish, and anti-reflective, anti-fingerprint or anti-glare coatings are applied via vacuum deposition or spray processes.

- *Quality inspection*. Various testes are conducted to check for bubbles, cracks or distortions, hardness, thickness and durability.

Metal products

The chart below illustrates the production process of our metal products:

- *Material preparation*. Raw material is cast into blocks or sheets and cut into pre-shaped pieces for further processing.

- *CNC machining*. CNC machines carve pre-shaped pieces into precise shapes and create screw holes, cutouts and cavities according to the product design.

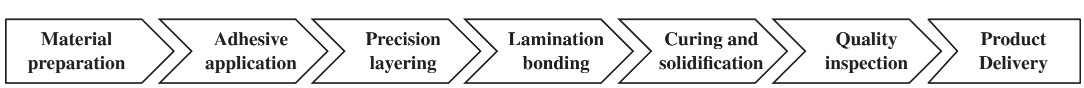
- *Heat treatment and strengthening*. The product is heated and cooled to enhance hardness and structural integrity, and metal surfaces are treated to reduce stress and improve fatigue resistance.

- *Surface finishing*. An electrolytic process adds a protective oxide layer to the product, improving scratch resistance and enabling color customization.

- *Quality inspection*. The product goes through various checks, such as dimensional checks, stress tests and defect detections to ensure product quality.

Functional modules

The chart below illustrates the production process of our functional modules:



- *Material preparation*. Thin films, glass, sensors, adhesives and protective coatings are cut to the desired sizes, and surface layers are cleaned in dust-free environments to remove contaminants that could cause defects.

- *Adhesive application*. Adhesive is applied between layers.

- *Precision layering*. Layers are aligned with micron-level accuracy, and pressure or vacuum holds layers in place before lamination.

- *Lamination bonding.* Heat, pressure or UV light activates the adhesive to bond layers permanently, and air bubbles are removed in critical modules such as camera modules.

- *Curing and solidification.* Adhesive is fully cured under controlled conditions to achieve maximum strength, and excess adhesive or film is removed to ensure clean edges and precise dimensions.

- *Quality inspection.* Automated systems check for bubbles, delamination or misalignment. Modules are tested for performance. Real-world stress is simulated to test the module's durability.

Technology

Technology is the core of our competitiveness in production. We are one of the earliest companies to develop and implement automated equipment in production processes, which significantly increases efficiency, precision and consistency in production. We have been continuously upgrading our production centers and progressively rolling out new technologies and equipment. We regularly assess each step within our production processes to determine if there are measures that can enhance cost efficiency or product yield. For details, also see "— Research and Development" and "— Production and Manufacturing — Equipment and machinery."

Process automation

Leveraging technological upgrades in our production centers, we have significantly improved our production efficiency. Several steps along our production processes for our structural parts and modules have been fully automated, achieving both decreased labor costs and higher and more consistent product quality. In addition, we implemented several digitalization measures in our production centers. For example, our production lines have full product tracing capabilities where we can track each structural part's full production processes, including the time when this structural part started undergoing a specific production process, which machine was used for a specific process, which quality control measures were undertaken after each process and the data for each quality check procedure. All these data are stored in our systems and, if a certain product has quality issues, we can easily identify the cause of the issue. These digitalization initiatives and the resulting data also help us to analyze each step along the production chain to assess if there are areas for improvement.

Set forth below are photos of our process automation.

Intelligent warehousing

We have also implemented an intelligent warehousing system that helped to improve our warehousing, logistics and inventory management capabilities. In the traditional warehousing model, employees are responsible for sorting, handling, retrieving and transporting inventories, which has relatively high labor costs and incidents rates. With our intelligent warehousing system, AGVs, which are designed and manufactured by us, are used to sort inventories, load inventories onto storage shelves, record the storage location and amount of inventories and, when needed, retrieve and transport inventories to designated locations, including loading inventories onto machines for processing. This system has greatly decreased the amount of labor required in the process and reduced both the associated labor costs and incidents rates. In addition, our intelligent warehousing system is integrated with our manufacturing execution system and enterprise resource planning system, which enables it to monitor the aging status of inventories in storage and manage inventories accordingly, significantly improving our inventory turnover rates.

Industrial robots

We have been developing industrial robots for our production centers to enhance efficiency, precision and scalability. By leveraging machine learning algorithms, our industrial robots are capable of performing highly complex tasks with optimal accuracy, significantly reducing human error and defection rates while also decreasing labor costs. For example, the four-axis, six-axis and parallel robots, humanoid robots, AOI visual inspection robots and AGV tuggers developed and manufactured by us not only outperform conventional equipment in the market in terms of performance overall efficiency, degree of automation, energy consumption and cost, but also ensures high product quality and consistency.

As a result of our advanced technologies and equipment, during the Track Record Period, the product yields for our structural parts, functional modules and complete device assembly were all above industry average.

Our Production Centers

As of December 31, 2024, we had nine production centers located in China, Vietnam and Mexico for the production of our products. The following table sets forth certain information regarding our production centers as of December 31, 2024.

Production center	Year established	Primary products	Total Gross Floor Area
Liuyang, Hunan, China	2008	Smartphones and computers	Approximately 2,305,700 sq.m.
Langli, Hunan, China	2014	Smartphones and computers, smart vehicles and cockpit, intelligent head-mounted displays and smart wearables	Approximately 880,000 sq.m.
Xingsha, Hunan, China	2011	Smartphones and computers	Approximately 160,000 sq.m.
Huanghua, Hunan, China	2020	Smartphones and computers, smart vehicles and cockpit, intelligent head-mounted displays and smart wearables	Approximately 1,560,000 sq.m.
Xiangtan, Hunan, China	2020	Smartphones and computers (including complete device assembly) and others	Approximately 765,000 sq.m.
Dongguan, Guangdong, China	2010	Smartphones and computers	Approximately 788,361 sq.m.
Taizhou, Jiangsu, China	2021	Smartphones and computers	Approximately 941,533 sq.m.
Bac Giang, Vietnam	2017	Smartphones and computers, smart vehicles and cockpit, intelligent head-mounted displays and smart wearables	Approximately 461,320 sq.m.
Monterrey, Mexico	2022	Smart vehicles and cockpit	Approximately 12,500 sq.m.

The table below sets forth our production capacity and utilization rate by production center during the Track Record Period.

Production center	Production capacity (units, pieces in million)			Utilization rate (%)		
	2022	2023	2024	2022	2023	2024
Liuyang, Hunan, China	823.8	656.4	782.2	87.6%	76.2%	82.2%
Langli, Hunan, China	185.7	200.0	299.3	96.8%	95.7%	98.6%
Xingsha, Hunan, China	49.9	16.8	3.3	90.4%	22.0%	45.9%
Huanghua, Hunan, China	31.7	51.6	86.2	84.8%	94.2%	89.2%
Xiangtan, Hunan, China	21.6	56.0	123.0	53.0%	95.2%	93.3%
Dongguan, Guangdong, China	46.8	80.9	75.4	87.8%	90.1%	97.6%
Taizhou, Jiangsu, China	85.2	85.4	75.1	91.8%	94.1%	98.0%
Bac Giang, Vietnam	73.2	30.4	37.9	37.6%	75.3%	76.9%
Monterrey, Mexico	N/A	0.8	0.8	N/A	11.2%	46.3%
Others	5.3	2.2	3.4	43.9%	101.6%	93.5%
Total/Overall	1,323.2	1,180.5	1,486.6	85.7%	82.7%	88.2%

Set forth below are photos of our select production centers.

Liuyang, Hunan, China

Langli, Hunan, China

Xingsha, Hunan, China

Huanghua, Hunan, China

Xiangtan, Hunan, China

Dongguan, Guangdong, China

Taizhou, Jiangsu, China

Bac Gang, Vietnam

We had a small production center in Mexico for the manufacturing of our smart vehicles and cockpit products as of December 31, 2024, primarily serving one of our key customers in the smart vehicles industry. We are currently in the process of strategically adjusting the operations of this production center in response to a change in our customer's own production adjustments and also because we are planning to concentrate the production of our smart vehicles and cockpit products in our other production centers to increase our production and operation efficiency and decrease transportation costs. During the Track Record Period, our Mexico production center did not contribute materially to our production capacity.

The following table sets forth the production capacity and utilization rate for our main product categories for the periods indicated.

Product category	Production capacity (units, pieces in million)			Utilization rate (%)		
	2022	2023	2024	2022	2023	2024
Smartphones and computers						
Structural parts and functional modules	1,223.3	1,065.1	1,315.7	86.2%	82.3%	87.5%
Complete device assembly	12.0	15.9	22.8	85.2%	91.8%	88.7%
Subtotal	1,235.3	1,081.0	1,338.5	86.2%	82.4%	87.6%
Smart vehicles and cockpit	7.5	17.5	15.2	83.5%	71.4%	88.1%
Intelligent head-mounted displays and smart wearables	75.9	76.9	118.3	77.4%	89.3%	94.6%
Other smart devices	4.4	5.1	14.6	93.8%	83.4%	93.8%
Total	1,323.1	1,180.5	1,486.6	85.7%	82.7%	88.2%

Notes:

(1) Production capacity is calculated based on the following assumptions: (i) all our production lines and equipment operating in their full capacity, (ii) 10 hours a shift, two shifts a day and (iii) 312 working days a year.

(2) Utilization rate is calculated by dividing the actual number of units produced in the period by the production capacity of the period.

Production Planning

We typically plan our production on a monthly basis based on the forecasted demand of our customers and the anticipated market trends. We continuously review our production plans and utilization rates and update our production plans at least on a weekly basis, or more frequently on a daily basis if required, pursuant to the utilization rate of our factories in the preceding week and the rolling forecasts of customer orders and expected utilization rates. We also strategically plan our production in advance to prepare for seasonal increases in customer orders.

Inventory Management

Our inventories mainly include raw materials, work-in-progress, finished goods and goods in transit. Based on our forecasted orders, our inventory management department conducts a daily check and update of our inventory level and plans our procurement accordingly. We also conduct inventory aging analysis periodically to reduce the risk of inventory obsolescence and employ our intelligent warehousing system to track and manage our inventory aging status.

As of December 31, 2022, 2023 and 2024, our inventories amounted to RMB6,685.0 million, RMB6,682.7 million and RMB7,160.6 million, and our inventory turnover days in 2022, 2023 and 2024 are 60.5 days, 52.3 days and 41.7 days.

Equipment and Machinery

The material equipment and machinery used in our production processes include (i) anode line, typically used in electroplating or anodizing processes to coat materials with a protective or decorative layer; (ii) hot bending machine, used to bend glass or other materials by heating them to a pliable state; (iii) pressurized furnace, a furnace that applies pressure and heat, often used in processes like sintering or bonding materials; (iv) six-station screen printing machine, a machine with six stations for screen printing, allowing for efficient multi-color or multi-layer printing on materials; (v) washing machine, used to clean materials or components during the manufacturing process to ensure they are free of contaminants; (vi) oven, used for baking or curing materials, often to harden coatings or adhesives and (vii) coating machine, used to apply thin films or coatings to materials, such as anti-reflective coatings on glass.

In line with our strategy developing vertically-integrated capabilities, we design and manufacture certain of these equipment ourselves, especially the equipment used in our critical production processes such as the hot bending machine and six-station screen printing machine. We identify aspects of the production processes that can be improved and accordingly undertake research and development activities to design and manufacture equipment that can optimize these areas.

We regularly inspect and maintain the material equipment and machinery used in our production processes and replace worn consumable parts and components. Our major production equipment and machinery have an estimated average useful life of 10 years.

Logistics

Our products are usually stored in our own warehouses located in our production centers before they are delivered to our customers. We primarily use third-party logistics service providers for the delivery of finished goods from our production centers and warehouses to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their performance and compliance with our requirements to ensure smooth delivery of products to customers. We usually enter into agreements with our logistics service providers on a biennial basis. Our logistics service providers bear the risks associated with the transportation of our products.

Quality Control

We believe that product quality is the cornerstone of our business operations and sustainable growth. We are committed to delivering products that meet the highest industry standards and exceed customer expectations. Our comprehensive quality control and quality assurance systems are integrated into every stage of our vertically integrated production process, ensuring the consistent and reliable production and delivery of high-quality products.

We have established ISO 9001:2008-certified quality management system. We conduct regular internal audits and management reviews of our quality control systems to promptly identify and address potential issues, ensuring continuous improvement and refinement of our quality control systems. In 2023 we received a certification for establishing and applying a quality management system for manufacturing glass cover plate, injection plastic parts, stamping metal parts and touchscreens in accordance with IATF 16949. In 2023, we received IECQ Certificate of Conformity for hazardous substance process management under the European Directive 2011/65/EU in electrical and electronic equipment. In 2024, we received a certification for operating our management system in accordance with ISO 9001:2015.

To ensure product quality, we have established a Quality Control department responsible for implementing quality control measures throughout the entire production cycle, including raw material inspection, in-process quality control, and final product inspection.

We have built in various quality control procedures and processes during our production process to ensure that our product quality meets the expectation and requirement after each critical process, and we monitor the product yield for each of our critical production processes.

We have established a testing center at our Huanghua production center, which has been certified by the China National Accreditation Service for Conformity Assessment. This enables us to carry out certain quality checks and product specification tests required by our customers ourselves instead of engaging third-party agencies for these tests.

Product Returns and Warranty

For our structural parts and modules, our customers will conduct quality check and inspection when they receive the products, and if there are products that do not pass their inspection, they will either return or exchange these products with us. We generally do not offer product warranties for our structural parts and modules once the products have been accepted by our customers.

For our complete device assembly, we typically offer a warranty of a certain period. During the warranty period, we are responsible for repairing or exchanging defective products if the defects are caused by issues in our complete device assembly.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any product return and/or exchange of defective products that has resulted in a material and adverse effect on our business, results of operations or financial condition.

SALES AND MARKETING

We believe that consistently delivering high-quality products on time that meet and exceed our customers' expectations is the most efficient sales and marketing approach for us. As such, our sales and marketing activities are focused on maintaining and expanding the scope of our strategic relationships with our customers since we aim to become and remain the strategic long-term partner of our customers.

In addition to maintaining and strengthening relationships with our existing customers, our sales team also proactively explore new partnerships with potential customers, especially as we expand our offering of products and services.

INTELLECTUAL PROPERTIES

As of December 31, 2024, we and our subsidiaries held a total of 2,249 patents, including 495 invention patents and 135 design patents. These patents are primarily applied in functional materials, such as glass, ceramics, and metals, such as automotive B-pillars, with a focus on product processes and safety in market applications, 113 registered trademarks, 127 copyrights and three domain names as of December 31, 2024. See "Appendix IV — Statutory and General Information — Further Information about the Business — Intellectual Property." These intellectual properties cover our production processes as well as the design of our products.

We rely on a combination of intellectual property protection laws and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets. Despite our efforts, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. See "Risk Factors — Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed."

During the Track Record Period, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties was the subject of, or to the best of the Directors' knowledge, is expected to be subject to, any material disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are committed to ESG initiatives by embedding sustainability into our daily operations and long-term strategies. Driven by technological innovation, we leverage our expertise in glass processing to drive the application of advanced materials for consumer electronics and smart vehicles, contributing to industry-wide sustainable development. We advocate clean production and invest in new energy infrastructure to reduce emissions and foster long-term industry growth.

ESG Governance Structure

Our ESG governance is built on our mission and vision, with a focus on innovation and global leadership. We implement a robust three-tier governance framework supported by over 30 ESG-experienced employees. Each year, our board reviews ESG strategies, assesses risks, and sets objectives. Department heads coordinate implementation, while business units execute projects, monitor progress, and report data. We continuously enhance our ESG strategies through collaboration with internal and external experts.

ESG Risk Identification, Assessment, and Response Summary

By integrating the MSCI ESG Key Issues Framework, SASB Materiality Map and industry-specific key issues analysis, we have identified 30 material issues relevant our operations. Aligned with our commitment to sustainable development and fostering a balanced relationship between humanity and the environment, these issues have been assessed from a multi-stakeholder perspective. We have established corresponding measures to address them:

Category	Material Issues	Importance/Relevance to the Group	Group's Corresponding Measures
Environmental	Environmental Compliance Management	By complying with environmental regulations, companies can reduce risks and attract green investors.	Adhere to international conventions, national laws, and customer requirements. Set and continuously improve environmental management goals and indicators.
	Water Resource Utilization	Efficient water use and protection can drive economic and environmental harmony while showcasing brand responsibility.	Assess water usage, build a management framework, establish systems, identify risks and opportunities, and implement management measures.
	Energy Utilization	Promote energy saving, green production, and highlight brand responsibility.	Improve energy management, implement clean energy plans, set up monitoring platforms, and establish tiered targets.
	Pollutant Emissions	Implement wastewater reuse and water-saving tech to cut water use and discharge. Through waste sorting and recycling, boost resource efficiency and reduce wastage.	Establish a pollutant management system, conduct impact assessments, implement emission cuts, set pollutant discharge targets, and disclose emission details. Strictly manage pollutants at all stages.
	Waste Management	Improving waste management and promoting recycling show the brand's environmental commitment.	Follow local laws, manage waste via ISO 14001, and advance the zero-landfill project.
	Climate Change Mitigation	As demand for low-carbon products grows, developing and providing them helps the company meet market needs and achieve growth	The company has systematically identified climate risks and explored opportunities related to short-term and long-term physical and transition risks.

Category	Material Issues	Importance/Relevance to the Group	Group's Corresponding Measures
	Circular Economy	Implementing reuse measures reduces raw material and waste disposal costs, and improves resource efficiency. Developing a circular economy drives innovation, creating new markets and product lines.	Purchasing efficient machinery and adopting resource-saving technologies also optimizes resource management and emphasizes recycling and reuse.
	Chemical Usage and Emissions	Reduce hazardous chemicals and pollution to show brand commitment to sustainability.	Manage chemical use and emissions from product design to comply with environmental regulations.
Social	Product and Service Safety and Quality	A robust quality management system helps the company handle regulatory changes and reduce compliance risks. High-quality products open new markets and attract safety-conscious customers.	Actively carry out quality management training and learning activities, absorb advanced quality management concepts and methods, and continuously improve and innovate the quality system and management model of products.
	Supply Chain Security and Management	A strong quality management system helps the company handle regulatory changes and reduce compliance risks.	Actively conduct quality training, adopt advanced concepts, and continuously improve the quality system.
	Protection of Employees' Legal Rights and Interests	Valuing employee rights, providing fair pay and a good work environment boosts satisfaction and loyalty, reducing turnover and improving efficiency.	Offer comprehensive benefits, respect labor rights, and share sustainable development values with employees.
	Employee Training and Development	A good career development mechanism attracts top talent and boosts competitiveness.	A training system with operational, curriculum, and instructor components has been established.
	Occupational Health and Safety	Good working conditions and safety measures improve employee loyalty and efficiency, enhance corporate cohesion, and attract skilled talent.	An occupational health management system is in place with a dedicated team to identify hazards, conduct monitoring and health checks, and prevent risks.
	Employee Compensation and Benefits	Enhance employee pay and benefits to boost corporate cohesion and drive long-term brand development.	Establish a market-oriented pay system, introduce flexible benefits, improve performance evaluation, and implement equity incentives to increase motivation.
	Stakeholder Communication	Effective communication builds trust with stakeholders and boosts cooperation. Proactive communication shapes a positive image and enhances brand value.	Accurately identify stakeholders, establish a multi-dimensional communication platform, conduct annual ESG surveys, and maintain regular communication.
	Diversity and Equal Opportunity	Eliminate discrimination and create a diverse, equal, and inclusive workplace.	Establish anti-discrimination policies, conduct diverse recruitment, launch empowerment programs, and embrace internationalization.

Category	Material Issues	Importance/Relevance to the Group	Group's Corresponding Measures
	Social Contribution	Participating in public welfare and charity enhances visibility, strengthens brand image, and attracts socially responsible customers and partners.	Conduct volunteer activities and focus on community building and social giving.
	Rural Revitalization	Engaging in rural revitalization projects enhances social visibility and corporate image.	Actively participate in targeted poverty alleviation and rural revitalization efforts.
	Customer Rights	Protect customer rights, optimize service quality, and build a win-win customer relationship system.	High-quality products and services, customer-centric thinking, and wholehearted service build strong customer trust.
	Data Security and Customer Privacy Protection	High-standard information security services attract customers with high security needs. A robust security and privacy management system enhances trust and competitiveness.	Based on ISO/IEC 27001:2022 and other requirements, the Group has developed a manual to ensure zero loss and leakage, achieving 100% compliance.
	Fair Treatment of Small and Medium-sized Enterprises	Fair treatment of SMEs builds a stable and efficient supply chain.	Maintain integrity with suppliers, make timely payments, protect SME rights, and optimize the business environment.
Governance	Shareholder Rights Protection	Protecting shareholder rights enhances the company's image and attracts more investments.	The Company establishes a governance structure to ensure all shareholders can fully exercise their rights and enjoy equal status, in line with its Articles of Association.
	Innovation-Driven Development	Technological innovation helps develop core technologies with independent IP, gaining market leadership and enhancing competitiveness and profitability.	The company continuously invests in R&D, establishes research institutes, and focuses on improving product quality and competitiveness.
	Due Diligence	Without a robust due diligence system, failure to identify or control ESG issues can impact sustainable development.	Establish a sustainability compliance framework, assemble a professional team, and enhance employee sustainability awareness.
	Corporate Governance	Standardized operations of the three meetings improve decision-making efficiency and competitiveness, ensuring long-term interests and sustainable development.	The company adheres to relevant laws and regulatory requirements, has a governance structure centered on the "three meetings and one level," and ensures scientific decision-making and transparent operations through comprehensive rules.

Category	Material Issues	Importance/Relevance to the Group	Group's Corresponding Measures
	Anti-Bribery and Anti-Corruption	A robust anti-bribery and anti-corruption mechanism boosts governance transparency and builds shareholder and customer trust. Regular risk assessments help identify and avoid legal and financial risks.	The Group has set up an Internal Inspection Department developed integrity management systems, and opened a dedicated complaint channel.
	Compliance and Risk Control	A sound risk management mechanism offers clear risk information for decision-making. Risk assessment enables efficient resource allocation and focuses on major risks.	Establish a sustainability compliance framework, assemble a professional team, and enhance employee sustainability awareness.
	ESG Governance	A robust ESG governance mechanism boosts market competitiveness and attracts investors and customers. Establishing an ESG governance mechanism achieves sustainable development.	Construct a comprehensive risk management framework and a sound internal control system to manage operational risks.
	Anti-Unfair Competition	A sound management system ensures legal compliance and reduces legal and financial risks.	Strengthen governance by improving structure, establishing systems to prevent unfair competition, and adhering to ethical guidelines and codes of conduct.
	Intellectual Property Rights Protection	Establish an IPR protection system, standardize IPR management, and demonstrate brand awareness.	Prevent infringement through patents and trademarks. A comprehensive IPR management system is in place to promote professional, systematic, and standardized IPR work.

Environmental Indicators and Management

We integrate environmental management into operations, adhering to sustainability and pollution prevention. We comply with regulations, conserve energy, reduce emissions, and maintain a comprehensive system with standardized documentation and regular monitoring. During the Track Record Period, we were not subject to any material administrative penalties imposed by environmental protection authorities for violations of environmental protection laws, regulations, or regulatory documents.

Emissions

Our key emissions include exhaust gases, solid waste, and industrial wastewater. Key highlights in 2024 include:

➢ Exhaust Gas Management: Invested RMB24.03 million to upgrade facilities using activated carbon adsorption and low-temperature plasma, reducing VOC emissions by 42.09 metric tons and ensuring compliance with standards.

- Solid Waste Management: Successfully utilized over 189,356.9 tons of waste through our "Zero Landfill" initiative, minimizing landfill waste.

- Wastewater Management: Liuyang production center received recognition for outstanding water-saving practices, emphasizing our commitment to water efficiency and reduced wastewater discharge.

As of December 31, 2024, the emission data for exhaust gases, wastewater and waste generated by us during the Track Record Period are as follows:

Classification	Unit	2022	2023	2024
Exhaust Gas				
Nox	kg	3,500	9,380.27	5,393.39
Sox	kg	1,262.51	5,384.3	3,485.47
PM	kg	11,946.47	48,767.24	28,716.26
Wastewater				
Total Water Consumption	tonnes	34,318,201	32,369,502	36,596,517
Recycled Amount	tonnes	6,686,210	5,599,585	5,524,543
Waste				
Hazardous Waste	kg	8,018,260	7,399,330	10,012,460
Non-hazardous Waste	kg	167,774,510	186,159,280	194,340,220
Recycled Volume of Hazardous Waste	kg	627,030	453,430	694,290
Recycled Volume of Non-hazardous Waste	kg	159,436,230	163,297,710	188,662,570

Resource Consumption

Our main resource consumptions are energy and water. By December 31, 2024, we have established 12 reclaimed water recycling stations, achieving an annual recycled water volume of over 1,125.9 million tons. Household and kitchen waste are fully collected and utilized for bioenergy and biogas power generation. Over 90% of industrial waste is recycled, further reducing carbon emissions.

In December 2024, *Lens Technology Songshan Lake Park* was listed in the *MIIT 2024 Annual Green Manufacturing List*.

Details of our resource consumption during the Track Record Period are as follows:

Resource Classification	Unit	2022	2023	2024
Electricity	MWh	4,492,475	4,140,715	4,515,729
Water Resources	tonnes	27,631,991	26,769,917	31,071,974

Aligned with our current business operations and industry practices, we have established the following energy management goals to drive sustainable transformation

- Implement energy-saving retrofit projects across the entire business chain. The average annual energy-saving growth rate will be no less than 3% from 2025 to 2030, with the energy savings in 2030 exceeding 60 million kilowatt-hours.

- By 2030, the proportion of clean energy usage will be increased to 60%. The scale of green electricity procurement will be expanded year by year, with the green electricity consumption ratio breaking through 30% by 2030.

We implemented the "New Product Development Control Procedure" to assess environmental impacts throughout the product lifecycle to minimize resource use, energy consumption, and pollution, ensuring sustainable design and production.

Carbon Management

We integrate sustainability into procurement by prioritizing environmentally friendly materials and suppliers with strong resource conservation practices. In 2024, we executed 45 energy-saving projects, reducing carbon emissions by 2.7 million tons of CO_2.

In recognition of our efforts, we were named an "*Outstanding Practice Case for Enterprise Green and Low-Carbon Development in 2024*" by the *China Enterprise Confederation*.

Details of our carbon emission during the Track Record Period are as follows:

Classification	Unit	2022	2023	2024
Scope 1	Metric tonnes of carbon dioxide equivalent	18,441.858	19,055.210	25,953.347
Scope 2	Metric tonnes of carbon dioxide equivalent	2,628,569.730	2,372,615.850	2,613,215.071
Scope 3	Metric tonnes of carbon dioxide equivalent	4,662.280	4,611.061	5,363.140

To support China's 2030 "carbon neutrality" goal, we've set the following carbon emission targets based on current operations and industry practices to drive sustainable transformation:

- Taking the year 2024 as the baseline, we plan to reduce the carbon emission intensity (tCO_2/ten thousand yuan of output value) of our operations (Scope 1, Scope 2, and Scope 3) by 20% over the next five years.

Identification of climate-related risks and opportunities

We prioritize climate-related governance and have systematically identified both physical and transition risks, assessing their potential impacts:

- **Climate Physical Risks**

  a. **Short-term Risks:** Our production facilities in regions like Hunan, Guangdong, and Jiangsu are vulnerable to extreme weather threats such as floods and typhoons, which could disrupt operations, transportation, and warehouse safety, resulting in increased costs.

  b. **Long-term Risks:** Rising global temperatures may impact employee health and productivity, necessitating investments in protective measures and workplace improvements, which could increase labor costs.

- **Climate Transition Risks**

  a. **Policy and Compliance Risks:** Stricter environmental regulations require us to enhance emission controls, leading to higher compliance costs and potential impacts on brand reputation.

  b. **Market and Consumer Demand Risks:** The growing demand for sustainable products drives the need for green transformation; failure to adapt could negatively impact market share.

While managing these risks, we actively seek opportunities for sustainable growth:

- **Renewable Energy:** We promote solar and wind energy adoption within our operations and supply chain, reducing carbon emissions and energy costs.

- **Products and Markets:** Increasing consumer awareness of sustainability, creates opportunities for green products, enabling market expansion.

- **Policy Support and Competitive Advantage:** Developing a green supply chain enhances brand recognition, ensures compliance with evolving carbon standards, and supports long-term growth.

Corporate Strategy and Objectives: We integrates climate risks into strategic decisions, assesses climate impacts on the value chain, upgrades facilities, deploys renewable energy and recycling solutions, implements emission reduction plans, promotes low-carbon technologies, and explores green business models.

Social Indicators and Management

As a leading precision manufacturing platform for smart devices, we are committed to corporate social responsibility by fostering positive social impact through occupational safety, employee development, sustainable supply chains, consumer rights protection, and social welfare initiatives.

Employment Practices

We prioritize employee rights and welfare, ensuring a fair and equitable employment system. We strictly comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other relevant labor regulations to ensure full protection of employees' legal rights. In accordance with our internal control systems regarding working hours and remuneration stipulated in our human resources policy, overtime work of our employees is based on the principle of voluntariness, and employees who voluntarily work overtime shall sign the overtime application by hand. The maximum daily/monthly working hours policy complies with local regulations. We have established the "Attendance Management Measures" which stipulate that employees' overtime work generally shall not exceed two hours per day and 36 hours per month. Overtime compensation for weekdays shall be calculated at 1.5 times the standard hourly wage, for Saturdays and Sundays shall be calculated at 2 times the standard hourly wage, and for statutory holidays shall be calculated at 3 times the standard hourly wage.

Moreover, we have put in place emergency measures to deal with potential forced labour incidents. As confirmed by our consultant on internal controls, based on internal control review procedures performed, no material internal control deficiencies were identified in this regard. We've established a diversified compensation and benefits system with transparent performance evaluations and incentives to enhance well-being. We also promote engagement through community activities and long-term rewards. During the Track Record Period, we were not involved in any material non-compliance incidents or subject to any material administrative penalties in relation to labour protection laws and regulations. According to the Working Hours Control Management Standard, employees shall work no more than 10 hours per day and no more than 60 hours per week. We require that employees take at least one day off after every six consecutive working days, and mandate a 15-minute break in both the morning and afternoon. To prevent instances of involuntary labor, we have established the Management Procedure for the Prevention of Involuntary Labor, which clearly stipulates that employees must not be forced to work overtime and have the right to refuse overtime work. Additionally, we prohibit the setting of production targets that require employees to work beyond regular hours in order to earn the minimum statutory wage or an industry-standard wage. No punitive measures shall be taken against employees who refuse to work overtime, such as wage deductions, any form of coercion, or other penalties. Going forward, we will continue to improve and refine our labor management system to ensure sustainable practices in employment.

In 2024, we were selected as one of the top 100 employers by 58.com and ranked 20th in China's Top 100 Best Employers by HR Value Network.

The breakdown of our employee as of year-end 2024 is summarized as follows:

➢ *By Gender*

Year	Male	Female
2024	82,478	53,980

➢ *By Age*

Year	Below 30 Years Old	31–45 Years Old	Above 45 Years Old
2024	46,365	76,296	13,797

➢ *By Geographic Distribution*

Year	Local Employees	Non-Local Employees
2024	79,640	56,818

As of December 31, 2024, we had a total of 130,759 employees in China. In addition, we had 5,540 employees in Vietnam, 133 employees in Mexico and 26 employees in other overseas countries/regions.

During the Track Record Period, we strictly enforced the *Management Procedures for Prevention of Involuntary Labor*, ensuring no forced labor or employment of minors while upholding voluntary overtime and resignation rights.

➢ **Compensation System:** Salaries are based on position, skills, and performance, ensuring fairness and competitiveness. Employees can dispute salary details through official channels. A *Remuneration and Evaluation Committee*, led by an independent director, regularly reviews market salary data to maintain internal fairness and external competitiveness.

➢ **Employee Benefits:** We provide a modern workplace, team-building activities, and an *Employee Care Center* offering mental health support. Our *Employee Assistance Program* facilitates psychological well-being and professional growth.

- **Employee Feedback Mechanism:** Employees can voice concerns through suggestion boxes, emails, forums, and representative meetings. HR hosts quarterly forums and new hire feedback sessions. In 2024, we conducted 172 psychological knowledge lectures (7,163 participants), 525 home visits (6,972 participants), 4,365 "Project 520" sessions (61,017 participants), and 1,778 employee seminars (30,085 participants).

Staff Development and Training

The company attaches great importance to the life safety and health of its employees. Occupational health management systems have been established in all company campuses, with dedicated teams in place to identify and assess occupational hazards. Professional personnel are invited to conduct on-site monitoring and health check-ups. As advised by our PRC Legal Advisor and confirmed by our Directors, we experienced no major accidents[1] during the Track Record Period. There were no major administrative penalties imposed by the work safety authorities for violations of laws and regulations in relation to production safety.

As of today, our career development and vocational skills training during the Track Record Period is as follows:

Classification	Unit (of measure)	2022	2023	2024
Duration of training	Hours	395,336	395,563	391,424
Number of persons trained	Person-times	1,433,749	1,013,933	1,568,092

Sustainable Supply Chains

We ensure a sustainable supply chain through strict supplier selection, performance evaluation, and dynamic management.

As of December 31, 2024, our suppliers are mainly divided into Mainland China and those from outside Mainland China. The distribution of suppliers during the Track Record Period is as follows:

Regional distribution of suppliers	Unit (of measure)	2022	2023	2024
Mainland China	Entities	1,346	1,636	1,923
Outside the Mainland (including Hong Kong, Macao, and Taiwan regions)	Entities	193	260	310

1 A major accident refers to an accident that results in the death of 10 to 30 people, serious injuries to 50 to 100 people, or direct economic losses ranging from RMB50 million to RMB100 million.

Supplier Access Assessment and Introduction Management

We classify suppliers into material, equipment, and engineering categories, conducting strict qualification assessments before onboarding. Suppliers must meet environmental and safety standards, with polluting enterprises required to hold *ISO14001* certification. Those handling hazardous chemicals must provide relevant licenses. All suppliers sign social responsibility and environmental agreements, adhering to *Responsible Business Alliance (RBA)* standards and compliance documents such as REACH and VOC declarations.

Supply Chain Daily Management

We conduct continuous supplier evaluations, adjusting strategies based on real-time performance data.

- **Supplier Performance Management:** Monthly appraisals cover quality, procurement, technology, and hazardous substances management.
- **Social Responsibility:** Key suppliers undergo annual audits to ensure compliance with labor, environmental, and ethical standards. High-pollution suppliers require prior environmental approval.
- **Trade security:** Vendors must provide trade security certificates or sign customs agreements, with regular compliance checks.
- **Proof of origin:** Suppliers must follow import regulations, label the country of origin, and provide relevant certificates.
- **Integrity Procurement:** Suppliers sign confidentiality and social responsibility agreements; violations lead to suspension. Reporting channels are available for complaints.
- **Conflict-Free Raw Material Management:** We ensure traceability of gold, tantalum, tin, tungsten, and cobalt, requiring conflict-free certification and OECD-compliant due diligence. All suppliers sign a *Conflict Minerals Questionnaire* and submit regular compliance reports.

Product Responsibility

We are committed to delivering high-quality, innovative, and sustainable products, that meet environmental, social, and quality standards. Through our *Innovation Research Institute* and rigorous testing, we continuously enhance product safety and performance. Customer needs are central to our operations. Following the vision "to lead industry trends through technological innovation and forge a global leading smart manufacturing enterprise," we have had no major product recalls over the past three years.

Innovative Design and Research and Development

We integrate both vertical and horizontal supply chain strategies. By advancing *lean production, automation, and new materials*, we enhance efficiency, reduce costs, and strengthen market competitiveness. Our *Innovation Research Institute* on the research and development of brittle materials, applications of new energy and optics, artificial intelligence and others.

- **Accelerating Intelligent Manufacturing:** We're transforming "Made in China" to "Smart Manufacturing in China" via smart manufacturing factories, industrial IoT, and automation. Lens Xiangtan lead in IoT, smart warehousing, and full automation, earning high customer recognition.

Intellectual Property Protection

We adhere to patent, trademark, and copyright laws, establishing a structured *Intellectual Property Management System* to safeguard innovation. As of December 31, 2024, we hold 2,249 valid patents, including 495 invention patents, 1,619 utility model patents, and 135 design patents, alongside 127 software copyrights.

High Standards of Quality Assurance

We ensure all products meet international quality standards, with accredited *Testing and Metrology Centers* certified under ISO/IEC 17025:2017 and CNAS standards. We hold four national laboratory accreditations, reinforcing our commitment to excellence in quality and environmental sustainability.

Community and Public Goods

Over the years, we have continuously conducted various volunteer service activities, actively participated in community building, and also focus on giving back to society through various initiatives. In 2024, we donated over RMB7.8 million through direct contributions and foundations, supporting disaster relief, poverty alleviation, education, and disability assistance programs.

Privacy and Data Security

We prioritize data security and privacy protection, strictly adhering to the *Network Security Law, Personal Information Protection Law, Data Security Law*, and *ISO 27001* standards.

➢ **Data Security Protection**

a. **Information Security Practices:** We conduct regular security drills, disaster recovery tests, and penetration testing to identify and resolve vulnerabilities. Annual *ISO 27001* internal and external audits ensure compliance and continuous improvement in data security management.

b. **Information Security Incident Plan and Summary:** Our *Information Security Incident Management Specification* outlines response mechanisms for security threats, supported by predefined workflows and preventive measures to minimize risks.

c. **Information Security Education and Training:** New employees undergo mandatory online and offline security training on data protection and confidentiality. Passing an examination is required before starting work, reinforcing compliance with security protocols.

Anti-Corruption

We maintain a zero-tolerance policy against bribery and corruption, overseen by the *Internal Inspection Department*, which ensures compliance with anti-corruption regulations.

a. **Internal Employees:** Employees must sign the *Ten Provisions on Integrity and Self-Discipline of Management Personnel*, undergo annual anti-corruption training, and adhere to a "*one-vote veto*" policy in promotions.

b. **Suppliers:** Suppliers must comply with the *Confidentiality Agreement on Honesty and Integrity* and the *Code of Business Conduct*. First-time suppliers undergo audits, and violations result in blacklisting or disqualification.

c. **Complaint Handling:** We have opened a special complaint channel for employees, customers or suppliers to report irregularities and violations of the law.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny. See "Risk Factors — Risk Relating to Our Business Operations — Our operations rely on complex information technology systems and networks, and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches."

We collect and store business data, management data and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. We generally do not collect or process individual customers' personal information since our customers are brand companies rather than individuals. We also do not have any cross border data transaction. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations related to cybersecurity and data protection in all material aspects.

We have established a comprehensive data compliance system that consists of organizational structure and internal policies. Specifically, we have established our Group Data Security Handbook pursuant to the requirements under ISO27001 and have set up data security operational platforms covering multiple areas of our business operations, from terminals, network, application, computers to data security. Our platforms and procedures ensure that we have a comprehensive set of protocols covering the prevention of data breaches, immediate action and response in case of data incidents and post-incident assessment and analysis. Our data security policies have been certified under ISO27001 and ISO20000. In addition, we conduct annual trial runs of data breach incidents to test our data protection mechanism and provide various data security trainings to our employees (including trainings during their on-boarding process) to ensure that our employees are well aware of our data security policies and their responsibilities in terms of data protection. We require our employees to pass our data security tests before they can commence working for us.

Our legal and information technology departments are responsible for developing and implementing our policies and procedures relating to cybersecurity and data security.

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth.

Our key information technology systems are set forth below:

- Our Customer Relationship Management system manages customers' information and sales processes. It helps to track potential customers and sales opportunities in order to enhance efficiency, reduce human errors and increase customer satisfaction.

- Our Enterprise Resource Planning system provides a unified platform that enables cross-departmental collaboration and enhances overall operational efficiency. It delivers real-time business data to help management in decision-making.

- Our Supplier Relationship Management system optimizes supply chain processes by predicting demand, managing inventories, reducing costs and enhancing the flexibility of the supply chain. It helps to ensure timely supply of raw materials and products.

- Our Manufacturing Execution system ensures efficient production while maintaining our quality standards. Used for planning and controlling various stages of production processes, it optimizes resource allocation, improves production efficiency, shortens production cycles, and ensures product quality consistency.

- Our Quality Management system monitors and controls product quality to ensure compliance with our and industry standards. By conducting quality inspection and analysis, it detects and resolves quality issues early on and minimizes product defects.

- Our Warehouse Management system optimizes inbound and outbound logistics and inventory management. By reducing storage costs, improving order processing speed and enhancing warehouse space utilization, it improves warehouse efficiency, reduces errors and ensures our inventory data accuracy.

COMPETITION

We operate in a highly competitive market, and we mainly compete with other providers in the global precision manufacturing industry. Our ability to maintain and grow our market share depends on us competing effectively against our competitors. The competitive landscape is shaped by multiple factors, including the growth of our customers and their respective industries, advancements in technology, emergence of new materials or technology, production capacity, regulatory changes and general economic conditions. Despite high barriers to entry, new market participants may emerge, introducing innovative or cost-effective products that challenge existing players. If we are unable to keep pace with such advancements or fail to differentiate our products in terms of quality or cost, we risk losing market share to our competitors. See "Industry Overview" for details relating to our competitive landscape.

INSURANCE

We maintain insurance policies to cover product liability and employer liability. In addition, we have purchased a number of property, equipment and transportation related insurance policies covering our facilities, machinery, equipment, inventories and other tangible assets. We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to our Business Operations — Our insurance coverage may not cover all losses" for details.

During the Track Record Period, we had not made, and were not the subject of, any insurance claims which are material to our business or financial condition.

INTRA-GROUP TRANSACTIONS

In our ordinary course of business, we conduct certain intra-group transactions among our entities in different jurisdictions. The table below sets forth the amount of our intra-group transactions and arrangements for the periods indicated.

	Year ended December 31,		
Transaction Type	**2022**	**2023**	**2024**
		RMB'000	
Finished Good Sales	44,809,183	51,476,456	52,633,491
Semi-Finished Goods Sales	4,362,199	1,034,321	2,235,395
Raw Material Sales	10,269,643	10,802,508	7,072,979
Auxiliary Material Sales	867,258	665,444	677,591
Smart Equipment Sales	753,403	451,182	818,402
IT Services	157,312	218,423	58,465
Processing Services	123,674	170,627	55,416
Intercompany Loan	67,213	3,960	219,771

During the Track Record Period, our manufacturing entities sell goods, including finished products, work-in-progress, equipment and supporting materials to other entities within the Group and receive payments correspondingly, and our trading entities sell raw materials to other entities within the Group and receive payments correspondingly. In addition, entities within the Group would provide IT services, processing services and sales support services to other entities, and there are financing transactions within the Group as well.

We have engaged an independent transfer pricing consultant to conduct a review of our key intra-group transactions during the Track Record Period, with a focus on material and recurring transactions. The consultant reviewed information provided by us, including financial figures and activities performed by relevant group entities, and performed benchmark studies. The consultant assessed the reasonableness of the relevant transfer pricing transactions and arrangements by applying appropriate transfer pricing methods primarily using the interquartile range approach. The objective was to evaluate whether the relevant pricing of intra-group transactions was in line with the arm's length principle and would not give rise to material tax exposure.

According to our independent transfer pricing consultant, during the Track Record Period, our transfer pricing risks resulting from our intra-group transactions were relatively low, and our transfer pricing practice with respect to our intra-group transactions worldwide did not have any material compliance issues.

The independent transfer pricing consultant reviewed the following transfer pricing transactions and arrangements, and the results of the analyses are summarized as below.

(1) Analysis of sale of finished and semi-finished goods by manufacturing entities to trading entities

During the Track Record Period, certain manufacturing entities, including the Company, Lens Changsha, Lens Xiangtan, Lens Dongguan and Lens Taizhou, sold finished products to trading entities, including Lens Shenzhen and Lens International, for onward sale to external customers. Certain manufacturing entities, including the Company, Lens Changsha, Lens Intelligent Control, sold semi-finished products to other manufacturing entities, including Lens Vietnam, the Company and MOSS TECHNOLOGY, S.A. DE C.V., for further processing where production capacity constraints or multi-stage processes were involved.

The independent transfer pricing consultant has reviewed these transactions and found that the gross profit margins for such sales were largely within the interquartile range based on comparable benchmarks. For certain transactions where the margins fell outside the range, the deviations were supported by commercial rationale. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

(2) Analysis of sale of raw materials to manufacturing entities

During the Track Record Period, certain trading entities, including Lens International and Lens Shenzhen, sold raw materials to other manufacturing entities, including the Company, Lens Changsha, Lens Taizhou, and Lens Vietnam, based on centrally coordinated procurement arrangements. Certain trading entities, including Shenzhen Lens Wang and Lens Precision Co., Ltd., sold specialised raw materials to manufacturing entities, including the Company and Lens Changsha, to support bespoke production needs. Certain manufacturing entities, including Changsha Lens New Materials Company Limited and Changsha Yong'an New Material Company Limited, sold self-produced auxiliary materials to other manufacturing entities, including the Company, Lens Changsha and Lens Dongguan, for use at various stages of the production process.

The independent transfer pricing consultant has reviewed and benchmarked these transactions and found that the gross profit margins of such sales were largely within the interquartile range based on comparable benchmarks. For certain transactions where margins fell outside the range, the associated risk is considered low given the scale of the transactions, the absence of any tax avoidance motive, and the presence of commercial rationale. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

(3) Analysis of sale of smart equipment to manufacturing entities

During the Track Record Period, certain manufacturing entities, including Lens Intelligent Robot and Lens Shenzhen, sold smart manufacturing equipment to other manufacturing entities, including the Company, Lens Changsha, Lens Taizhou and Lens Vietnam, for use in automated production processes.

The independent transfer pricing consultant has reviewed these transactions and found that the gross profit margins of such sales were largely within the interquartile range based on comparable benchmarks. For certain transactions where the margins fell outside the range, the deviations did not result in reduction in PRC tax payable and the associated risk is considered low. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

(4) Analysis of provision of services to manufacturing entities

During the Track Record Period, certain system integration service entities, including Lens System Integration Company Limited and Shenzhen Lens System Integration Company Limited, provided IT system integration services to manufacturing entities, including the Company, Lens Changsha, Lens Xiangtan and Lens Taizhou, for maintenance and support of software systems and hardware infrastructure used in daily production and operations. Certain manufacturing entities, including the Company, Lens Changsha and Lens Intelligent Control, provided processing services to other manufacturing entities, including Lens Changsha, the Company, Lens Dongguan and Lens Xiangtan, primarily to address internal production capacity constraints.

The independent transfer pricing consultant has reviewed these arrangements and found that the gross profit margins of such service arrangements were largely within the interquartile range based on comparable benchmarks. For certain transactions where the margins fell outside the range, the deviations did not result in reduction in PRC tax payable and the associated risk is considered low. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

(5) Analysis of provision of sales support services by an overseas entity to trading entities

During the Track Record Period, Lens Technology, Inc. provided sales support services to Lens International, including customer development and routine client management in the U.S. market.

The independent transfer pricing consultant has reviewed the transaction and found that a cost-plus pricing method was adopted, with markups within the interquartile range based on comparable benchmarks. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

(6) Analysis of intra-group financing arrangements and pass-through transactions

During the Track Record Period, certain Group entities, including the Company, Lens Changsha, Lens Technology (Kunshan) Company Limited, Lens Wang Technology, and Lens Dongguan, entered into intercompany loan arrangements for working capital and strategic funding purposes. Certain trading entities, including Lens Shenzhen and Lens International Limited, passed on customer-provided rebates and R&D subsidies to certain manufacturing entities, including Lens Changsha and Lens Vietnam. In certain cases, customer-supplied moulds were also transferred via trading entities to manufacturing entities on a pass-through basis.

The independent transfer pricing consultant has reviewed these arrangements and found that most loans were interest-bearing and priced in line with market rates. A limited number of interest-free loans were made to support financially weaker or developing subsidiaries, and such arrangements were not motivated by tax avoidance and thus the associated risk is considered low. For the pass-through transactions, trading entities did not assume any functional or risk-bearing role and did not retain any margin. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

Based on the above analysis, the independent transfer pricing consultant is of the view that, during the Track Record Period, the transfer pricing transactions and arrangements were generally consistent with the arm's length principle and our transfer pricing practice worldwide did not have any material compliance issues.

Although we cannot assure you that the Mainland China, Hong Kong and other jurisdictions tax authorities will not make any transfer pricing adjustments according to the relevant laws and regulations, the Directors (after consultation with our independent transfer pricing consultant) are of the view that the Group would have reasonable grounds of defense against possible challenges to the Group's transfer pricing arrangements for the Track Record Period.

PROPERTIES

As of December 31, 2024, we operated our business through owned and leased properties in 20 locations in countries including China, Vietnam and Mexico. We primarily use our owned and leased properties as our production centers and office premises.

As of December 31, 2024, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Hong Kong Listing Rules to include any valuation report in this Prospectus. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the

Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As of December 31, 2024, we owned properties in 12 locations with a gross floor area of over six million square meters in China, Vietnam and the United States. We mainly use these properties as our production centers and office premises, of which, we are currently applying for property ownership certificates for four properties with an aggregate gross floor area of approximately 110 thousand square meters. Our PRC Legal Advisor has advised us that, with respect to those four properties that we are currently using and applying for property ownership certificates, we may be imposed (i) a maximum fine of RMB300,000 and may be ordered to stop using the property in the two cases of deficiency in fire safety inspection or (ii) a maximum fine amounting to 10% of the cost of constructing the property and may be ordered for demolishment in the other two cases of deficiency in the construction planning permit. We expect to obtain the ownership certificates for two properties in our Xingsha production center in around October 2025. Afterwards, we will continue to coordinate with the relevant local government department for ownership certificates after we obtain the certificates for our Xingsha properties. With respect such properties, based on interviews with the competent regulatory authority, and considering that these properties are either not used as production facilities or not in actual use, we could find alternative properties to use if needed, our PRC Legal Advisor is of the view that such circumstance would not have any material adverse impact on our business operation.

Leased Properties

As of December 31, 2024, we leased properties in eight locations with a gross floor area of over 100 thousand square meters in mainland China, Hong Kong, Japan, Mexico, Vietnam and Singapore, mainly as our employee dormitories, production centers and office premises. According to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within a prescribed time period. As of the Latest Practicable Date, with respect to 15 leased properties in mainland China with relatively large gross floor area, we had not filed the lease agreements. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations but we may be ordered by relevant competent authorities to complete the filing within a designated time limit, and may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to do so within the time limit. As advised by our PRC Legal Advisor, if the filing of these lease agreements can be completed in accordance with relevant laws and regulations within the prescribed time limit ordered by the competent governmental authorities, such circumstances would not have any material adverse impact on our business operations.

With respect to the non-compliances regarding our leased properties, we will actively work on completing the lease registration, and the lack of registration does not affect normal use. With respect to the non-compliances regarding our owned properties, we have received written support from local government authorities, committing to ensure that the properties are used normally until the issues are resolved and actively coordinating to address the issues.

EMPLOYEES

As of December 31, 2024, we had 136,458 full-time employees, with approximately 96% of our employees located in China. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2024.

Function	As of December 31, 2024	
	Number	%
Production	98,853	72.4%
R&D and technical personnel	24,545	18.0%
Administrative	11,820	8.7%
Sales and marketing	899	0.7%
Finance	341	0.2%
Total	136,458	100.0%

We provide our employees with certain benefits including social insurance coverage and retirement benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined with reference to their job positions, technical skills, job performance and competition.

We have various employee training programs that aim to enhance our employees' technical skills and innovation capability. Our employee training system is centred around three pillars, namely our operational system, our class system and our instructor system. Our operational system governs the design and implementation of our training policies; our class system decides our training content, and our instructor system makes sure that we have the right instructors who can properly train and inspire our employees.

None of our employees are represented by a union or collective bargaining agreements. We believe that we have good employment relationships with our employees. During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

NON-COMPLIANCE INCIDENTS

Social Insurance and Housing Provident Funds

According to relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. During the Track Record Period, we and certain of our PRC subsidiaries did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations.

As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

Based on interviews with several relevant PRC regulatory authorities which are the competent regulatory authorities, they would not conduct centralized collection of historical social insurance and housing provident fund underpayments on us or our relevant PRC subsidiaries unless they receive complaints from our employees, and we and our relevant PRC subsidiaries would not be penalized if we rectify the non-compliance within the stipulated time period after receiving complaints. If we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice. As at the Latest Practicable Date, (i) we and the relevant PRC subsidiaries had not been subject to any material administrative actions, fines or penalties due to such non-compliance, (ii) we were not aware of any material employee complaints filed against us nor were we involved in any material labor disputes with our employees with respect to social insurance or housing provident fund contributions and (iii) we had not received any notice issued by the social insurance premium collection agencies and housing provident fund management departments regarding payments within limited time or overdue payments of social insurance premiums and housing provident fund contributions. No shortfall repayments, fines or penalties were triggered during the Track Record Period and up to the Latest Practicable Date.

According to the Social Insurance Law of the PRC and the Regulations on the Administration of Housing Provident Fund, human resources and social security bureaus and housing provident fund management centers are the competent authorities for employee social insurance and housing provident fund matters. According to the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), local tax authorities have the right to collect social insurance premiums. We conducted interviews with relevant departments of social security bureaus, housing provident fund management centers, and tax bureaus in Changsha, Xiangtan, Liuyang, Taizhou, and other places. Our PRC Legal Advisor is of the view that the interviewed departments are the competent authorities responsible for the social security and housing fund contributions and penalties of our related subsidiaries.

Considering relevant regulatory policies and the facts stated above and the confirmations we have received from the competent PRC authorities, provided that there are no material changes to the current social insurance, housing provident fund policies and regulations, or to the enforcement and supervision requirements of local governments, our PRC Legal Advisor is of the view that the likelihood that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is low.

Labor Dispatch

According to Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) which was promulgated by the Ministry of Human Resources & Social Security on 24 January 2014 and became effective on 1 March 2014, an employer may employ dispatched workers in temporary, auxiliary or substitutable positions only and shall strictly control the number of dispatched workers employed which shall not exceed 10% of the total number of its workers. A penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold may be imposed for any non-compliance that is not rectified within a prescribed time period.

During the Track Record Period, the percentage of dispatched workers engaged by certain of our PRC subsidiaries exceeded 10%. As of the Latest Practicable Date, we had rectified such non-compliance by reducing the number of dispatched workers the relevant PRC subsidiaries engaged. Considering our remedial actions and interview with the competent regulatory authority, provided that (i) there are no material changes to the current laws, regulations, and policies governing labor dispatch arrangements, or to the enforcement and supervision requirements of local governments, and (ii) no material collective employee complaints or related litigation/arbitration proceedings initiated against us, our PRC Legal Advisor is of the view that the likelihood that we would be subject to material administrative penalties due to our non-compliance with the labor dispatch regulations is low.

We established the Control Procedure for Identification and Evaluation of Compliance Obligations, which specifies that the administrative department of the Group ("**Administrative Department**") is responsible for compliance evaluation and non-compliance identification of applicable laws, regulations and other requirements related to the environment, occupational health and work safety promulgated by competent regulatory authorities (the "**Regulatory Requirements**"). In addition, we have populated the Emergency Response Plan for Other Major Incidents and established a handling process and risk control mechanism to prevent potential violations of the Regulatory Requirements. The Administrative Department also maintains the compliance management ledger, overseeing, among others, production safety and construction project status.

We also established the Management Specifications for Employee Social Insurance and Housing Fund. Prior to new employees' onboarding, unified training on payment rules, bases and ratios of the social insurance and housing provident funds shall be conducted, and employees are required to sign a training attendance sheet. Each month, our human resources department, finance department and other relevant departments conduct reviews of the social insurance and housing provident fund purchase rosters, employment and resignation records, payment records, deduction records, bank receipts and local policy documents. This aims to mitigate risks and ensure accurate implementation of our policies. Meanwhile, we have also established dedicated complaint channels for social insurance and housing provident fund related issues. Employees can submit issues or seek consultations through the human resources employee service center, Feige online service platform representative assembly. Relevant departments shall verify, handle and give feedback on such issues or complaints, while strictly safeguarding the confidentiality of whistleblowers' information.

Non-compliance with Overtime Requirements

According to PRC laws and regulations, employees' daily working hours shall not exceed eight hours, and the average weekly working hours shall not exceed 44 hours. If it is necessary to extend working hours due to special circumstances, the extension shall not exceed three hours per day, provided that the health of the employees is ensured. Additionally, the total extension shall not exceed 36 hours per month. Therefore, under PRC laws and regulations, where an extension of working hours is required due to special circumstances, working hours shall not exceed 11 hours per day or 210 hours per month.

During the Track Record Period, certain of our employees' overtime hours exceeded the legally prescribed number of hours under PRC laws and regulations. According to PRC laws and regulations, in the case of overtime work exceeding the legally prescribed number of hours, the Labor and Social Security Administrative Department will give the employer a warning and order it to make rectifications within a prescribed time period and may impose a fine of more than RMB100 but less than RMB500 for each employee who is affected. During the Track Record Period and up to the Latest Practicable Date, we had not received any warnings or orders from the Labor and Social Security Administrative Department for rectifications or fines in relation to overtime work. For illustration purposes, based on the number of our employees as of December 31, 2024, assuming all our employees engaged in overtime work exceeding the legal prescribed number of hours, the potential fine we may face for such overtime work ranges between RMB13.6 million and RMB68.2 million, accounting for approximately 0.4% and 1.9% of our profit for the year in 2024. As such, as advised by our PRC Legal Advisor, we believe that the risk of us being subject to fines for employee's overtime work during the Track Record Period is low, and the overtime incidents do not have any material impact on our business, results of operations or financial condition. The Company's policy requires overtime work to be applied for and approved in advance. The application is done on a monthly basis. The factory/workshop shall, according to production needs, submit the detailed forecast of overtime for the next month, which shall be signed and confirmed by the employees to be involved in the overtime working plan, reviewed by the department supervisor and approved by the department manager, and then submitted to the human resources department for record. Overtime work must be applied for in advance and approved by the manager in charge to be regarded as valid.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See "Risk Factors" for a discussion of these risks.

The Board of Directors and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have implemented or will adopt upon Listing a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct and (vi) compliance with the Hong Kong Listing Rules.

Under our risk management and internal control policies, the Board oversees risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems.

In February 2025, we engaged an independent consulting firm to perform a review over our internal control. The key areas of inspection include financial reporting and disclosure, research and development management, management policies over sales, supply chain controls, trade receivables and payables management, product safety control, inventory management, intangible assets management, human resource and remuneration management, capital management, tax management, insurance management, contract control and information system control.

LICENSES, PERMITS AND APPROVALS

We are required to obtain or maintain various licenses, permits and approvals in order to operate our business. We believe we have all material licenses, permits and approvals necessary in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing our material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

IMPACT OF COVID-19 PANDEMIC

Despite the macroeconomic challenges posed by the COVID-19 pandemic, our business operations and financial condition remained stable during the Track Record Period and were not materially and adversely impacted by the COVID-19 pandemic. Our supply chain remained stable and was operating without material constraint during the Track Record Period. In addition, we continued to observe healthy demand across our customer base, with no material shift in consumer purchasing behavior that can be directly attributed to the COVID-19 pandemic. During the Track Record Period, inventory levels and order flows remain stable and have fluctuated only in the ordinary course of business, and we have not encountered any significant cancellations, deferments or abnormal pricing pressures linked to factors related to the COVID-19 pandemic.

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Prospectus. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are an industry-leading integrated one-stop precision manufacturing solution provider. We are focused on technological innovation and empowered by smart manufacturing. In terms of revenue in 2024, we are a global leading player in precision structural parts and modules integrated solutions for both consumer electronics and smart vehicles interaction systems.

We currently offer a comprehensive suite of precision manufacturing solutions in consumer electronics, smart vehicles and other smart devices, including various structural parts, functional modules and others, such as complete device assembly.

Our structural parts and functional modules are specifically designed and manufactured pursuant to the customizations and needs of our customers for use in (i) smartphones and computers, (ii) smart vehicles and cockpits, (iii) intelligent head-mounted displays and smart wearables and (iv) other smart devices which include smart retail devices. Our customers during the Track Record Period were mainly global brand companies in the consumer electronics and smart vehicles industries.

We achieved strong growth of both our revenue and our profit for the year during the Track Record Period. In 2022, 2023 and 2024, our revenue amounted to RMB46,698.5 million, RMB54,490.7 million and RMB69,896.8 million, representing a year-on-year growth of 16.7% in 2023 and 28.3% in 2024. In 2022, 2023 and 2024, our profit for the year amounted to RMB2,519.8 million, RMB3,041.8 million and RMB3,676.9 million, representing a year-on-year growth of 20.7% in 2023 and 20.9% in 2024.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the overall global precision manufacturing industry. These factors include macroeconomic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations.

In addition to these general factors, our results of operations are affected by the following specific factors:

Maintaining and Growing Our Relationship with Our Existing Customers

Our results of operations have been and are expected to be affected by our ability to maintain and grow our relationship with our existing customers, which is in turn affected by many factors, including the global consumers' demand for consumer electronics and smart vehicles and our product and service offerings.

We generate our revenue primarily from providing structural parts, functional modules and complete device assembly to global brand companies in the consumer electronics and smart vehicles industries. Unfavorable changes in global economic conditions and consumer spending could negatively affect demand for consumer electronics and smart vehicles, which in turn will negatively affect our customers' demand for our products and services and materially and adversely affect our results of operations.

In addition, consumer electronics and smart vehicles industries are characterized by intense competition and constant price reduction pressures in recent years. As a result, our customers face ongoing pressure to launch new products at competitive prices, which in turn requires us to (i) advance our technologies and production techniques to develop, together with our customers, end products with innovative features and specifications and (ii) optimize our production efficiency to lower our production costs. Our ability to achieve technological innovation and to enhance our production efficiency and manage our production costs will affect our customers' demand for our products and services as well as our profit margins.

Furthermore, our ability to grow our relationship with our existing customers is affected by our ability to (i) advance our research and development to produce new products that meet our customers' evolving requirements and (ii) cross-sell additional products and services to our customers, which in turn depend on the growth or upgrade of our production techniques, products and services through technological innovation.

Further Penetration into New End Markets

Our ability to continue to grow our business will depend on our capability to enter or further penetrate into new end markets. We have been continuously growing our portfolio of products and services to capture emerging opportunities from new end markets or application scenarios. For example, we expanded into the smart vehicles industry in 2018, and in 2022, 2023 and 2024, smart vehicles and cockpits related revenue accounted for 7.7%, 9.2% and 8.5% of our total revenue in the respective periods. We also successfully entered the smart retail industry with our smart retail devices in 2024, and we have recently expanded into the humanoid robots industry, having delivered the first batch of humanoid robots in January 2025.

Even though we currently only generate an immaterial portion of our revenue from new end markets such as humanoid robots, we expect that our revenue from these new end markets will grow in the future due to the anticipated development of these markets. Our ability to successfully capitalize on such development and acquire new customers in these markets, which depends on our research and development capabilities in these new end markets and the demand of brand companies in these markets, will affect our business and financial condition.

Product Mix and Pricing

Our revenue and profitability are affected by the mix of our products and solutions. In line with our strategy of offering vertically integrated solutions to our customers, we have been expanding our product and solution offerings along the precision manufacturing industry value chain. Our product offerings have expanded from cover glass for mobile phones to structural parts for various consumer electronics and smart vehicles, as well as functional modules and complete device assembly. Our wide range of products and solutions have highly different selling price and margin profile. For example, our gross margin for complete device assembly was (1.6%), 2.6% and 1.3% in 2022, 2023 and 2024, significantly lower than our overall gross margin. Even within the same category of products, we offer an extensive range of different products with varying prices and margin profiles. In particular, part of our complete device assembly business was performed under the buy-and-sell model, under which we buy certain raw materials and components and sold the complete device, instead of charging a processing fee. As such, complete devices sold under the buy-and-sell model are associated with much higher selling prices but lower gross profit margin. Our profitability is also affected by our ability to price our products and solutions to achieve our intended profit margins. If we are unable to manage our portfolio of products and solutions or to price our products and solutions to achieve our desired profitability, our business and financial condition will be adversely affected.

Ability to Control Cost of Sales

Our cost of sales mainly includes costs of raw materials and components used in the production of our products, such as glass, metals and the electronic components used in our functional modules, as well as labor costs, depreciations costs, power costs and transportation costs associated with the production of our products.

Our ability to control our cost of sales is crucial in maintaining our desired profitability. While we are able to source our raw materials and components through a variety of sources (other than the raw materials and components specifically designated by our key customers, for which our key customers are responsible for negotiating the supply terms), if the availability of, or access to, or the cost of purchasing certain raw materials or components that we need to manufacture our products is adversely affected (for example, due to a decrease in the number of suppliers of such materials or a reduction in the overall availability of such materials, whether due to a lack of supply or increased demand from our competitors or fluctuations in market prices), we may have to pay more for these materials. Our ability to maintain a high product yield rate also impacts our raw materials cost. Increased raw material or components costs will reduce our profit margins if we are unable to recover these additional costs through higher selling prices or increased production efficiencies.

In addition, while a large part of our production equipment and facilities has been automated, labor costs remains a key component of our cost of sales. If we experience any significant increase in labor costs and we are unable to upgrade our production in time to compensate for such increase, our business and financial condition will be affected.

Foreign Exchange Fluctuations

Our reporting currency is the RMB. The functional currency of the majority of our subsidiaries is the RMB. Some of our sales, purchases, trade receivables and payables and bank balances are recorded or denominated in foreign currencies. Consequently, foreign currency exchange rates have a significant impact on our consolidated financial information.

Foreign currency transactions are translated into the functional currency using the exchange rates at the end of the previous month. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. In 2022, 2023 and 2024, we recorded net foreign exchange gains of RMB231.5 million, RMB59.5 million and RMB193.2 million.

For further details regarding the carrying amounts of our monetary assets and liabilities denominated in foreign currencies and the effect of foreign currency fluctuations on our results of operations, see Note 41 to the Accountants' Report set out in Appendix I.

Research and Development Efforts and Achievements

Research and development are crucial to our sustained business growth as our competitiveness depends on our ability to develop and implement new technologies and production techniques to address evolving needs of our customers. Therefore, we have been investing and will continue to invest in research and development efforts. In 2022, 2023 and 2024, our research and development expenses amounted to RMB2,105.0 million, RMB2,316.6 million and RMB2,784.8 million, representing 4.5%, 4.3% and 4.0% of our total revenue in the respective periods.

Our research and development achievements affect our business in multiple ways, such as (i) whether we will be successful in maintaining our relationships with our existing customers and acquiring new customers, (ii) whether we can expand our portfolio of products and services and (iii) whether we can manage our production costs by employing more advanced and automated production equipment or by maintaining high product yields. We cannot assure you that our research and development efforts will achieve our intended results, or that we will be able to successfully implement new technologies or technologies resulting from our research and development to achieve our intended benefits. In this case, our business and financial condition will be adversely affected.

BASIS OF PRESENTATION

Our financial information during the Track Record Period has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. Our financial information during the Track Record Period has been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. See note 2 to Appendix I — Accountants' Report.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 4 to Appendix I — Accountants' Report to this Prospectus sets forth certain material accounting policies, which are important for understanding our financial condition and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. During the Track Record Period, there was no material deviation between our management's estimates or assumptions and actual results, and we did not make any material changes to these estimates or assumptions. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

RESULTS OF OPERATIONS

	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	(in thousands, except for percentages)					
Revenue						
Contracts with customers	46,603,225	99.8%	54,364,061	99.8%	69,756,758	99.8%
Leases	95,321	0.2%	126,673	0.2%	140,018	0.2%
Total revenue	**46,698,546**	**100.0%**	**54,490,734**	**100.0%**	**69,896,776**	**100.0%**
Cost of sales	(38,151,630)	(81.7%)	(45,998,870)	(84.4%)	(59,713,283)	(85.4%)
Gross profit	**8,546,916**	**18.3%**	**8,491,864**	**15.6%**	**10,183,493**	**14.6%**
Other income	678,576	1.5%	1,017,209	1.9%	567,024	0.8%
Reversal of impairment losses (impairment losses recognised) under expected credit loss ("**ECL**") model, net	43,962	0.1%	1,259	0.0%	(33,859)	0.0%
Other gains and losses, net	321,012	0.7%	218,657	0.4%	384,380	0.5%
Selling expenses	(708,849)	(1.5%)	(674,057)	(1.2%)	(705,599)	(1.0%)
Administrative expenses	(3,239,490)	(6.9%)	(2,910,299)	(5.3%)	(3,368,955)	(4.8%)
Research and development expenses	(2,104,976)	(4.5%)	(2,316,619)	(4.3%)	(2,784,813)	(4.0%)
Other expenses	(10,032)	0.0%	(6,848)	0.0%	(8,216)	0.0%
Share of results of investments accounted for using the equity method	3,987	0.0%	(57,291)	(0.1%)	3,899	0.0%
Finance costs	(616,216)	(1.3%)	(509,986)	(0.9%)	(388,438)	(0.6%)
Profit before tax	**2,914,890**	**6.2%**	**3,253,889**	**6.0%**	**3,848,916**	**5.5%**
Income tax expense	(395,069)	(0.8%)	(212,062)	(0.4%)	(172,061)	(0.2%)
Profit for the year	**2,519,821**	**5.4%**	**3,041,827**	**5.6%**	**3,676,855**	**5.3%**
Profit for the year attributable to:						
Owners of the Company	2,448,037	5.2%	3,021,342	5.6%	3,623,901	5.2%
Non-controlling interests	71,784	0.2%	20,485	0.0%	52,954	0.1%

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted profit for the year (a non-IFRS measure) and adjusted net margin (a non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted profit for the year (a non-IFRS measure) and adjusted net margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define adjusted profit for the year (a non-IFRS measure) as profit/(loss) for the year adjusted for share-based compensations (a non-cash item). We define adjusted net margin (a non-IFRS measure) as adjusted profit for the year (a non-IFRS measure) as a percentage of our total revenue.

	2022	2023	2024
	(in thousands, except for percentages)		
Profit for the year	**2,519,821**	**3,041,827**	**3,676,855**
Add:			
Share-based compensation	—	54,260	161,375
Adjusted profit for the year (a non-IFRS measure)	**2,519,821**	**3,096,087**	**3,838,230**
Adjusted net margin (a non-IFRS measure)	**5.4%**	**5.7%**	**5.5%**

In 2024, we recorded an adjusted profit for the year (a non-IFRS measure) of RMB3,838.2 million and an adjusted net margin (a non-IFRS measure) of 5.5%, as compared with an adjusted profit for the year (a non-IFRS measure) of RMB3,096.1 million and an adjusted net margin (a non-IFRS measure) of 5.7% in 2023, primarily due to growth in our smartphones and computers related revenue.

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we mainly generated revenue from the provision of precision manufacturing solutions for a wide variety of end-uses, including smartphones and computers, smart vehicles and cockpits, intelligent head-mounted displays and smart wearables and other smart devices. These solutions include structural parts, functional modules and complete device assembly.

By product end use

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Smartphones and computers						
Structural parts and functional modules	37,710,398	80.7%	36,868,430	67.7%	43,234,267	61.9%
Complete device assembly	503,413	1.1%	8,032,202	14.7%	14,519,902	20.7%
Subtotal	38,213,811	81.8%	44,900,632	82.4%	57,754,169	82.6%
Smart vehicles and cockpits	3,583,820	7.7%	4,998,464	9.2%	5,934,795	8.5%
Intelligent head-mounted displays and smart wearables	3,538,691	7.6%	3,103,753	5.7%	3,488,408	5.0%
Other smart devices	171,817	0.4%	164,872	0.3%	1,408,378	2.0%
Others[1]	1,190,407	2.5%	1,323,013	2.4%	1,311,026	1.9%
Total	**46,698,546**	**100.0%**	**54,490,734**	**100.0%**	**69,896,776**	**100.0%**

Note:

1 Others mainly include revenue generated from sales of scraps and materials, processing fee, leases and others.

During the Track Record Period, smartphones and computers related revenue accounted for a substantial majority of our total revenue, and we expect this to continue to be a major contributor to our total revenue going forward.

We offer a comprehensive suite of structural parts and functional modules for use in smartphones and computers, including cover glass, metal mid-frames and various modules such as touch display module, fingerprint modules and others. In addition to structural parts and functional modules, we also provide complete device assembly for smartphones.

We offer a variety of structural parts and functional modules for smart vehicles and cockpits, which include in-vehicle electronic glass, central control screens and instrument panels, intelligent B-pillars/C-pillars and multi-functional glasses for vehicle side windows, windshields and sunroofs.

We offer structural parts and functional modules for intelligent head-mounted displays and smart wearables, including cover glass and various functional modules.

We offer structural parts and functional modules for other smart devices in emerging end markets such as humanoid robots and smart retail. We also provide complete device assembly for these devices. Revenue from complete device assembly for these devices in emerging end markets is recorded under other smart devices.

By region

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Offshore						
special supervision territory in China	28,896,418	61.9%	24,822,418	45.6%	27,496,661	39.3%
Vietnam	4,871,324	10.4%	5,420,199	9.9%	4,882,063	7.0%
Asia (excluding mainland China and Vietnam)	2,811,336	6.0%	4,187,813	7.7%	6,079,024	8.7%
North America[(1)]	1,544,346	3.3%	2,008,840	3.7%	2,036,548	2.9%
Others[(2)]	143,019	0.3%	367,288	0.6%	484,087	0.7%
	38,266,443	81.9%	36,806,558	67.5%	40,978,383	58.6%
Mainland China (excluding special supervision territory)	8,432,103	18.1%	17,684,176	32.5%	28,918,393	41.4%
Total	**46,698,546**	**100.0%**	**54,490,734**	**100.0%**	**69,896,776**	**100.0%**

Notes:

(1) North America includes revenue generated from the United States, Canada and Mexico.

(2) Others mainly include revenues generated from Germany, Bulgaria and Serbia.

Information about our revenue from external customers is presented based on delivery destination or the shipping destination on customs declaration. Our offshore customers are primarily located in Vietnam, South Korea and the United States. Revenue from offshore customers included products first delivered to special supervision territory in China. During the Track Record Period, as a percentage of total revenue, our revenue from mainland China (excluding special supervision territory) increased significantly both in absolute terms and as a percentage of our total revenue, primarily as we expanded our cooperation with a number of customers in mainland China during the Track Record Period.

As advised by our PRC Legal Advisor, sales of goods by our domestic entities during the Track Record Period to special supervision territory in China are subject to export tax policies and can be regarded as offshore sales for tax purposes. Products entering the special supervision territory from place other than the special supervision territory in China are treated as exports and thus eligible for export tax rebates. Under the PRC regulations, most exported goods are exempt from export tariffs, with the applicable export tariff rate being 0%. Our export products qualify for this 0% tariff treatment. Materials entering and stored in the special supervision territory from overseas are not treated as import and thus exempt from PRC import tax.

Sales Volume and Average Selling Price

	2022		2023		2024	
	Sales volume	Average selling price[2]	Sales volume	Average selling price	Sales volume	Average selling price
	(units '000)	(RMB)	(units '000)	(RMB)	(units '000)	(RMB)
Smartphones and computers						
Structural parts and functional modules	1,042,552	36.2	894,582	41.2	1,157,304	37.4
Complete device assembly	10,214	49.3	14,574	551.1	20,132	721.2
Subtotal	1,052,766	36.3	909,156	49.4	1,177,436	49.1
Smart vehicles and cockpits	6,139	583.8	11,944	418.5	13,087	453.5
Intelligent head-mounted displays and smart wearables	59,029	59.9	67,248	46.2	110,555	31.6
Other smart devices	4,178	41.1	4,188	39.4	13,759	102.4
Others	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total/Overall[2]	**1,122,112**	**41.6**	**992,536**	**54.9**	**1,314,837**	**53.2**

Notes:

(1) Others mainly include revenue generated from sales of scraps and materials, processing fee and leases, which cannot be quantified into units.

(2) The overall average selling price is calculated by dividing the total revenue, excluding others, by the total sales volume as stated in the table above.

Our sales volume decreased by 11.5% from 1,122.1 million units in 2022 to 992.5 million in 2023, primarily due to a decrease in the sales volume of structural parts and functional modules as we sold camera lens protectors and back panels on smartphones as one integrated unit in 2023 instead of two units. Our sales volume increased by 32.5% from 992.5 million units in 2023 to 1,314.8 million units in 2024, due to increased sales across our product end uses, which in turn were due to increased global demand for consumer electronic products and smart vehicles. Our average selling price increased by 32.0% from RMB41.6 in 2022 to RMB54.9 in 2023, primarily as a result of the increase in average selling price of our complete device assembly from RMB49.3 in 2022 to RMB551.1 in 2023, since as an increasing portion of our complete device assembly was performed under the buy-and-sell model. Our average selling price decreased by 3.1% from RMB54.9 in 2023 to RMB53.2 in 2024, primarily due to a 31.6% decrease in intelligent head-mounted displays and smart wearables' average selling price from RMB46.2 in 2023 to RMB31.6 in 2024 as a result of change in our customers' product mix.

Cost of Sales

Our cost of sales consists of raw materials costs, labor costs, manufacturing costs and others, which primarily includes transportation costs, product quality assurance losses and taxes.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Raw material costs	21,836,868	57.2%	29,983,732	65.2%	42,652,499	71.4%
Labor costs	8,238,092	21.6%	7,751,054	16.9%	8,512,435	14.3%
Manufacturing costs	7,784,941	20.4%	7,937,924	17.3%	8,102,582	13.6%
Others	291,729	0.8%	326,160	0.6%	445,767	0.7%
Total	**38,151,630**	**100.0%**	**45,998,870**	**100.0%**	**59,713,283**	**100.0%**

Gross Profit and Gross Margin

By product end use

	2022		2023		2024	
	Gross profit	Gross margin[1]	Gross profit	Gross margin	Gross profit	Gross margin
	(in RMB thousands, except for percentages)					
Smartphones and computers						
Structural parts and functional modules	6,554,143	17.4%	6,338,393	17.2%	7,767,219	18.0%
Complete device assembly	(8,222)	(1.6%)	207,245	2.6%	183,251	1.3%
Subtotal	6,545,921	17.1%	6,545,638	14.6%	7,950,470	13.8%
Smart vehicles and cockpits	698,364	19.5%	734,791	14.7%	518,202	8.7%
Intelligent head-mounted displays and smart wearables	559,927	15.8%	433,417	14.0%	636,531	18.2%
Other smart devices	20,290	11.8%	10,781	6.5%	270,069	19.2%
Others	722,414	60.7%	767,237	58.0%	808,221	61.6%
Total/Overall[1]	**8,546,916**	**18.3%**	**8,491,864**	**15.6%**	**10,183,493**	**14.6%**

Note:

(1) The overall gross profit margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

Other Income

Our other income consists of (i) various government grants we received from PRC government authorities, (ii) interest income, (iii) compensation income and (iv) others, which primarily consists of deduction for value-added tax. There were no unfulfilled conditions or contingencies relating to these government subsidies.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Government grants	492,534	72.6%	759,006	74.6%	224,841	39.7%
Interest income	147,893	21.8%	218,288	21.5%	254,979	45.0%
Compensation income	17,458	2.6%	20,828	2.0%	32,567	5.7%
Others	20,691	3.0%	19,087	1.9%	54,637	9.6%
Total	**678,576**	**100.0%**	**1,017,209**	**100.0%**	**567,024**	**100.0%**
as % of total revenue		*1.5%*		*1.9%*		*0.8%*

Selling Expenses

Our selling expenses include (i) salaries, compensations and benefits for personnel engaging in the sales function, (ii) sorting costs in screening, selecting and finalizing (such as cleaning) our products after deliveries to our customers, (iii) intermediary service fees, (iv) samples and packaging fees, (v) business entertainment expenses and (vi) others, which mainly includes travel expenses, material consumables, professional service fees and depreciation of fixed assets.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Salaries, compensations and benefits	318,106	44.9%	317,534	47.1%	377,481	53.5%
Sorting costs	159,843	22.5%	108,070	16.0%	117,130	16.6%
Intermediary service fees	79,165	11.2%	81,638	12.1%	56,072	7.9%
Samples and packaging fees	82,097	11.6%	53,864	8.0%	64,950	9.2%
Business entertainment expenses	12,897	1.8%	15,886	2.4%	24,540	3.5%
Others	56,741	8.0%	97,065	14.4%	65,426	9.3%
Total	**708,849**	**100.0%**	**674,057**	**100.0%**	**705,599**	**100.0%**
as % of total revenue		*1.5%*		*1.2%*		*1.0%*

Administrative Expenses

Our administrative expenses include (i) salaries, compensations and benefits for personnel engaging in the administrative function, (ii) depreciation of properties and equipment related to administrative function, (iii) recruiting fees, (iv) impairment losses recognized on property, plant and equipment, (v) office expenses, (vi) professional service fees, (vii) amortization of intangible assets, (viii) maintenance costs, (ix) property taxes, (x) environmental protection fees, (xi) disability insurance, (xii) land use taxes, (xiii) stamp duties and (xiv) others, which mainly includes contributions to water conservancy construction fund, entertainment expenses, land value-add tax from intra-Group land transfer and travel expenses.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Salaries, compensations and benefits	1,069,497	33.0%	1,128,381	38.8%	1,289,992	38.3%
Depreciation of properties and equipment	649,241	20.0%	597,967	20.5%	576,904	17.1%
Recruiting fees	360,772	11.1%	153,323	5.3%	180,280	5.4%
Impairment losses recognized on property, plant and equipment	273,077	8.4%	73,242	2.5%	226,942	6.7%
Amortization of intangible assets	214,397	6.6%	221,873	7.6%	221,292	6.6%
Property taxes	193,594	6.0%	220,043	7.6%	235,243	7.0%
Maintenance costs	58,840	1.8%	84,262	2.9%	143,067	4.2%
Office expenses	68,052	2.1%	67,793	2.3%	78,936	2.3%
Professional service fees	29,265	0.9%	50,253	1.7%	37,944	1.1%
Environmental protection costs	52,807	1.6%	38,261	1.3%	32,261	1.0%
Disability insurance	39,989	1.2%	41,162	1.4%	40,869	1.2%
Land use taxes	32,207	1.0%	32,010	1.1%	33,304	1.0%
Stamp duties	30,333	0.9%	40,212	1.4%	47,499	1.4%
Others	167,419	5.4%	161,517	5.6%	224,422	6.7%
Total	**3,239,490**	**100.0%**	**2,910,299**	**100.0%**	**3,368,955**	**100.0%**
as % of total revenue		*6.9%*		*5.3%*		*4.8%*

Research and Development Expenses

Our research and development expenses include (i) salaries, compensations and benefits for personnel engaging in the research and development function, (ii) materials and consumables used in the research and development process, (iii) depreciation of properties and equipment related to research and development function, (iv) power cost and (v) others which primarily includes maintenance costs, professional service fees, inspection fees and sample fees.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Salaries, compensations and benefits	910,004	43.2%	1,120,035	48.3%	1,324,724	47.6%
Materials and consumables used	835,935	39.7%	706,468	30.5%	890,282	32.0%
Depreciation of properties and equipment	199,556	9.5%	219,632	9.5%	240,263	8.6%
Power costs	131,988	6.3%	115,948	5.0%	120,443	4.3%
Others	27,493	1.3%	154,536	6.7%	209,101	7.5%
Total	**2,104,976**	**100.0%**	**2,316,619**	**100.0%**	**2,784,813**	**100.0%**
as % of total revenue		*4.5%*		*4.3%*		*4.0%*

Finance Costs

Our finance costs include interest on borrowings, interest on loans from related parties and interest on lease liabilities.

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Interest on borrowings	569,573	92.4%	471,022	92.4%	382,959	98.6%
Interest on loan from a related party	44,826	7.3%	37,514	7.4%	1,457	0.4%
Interest on lease liabilities	1,817	0.3%	1,450	0.2%	4,022	1.0%
Total	**616,216**	**100.0%**	**509,986**	**100.0%**	**388,438**	**100.0%**
as % of total revenue		*1.3%*		*0.9%*		*0.6%*

Other Gains and Losses, net

Our other gains and losses primarily represent net foreign exchange gains, net gain from changes in fair value of financial assets at FVTPL and loss on disposal of property, plant and equipment.

In 2022, 2023 and 2024, our other gains and losses amounted to RMB321.0 million, RMB218.7 million and RMB384.4 million, representing less than 0.7% of our total revenue in each of the respective periods.

Reversal of Impairment Losses (Impairment Losses Recognised) under Expected Credit Loss ("ECL") Model, net

Our impairment losses under expected credit loss model, net of reversal represents our net impairment losses recognized on trade and bills receivables and other receivables.

In 2022 and 2023, our reversal of impairment loss under ECL model amounted to RMB44.0 million, RMB1.3 million while in 2024, our impairment loss under ECL model amounted to RMB33.9 million, representing less than 0.1% of our total revenue in each of the respective periods.

Other Expenses

Our other expenses primarily represent donations to third parties such as donations on education and natural disaster reliefs.

In 2022, 2023 and 2024, our other expenses amounted to RMB10.0 million, RMB6.8 million and RMB8.2 million, representing less than 0.1% of our total revenue in each of the respective periods.

Share of Results of Investments Accounted for Using the Equity Method

Our share of results of investments accounted for using the equity method reflects our investment in associates and the corresponding share of results of these associates.

In 2022, 2023 and 2024, our share of results of investments accounted for using the equity method amounted to RMB4.0 million, RMB(57.3) million and RMB3.9 million, representing less than 0.1% of our total revenue in each of the respective periods.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Group are domiciled and operate. Our income tax expense comprises current tax and deferred tax.

The Company and several of our subsidiaries were accredited as "High New Tech Enterprise" during the Track Record Period and were therefore entitled to a preferential income tax rate of 15% for certain years during the Track Record Period. in addition, several of our subsidiaries were eligible as "Small Low-profit Enterprise" and were subject to preferential tax treatments. For details, see note 11 to Appendix I — Accountants' Report.

As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

YEAR-ON-YEAR COMPARISON OF RESULTS OF OPERATIONS

2024 Compared to 2023

Revenue

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Revenue			
Smartphones and computers			
Structural parts and functional modules	36,868,430	43,234,267	17.3%
Complete device assembly	8,032,202	14,519,902	80.8%
Subtotal	44,900,632	57,754,169	28.6%
Smart vehicles and cockpits	4,998,464	5,934,795	18.7%
Intelligent head-mounted displays and smart wearables	3,103,753	3,488,408	12.4%
Other smart devices	164,872	1,408,378	754.2%
Others	1,323,013	1,311,026	(0.9%)
Total	**54,490,734**	**69,896,776**	**28.3%**

Our revenue increased by 28.3% from RMB54,490.7 million in 2023 to RMB69,896.8 million in 2024, primarily due to a 28.6% increase in smartphones and computers related revenue from RMB44,900.6 million in 2023 to RMB57,754.2 million in 2024.

Smartphones and computers

Our smartphones and computers related revenue increased by 28.6% from RMB44,900.6 million in 2023 to RMB57,754.2 million in 2024, primarily due to:

- a 80.8% increase in our complete device assembly related revenue from RMB8,032.2 million in 2023 to RMB14,519.9 million in 2024, which was attributable to (i) a 37.7% increase in the sales volume of our complete devices from 14.6 million units in 2023 to 20.1 million units in 2024, which in turn was the result of the ramp up of our complete device assembly business as we increased in our capacity and capability in complete device assembly and deepened cooperation with select key customers to serve the increased demand of their products, and (ii) a 30.9% increase in the average selling price of our complete device, as our customers continued to introduce and upgrade their products and our revenue under the buy-and-sell model in our complete device assembly business increased; and

- a 17.3% increase in our structural parts and functional modules related revenue from RMB36,868.4 million in 2023 to RMB43,234.3 million in 2024, which was primarily attributable to a 29.4% increase in sales volume of structural parts and functional modules from 894.6 million units in 2023 to 1,157.3 million units in 2024, as a result of the growth in consumers' demand, which in turn was driven by the upgrading demand for products with new features or incorporating new technologies such as AI. Such increase in sales volume was partially offset by a decrease in average selling price of structural parts and functional modules from RMB41.2 in 2023 to RMB37.4 in 2024, which in turn was the result of a change in product mix.

Smart vehicles and cockpits

Our smart vehicles and cockpits related revenue, which represents the sales of structural parts and functional modules, increased by 18.7% from RMB4,998.5 million in 2023 to RMB5,934.8 million in 2024, primarily due to (i) a 9.6% increase in sales volume of structural parts and functional modules for smart vehicles and cockpits from 11.9 million units in 2023 to 13.1 million units in 2024, which in turn was the result of the growth in consumers demand for smart vehicles driven by product iterations associated with innovative technologies and features, and (ii) a 8.4% increase in average selling price of structural parts and functional modules for smart vehicles and cockpits from RMB418.5 in 2023 to RMB453.5 in 2024, primarily driven by increased orders for higher-value products such as central control screens and intelligent B-pillars, which was a further validation to our core strengths.

Intelligent head-mounted displays and smart wearables

Our intelligent head-mounted displays and smart wearables related revenue, which represents the sales of structural parts and functional modules, increased by 12.4% from RMB3,103.8 million in 2023 to RMB3,488.4 million in 2024, primarily due to a 64.6% increase in the sales volume of structural parts and functional modules for intelligent head-mounted displays and smart wearables from 67.2 million units in 2023 to 110.6 million units in 2024, which in turn was the result of higher market demand for smart watches our customers offered. Such increase in sales volume was partially offset by a 31.6% decrease in the average selling price of structural parts and functional modules for intelligent head-mounted displays and smart wearables from RMB46.2 in 2023 to RMB31.6 in 2024, primarily due to a change in our customers' product mix and their higher order volumes for lower-priced structural parts and functional modules in smart watches.

Other smart devices

Our other smart devices related revenue increased significantly from RMB164.9 million in 2023 to RMB1,408.4 million in 2024, primarily due to (i) a 228.5% increase in sales volume of structural parts and functional modules for other smart devices from 4.2 million units in 2023 to 13.8 million units in 2024, which in turn was the result of increased business in smart retail devices as our planning and technological development in advance paid off, and (ii) a 159.9% increase in average selling price of structural parts and functional modules for other smart devices from RMB39.4 to RMB102.4, which in turn was the result of higher unit prices from our smart retail devices.

Cost of sales

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Cost of sales			
Raw material costs	29,983,732	42,652,499	42.3%
Labor costs	7,751,054	8,512,435	9.8%
Manufacturing costs	7,937,924	8,102,582	2.1%
Others	326,160	445,767	36.7%
Total	**45,998,870**	**59,713,283**	**29.8%**
as % of total revenue	*84.4%*	*85.4%*	

Our cost of sales increased by 29.8% from RMB45,998.9 million in 2023 to RMB59,713.3 million in 2024 primarily due to a 42.3% increase in our raw material costs, which in turn was the result of a 32.5% increase in our sales volume and a change of product mix.

Gross profit and gross margin

	2023		2024	
	Gross profit	Gross margin	Gross profit	Gross margin
	(in RMB thousands, except for percentages)			
Smartphones and computers				
Structural parts and functional modules	6,338,393	17.2%	7,767,219	18.0%
Complete device assembly	207,245	2.6%	183,251	1.3%
Subtotal	6,545,638	14.6%	7,950,470	13.8%
Smart vehicles and cockpits	734,791	14.7%	518,202	8.7%
Intelligent head-mounted displays and smart wearables	433,417	14.0%	636,531	18.2%
Other smart devices	10,781	6.5%	270,069	19.2%
Others	767,237	58.0%	808,221	61.6%
Total/Overall	**8,491,864**	**15.6%**	**10,183,493**	**14.6%**

Our gross profit increased by 19.9% from RMB8,491.9 million in 2023 to RMB10,183.5 million in 2024, primarily due to an increase in smartphones and computers related gross profit, partially offset by a decrease in smart vehicles and cockpits related gross profit. Our gross margin decreased from 15.6% in 2023 to 14.6% in 2024, primarily due to an increase in revenue contribution from complete device assembly which had a lower gross margin and a decrease in our smart vehicles and cockpits related gross margin.

Smartphones and computers

Our smartphones and computers related gross profit increased by 21.5% from RMB6,545.6 million in 2023 to RMB7,950.5 million in 2024, primarily due to:

- a 22.5% increase in our structural parts and functional modules related gross profit from RMB6,338.4 million in 2023 to RMB7,767.2 million in 2024, which was primarily attributable to an increase in our structural parts and functional modules related revenue. Our structural parts and functional modules related gross margin increased from 17.2% in 2023 to 18.0% in 2024, primarily due to better cost control measures such as switching certain material purchases to self-production and increasing automation to reduce labor costs and higher production yield rate achieved through continuous improvement of our manufacturing capability; and

- partially offset by a 11.6% decrease in our complete device assembly related gross profit from RMB207.2 million in 2023 to RMB183.3 million in 2024, as we priced more competitively for our customers. Our complete devices assembly related gross margin decreased from 2.6% in 2023 to 1.3% in 2024 primarily due to our competitive pricing and increased sales and revenue contribution under the buy-and-sell model. In particular, under the buy-and-sell model, we purchased certain raw materials and components for the device from our customer and sold the completed device to our customer, and the sales price of the completed device is recorded as our revenue on a gross basis. As such, complete devices sold under the buy-and-sell model are associated with much higher selling prices but lower gross profit margin. See "Business — Raw Materials and Supply Chain — Buy-and-sell model" for more details.

Despite the growth in gross margin for our structural parts and functional modules from 2023 to 2024, the increase in revenue contribution and the decrease in gross margin from complete device assembly resulted in a decrease in our smartphones and computers related gross margin from 14.6% in 2023 to 13.8% in 2024.

Smart vehicles and cockpits

Our smart vehicles and cockpits related gross profit decreased by 29.5% from RMB734.8 million in 2023 to RMB518.2 million in 2024, primarily due to a decrease in our smart vehicles and cockpits related gross margin. Our smart vehicles and cockpits related gross margin decreased from 14.7% in 2023 to 8.7% in 2024, primarily because (i) we produced an increased portion of structural parts and functional modules for smart vehicles and cockpits in our overseas production facilities that led to higher transportation costs and raw material costs for products produced in those facilities. Increasing the utilization of our overseas production facilities is part of our efforts in expanding our global footprint to respond quickly to customer demand, and (ii) some of our customers imposed stricter testing and inspection requirements, leading to additional testing costs.

Intelligent head-mounted displays and smart wearables

Our intelligent head-mounted displays and smart wearables related gross profit increased by 46.9% from RMB433.4 million in 2023 to RMB636.5 million in 2024, primarily due to an increase in our intelligent head-mounted displays and smart wearables related revenue. Our intelligent head-mounted displays and smart wearables related gross margin increased from 14.0% in 2023 to 18.2% in 2024 mainly due to higher production yield rate, which in turn was the result of our efforts in optimizing our production flow for our smart watches products.

Other smart devices

Our other smart devices related gross profit increased significantly from RMB10.8 million in 2023 to RMB270.1 million in 2024 and our other smart devices related gross margin increased from 6.5% in 2023 to 19.2% in 2024, primarily due to a change in our product mix. In particular, revenue contribution from our smart retail devices, which carried a higher gross margin increased significantly.

Other income

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Other income	1,017,209	567,024	(44.3%)
as % of total revenue	*1.9%*	*0.8%*	

Our other income decreased by 44.3% from RMB1,017.2 million in 2023 to RMB567.0 million in 2024, primarily due to a decrease in government grants received as a result of a policy change. For the same reason, our other income as a percentage of our total revenue decreased from 1.9% in 2023 to 0.8% in 2024.

Selling expenses

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Selling Expenses	674,057	705,599	4.7%
as % of total revenue	*1.2%*	*1.0%*	

Our selling expenses increased by 4.7% from RMB674.1 million in 2023 to RMB705.6 million in 2024, mainly reflecting (i) an increase of RMB59.9 million in salaries, compensation and benefits, and (ii) an increase of RMB9.1 million in sorting costs, which was in line with the expansion of our business. Our selling expenses as a percentage of our total revenue remained relatively stable at 1.2% in 2023 and 1.0% in 2024.

Administrative expenses

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Administrative Expenses	2,910,299	3,368,955	15.8%
as % of total revenue	*5.3%*	*4.8%*	

Our administrative expenses increased by 15.8% from RMB2,910.3 million in 2023 to RMB3,369.0 million in 2024, mainly reflecting an increase of RMB161.6 million in salaries, compensation and benefits and an increase of RMB153.7 million in impairment losses recognized on property, plant and equipment. Our administrative expenses as a percentage of our total revenue decreased from 5.3% in 2023 to 4.8% in 2024 primarily due to an improved economies of scale.

Research and development expenses

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Research and Development Expenses	2,316,619	2,784,813	20.2%
as % of total revenue	*4.3%*	*4.0%*	

Our research and development expenses increased by 20.2% from RMB2,316.6 million in 2023 to RMB2,784.8 million in 2024, primarily due to (i) an increase of RMB204.7 million in salaries, compensation and benefits, which reflects our continuous commitment in research and development, and (ii) an increase of RMB183.8 million in materials and consumables used, reflecting the larger number of research and development projects we undertook in 2024. Our research and development expenses as a percentage of our total revenue remained relatively stable at 4.3% in 2023 and 4.0% in 2024.

Finance costs

	2023	2024	% change
	(in RMB thousands, except for percentages)		
Finance Costs	509,986	388,438	(23.8%)
as % of total revenue	*0.9%*	*0.6%*	

Our finance costs decreased by 23.8% from RMB510.0 million in 2023 to RMB388.4 million in 2024, primarily because we repaid part of our long-term bank loans in 2024. Our finance costs as a percentage of our total revenue remained relatively stable at 0.9% in 2023 and 0.6% in 2024.

Other Gains and Losses, net

Our other gains and losses increased by 75.8% from RMB218.7 million in 2023 to RMB384.4 million in 2024, primarily due to an increase of RMB133.8 million in net foreign exchange gains as a result of the appreciation of foreign currencies against the RMB in 2024.

Reversal of impairment losses (impairment losses recognised) under expected credit loss ("ECL") model,net

Our impairment losses under expected credit loss model, net of reversal shifted from reversal of impairment loss of RMB1.3 million in 2023 to loss of RMB33.9 million in 2024, primarily due to an increase in the balance of our trade and bills receivables as of December 31, 2024 as compared to December 31, 2023.

Other expenses

Our other expenses increased by 20.6% from RMB6.8 million in 2023 to RMB8.2 million in 2024, primarily due to donations in 2024 to areas affected by flood.

Share of results of investments accounted for using the equity method

Our share of results of investments accounted for using the equity method was a loss of RMB57.3 million in 2023 and a gain of RMB3.9 million in 2024, primarily attributable to the gain related to one of our associates engaged in production and processing of sapphire materials that turned profitable in 2024.

Income tax expense

Our income tax expense decreased by 18.9% from RMB212.1 million in 2023 to RMB172.1 million in 2024 despite a 18.3% increase in our profit before tax, primarily due to the utilization of tax loss by certain of our subsidiaries. For the same reason, our effective tax rate decreased from 6.5% in 2023 to 4.5% in 2024.

2023 Compared to 2022

Revenue

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Revenue			
Smartphones and computers			
Structural parts and functional modules	37,710,398	36,868,430	(2.2%)
Complete device assembly	503,413	8,032,202	1,495.5%
Subtotal	38,213,811	44,900,632	17.5%
Smart vehicles and cockpits	3,583,820	4,998,464	39.5%
Intelligent head-mounted displays and smart wearables	3,538,691	3,103,753	(12.3%)
Other smart devices	171,817	164,872	(4.0%)
Others	1,190,407	1,323,013	11.1%
Total	**46,698,546**	**54,490,734**	**16.7%**

Our revenue increased by 16.7% from RMB46,698.5 million in 2022 to RMB54,490.7 million in 2023, primarily due to a 17.5% increase in smartphones and computers related revenue from RMB38,213.8 million in 2022 to RMB44,900.6 million in 2023.

Smartphones and computers

Our smartphones and computers related revenue increased by 17.5% from RMB38,213.8 million in 2022 to RMB44,900.6 million in 2023, primarily due to:

- a 1,495.5% increase in our complete device assembly related revenue from RMB503.4 million in 2022 to RMB8,032.2 million in 2023, which was attributable to (i) a 42.7% increase in the sales volume of our complete devices from 10.2 million units in 2022 to 14.6 million units in 2023, which in turn was the result of the ramp up of our complete device assembly business as we improved our capacity and capability in complete device assembly to serve the increased demand of our customers' products, and (ii) a 1,017.8% increase in the average selling price of our complete device from RMB49.3 in 2022 to RMB551.1 in 2023, as an increasing portion of our complete device assembly was performed under the buy-and-sell model; and

- partially offset by a 2.2% decrease in our structural parts and functional modules related revenue from RMB37,710.4 million in 2022 to RMB36,868.4 million in 2023 as the consumer electronics market moderated in 2023. In 2023, the global consumer electronics industry experienced a moderation in overall demand, primarily due to macroeconomic factors. These challenges contributed to a general decline in global shipments of consumer electronics, affecting procurement volumes across the supply chain. In addition, the 14.2% decrease in the sales volume of structural parts and functional modules from 1,042.6 million units in 2022 to 894.6 million units in 2023 was the result of decreased sales in camera lens protectors on smartphones, which carried a lower unit price, which in turn led to an increase in the average selling price of structural parts and functional modules by 13.8% from RMB36.2 in 2022 to RMB41.2 in 2023.

Smart vehicles and cockpits

Our smart vehicles and cockpits related revenue, which represents the sales of structural parts and functional modules, increased by 39.5% from RMB3,583.8 million in 2022 to RMB4,998.5 million in 2023, primarily due to a 94.6% increase in sales volume of structural parts and functional modules for smart vehicles and cockpits from 6.1 million units in 2022 to 11.9 million units in 2023, which in turn was attributable to (i) increased demand for our customers' products as the global smart vehicles market continued to grow, and (ii) the fact that we started to offer our customers lowered-price structural parts and functional modules such as battery plates as we deepened our cooperation with our customers. The sale of battery plates for smart vehicles was the primary reason of a 28.3% decrease in the average selling price of structural parts and functional modules for smart vehicles and cockpits from RMB583.8 in 2022 to RMB418.5 in 2023. Excluding the sales of battery plate, our average selling price remained relatively stable.

Intelligent head-mounted displays and smart wearables

Our intelligent head-mounted displays and smart wearables related revenue, which represents the sales of structural parts and functional modules, decreased by 12.3% from RMB3,538.7 million in 2022 to RMB3,103.8 million in 2023, primarily due to a 22.9% decrease in the average selling price of structural parts and functional modules for intelligent head-mounted displays and smart wearables from RMB59.9 in 2022 to RMB46.2 in 2023, which in turn was the result of a change in our product mix. Such decrease was partially offset by a 13.9% increase in the sales volume of structural parts and functional modules for intelligent head-mounted displays and smart wearables from 59.0 million units in 2022 to 67.2 million units in 2023, primarily due to increased sales in VR glasses and structural parts for smart watches.

Other smart devices

Our other smart devices related revenue decreased by 4.0% from RMB171.8 million in 2022 to RMB164.9 million in 2023, primarily due to a 4.1% decrease in the average selling price of structural parts and functional modules for other smart devices from RMB41.1 in 2022 to RMB39.4 in 2023.

Cost of sales

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Cost of sales			
Raw material costs	21,836,868	29,983,732	37.3%
Labor costs	8,238,092	7,751,054	(5.9%)
Manufacturing costs	7,784,941	7,937,924	2.0%
Others	291,729	326,160	11.8%
Total	**38,151,630**	**45,998,870**	**20.6%**
as % of total revenue	*81.7%*	*84.4%*	

Our cost of sales increased by 20.6% from RMB38,151.6 million in 2022 to RMB45,998.9 million in 2023, in line with our revenue growth.

Gross profit and gross margin

	2022		2023	
	Gross profit	Gross margin	Gross profit	Gross margin
	(in RMB thousands, except for percentages)			
Smartphones and computers				
Structural parts and functional modules	6,554,143	17.4%	6,338,393	17.2%
Complete device assembly	(8,222)	(1.6%)	207,245	2.6%
Subtotal	6,545,921	17.1%	6,545,638	14.6%
Smart vehicles and cockpits	698,364	19.5%	734,791	14.7%
Intelligent head-mounted displays and smart wearables	559,927	15.8%	433,417	14.0%
Other smart devices	20,290	11.8%	10,781	6.5%
Others	722,414	60.7%	767,237	58.0%
Total/Overall	**8,546,916**	**18.3%**	**8,491,864**	**15.6%**

Our gross profit decreased by 0.6% from RMB8,546.9 million in 2022 to RMB8,491.9 million in 2023, primarily due to a decrease in our intelligent head-mounted displays and smart wearables related gross profit, partially offset by an increase in our smart vehicles and cockpits related gross profit. Our gross margin decreased from 18.3% in 2022 to 15.6% in 2023, primarily due to the substantial increase in revenue contribution from the buy-and-sell model which had a lower gross margin compared to our other businesses.

Smartphones and computers

Our smartphones and computers related gross profit slightly decreased from RMB6,545.9 million in 2022 to RMB6,545.6 million in 2023, primarily due to:

- a 3.3% decrease in our structural parts and functional modules related gross profit from RMB6,554.1 million in 2022 to RMB6,338.4 million in 2023, which was attributable to a decrease in our structural parts and functional modules related revenue as the consumer electronics market moderated. Our structural parts and functional modules related gross margin remained stable at 17.4% in 2022 and 17.2% in 2023; and

- partially offset by our complete device assembly related gross profit in 2023. In 2022, our complete device assembly business was still in the ramp-up stage, and we therefore experienced a complete device assembly related gross loss of RMB8.2 million. The lower utilization rate in the ramp-up stage resulted in higher per-unit depreciation and amortization costs, which led to a gross loss. In 2023, as we successfully scaled up our complete device assembly business and achieved a higher utilization rate of our production facilities, we achieved a gross profit of RMB207.2 million and a gross profit margin of 2.6% for our complete device assembly business. In particular, the utilization rate of our complete device assembly facilities increased from 85.2% in 2022 to 91.8% in 2023, and the sales volume of our complete device increased by 42.7% from 2022 to 2023. The higher utilization rate and production volume improved our economies of scale by significantly lowering the per-unit depreciation and amortization costs.

However, despite the growth in our complete device assembly related gross margin from 2022 to 2023, the significant increase in revenue contribution from complete device assembly business resulted in a decrease in our smartphones and computers related gross margin from 17.1% in 2022 to 14.6% in 2023.

Smart vehicles and cockpits

Our smart vehicles and cockpit related gross profit increased by 5.2% from RMB698.4 million in 2022 to RMB734.8 million in 2023, primarily due to an increase in our smart vehicles and cockpits related revenue. Our smart vehicles and cockpits related gross margin decreased from 19.5% in 2022 to 14.7% in 2023, primarily due to our increased investment in new production facilities, which resulted in higher equipment depreciation and amortization costs as these production facilities were ramping up in 2023. In particular, the production capacity of our production facilities for smart vehicles and cockpits structural parts and functional module increased by approximately 133.3% and the utilization rate of our production facilities for smart vehicles and cockpits structural parts and functional modules decreased from 83.5% in 2022 to 71.4% in 2023. Despite a higher sales volume in 2023, the unutilized new capacity resulted in a higher per-unit depreciation and amortization costs. To a lesser extent, the decrease in gross margin was also attributable to the higher transportation and raw material costs we incurred from our overseas production facilities.

Intelligent head-mounted displays and smart wearables

Our intelligent head-mounted displays and smart wearables related gross profit decreased by 22.6% from RMB559.9 million in 2022 to RMB433.4 million in 2023, primarily due to a decrease in intelligent head-mounted displays and smart wearables related revenue. Our intelligent head-mounted displays and smart wearables related gross margin decreased from 15.8% in 2022 to 14.0% in 2023, primarily because we started to produce smart wearables products for certain customers at our new production center in addition to our existing relevant production center, which resulted in higher per-unit depreciation and amortization costs since the relevant order volumes for these products did not increase in tandem with the increased production capacity.

Other smart devices

Our other smart devices related gross profit decreased by 46.9% from RMB20.3 million in 2022 to RMB10.8 million in 2023, and our other smart devices related gross margin decreased from 11.8% in 2022 to 6.5% in 2023 due to the introduction of certain new products such as photovoltaic glass products that were loss-making.

Other income

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Other income	678,576	1,017,209	49.9%
as % of total revenue	*1.5%*	*1.9%*	

Our other income increased by 49.9% from RMB678.6 million in 2022 to RMB1,017.2 million in 2023, and, as a percentage of our total revenue, our other income increased from 1.5% in 2022 to 1.9% in 2023, primarily due to an increase in government grants as our operations expanded and received more government grants based on our business scale.

Selling expenses

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Selling Expenses	708,849	674,057	(4.9%)
as % of total revenue	*1.5%*	*1.2%*	

Our selling expenses decreased by 4.9% from RMB708.8 million in 2022 to RMB674.1 million in 2023, primarily due to a decrease in sorting costs as a result of our improvement in production efficiency and product yields, which led to lower sorting costs relating to the sortation at our customers' sites.

Administrative expenses

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Administrative Expenses	3,239,490	2,910,299	(10.2%)
as % of total revenue	*6.9%*	*5.3%*	

Our administrative expenses decreased by 10.2% from RMB3,239.5 million in 2022 to RMB2,910.3 million in 2023, primarily due to (i) a shift in the labor market dynamics and accordingly our revised recruitment policies, (ii) impairment losses recognized on property, plant and equipment recorded in 2022 in connection with certain outdated equipment and machinery that were required to be replaced in that year, and (iii) a decrease in our depreciation of properties and equipment, since we sold certain equipment in 2022 and accordingly recorded lower depreciation and amortization costs in 2023, partially offset by (iv) an increase in salaries, compensations and benefits as we gave continued service bonuses to certain employees. As a result, and because of the increase in our total revenue in 2023, our administrative expenses as a percentage of our total revenue decreased from 6.9% in 2022 to 5.3% in 2023.

Research and development expenses

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Research and Development Expenses	2,104,976	2,316,619	10.1%
as % of total revenue	*4.5%*	*4.3%*	

Our research and development expenses increased by 10.1% from RMB2,105.0 million in 2022 to RMB2,316.6 million in 2023, primarily due to increased spending on materials and consumables as we undertook more research and development projects, some of which involved complex production processes or techniques and therefore required increased usage of consumables and materials. Our research and development expenses as a percentage of our total revenue decreased slightly from 4.5% in 2022 to 4.3% in 2023, primarily due to the growth in our revenue.

Finance costs

	2022	2023	% change
	(in RMB thousands, except for percentages)		
Finance Costs	616,216	509,986	(17.2%)
as % of total revenue	*1.3%*	*0.9%*	

Our finance costs decreased by 17.2% from RMB616.2 million in 2022 to RMB510.0 million in 2023, primarily due to a decrease in interest on borrowings from our early repayment of loans. Our finance costs as a percentage of our total revenue decreased from 1.3% in 2022 to 0.9% in 2023 due to the same reason.

Other gains and losses, net

Our other gains and losses decreased by 31.9% from RMB321.0 million in 2022 to RMB218.7 million in 2023, primarily due to a decrease in net foreign exchange gains due to fluctuations in foreign currencies, partially offset by a decrease in loss on disposal of property, plant and equipment and impairment losses recognized on property, plant and equipment, due to the disposal of certain assets of one of our non-material subsidiaries.

Reversal of impairment losses (impairment losses recognised) under expected credit loss ("ECL") model, net

Our reversal of impairment loss under ECL model decreased by 97.1% from RMB44.0 million in 2022 to RMB1.3 million in 2023, primarily because we collected certain receivables in 2022.

Other expenses

Our other expenses decreased by 32.0% from RMB10.0 million in 2022 to RMB6.8 million in 2023, primarily due to our decreased spending in donations.

Share of results of investments accounted for using the equity method

Our share of results of investments accounted for using the equity method was a gain of RMB4.0 million in 2022 and a loss of RMB57.3 million in 2023. The loss in 2023 primarily reflected the losses incurred by some of our associates.

Income tax expense

Our income tax expense decreased by 46.3% from RMB395.1 million in 2022 to RMB212.1 million in 2023, primarily because we recognized net deferred tax expenses of RMB14.8 million in 2022, as compared to net deferred tax credit of RMB275.6 million in 2023, as one of the subsidiaries acquired by us obtained the "High-Tech Enterprise" qualification in 2023, which in turn led to our adjustment in the deferred tax liabilities arising from the difference between the assessed value at the time of acquisition and the book value. Our effective tax rate decreased from 13.6% in 2022 to 6.5% in 2023, mainly due to the same reason.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from operations and borrowings. As of December 31, 2024 and April 30, 2025, we had bank balances and cash of RMB10,936.8 million and RMB9,167.8 million, respectively.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operations and net proceeds from the Global Offering. As of April 30, 2025, we had bank loan facilities of RMB47,054.0 million, of which RMB32,601.8 million remained unutilized.

Taking into consideration the financial resources including internally generated funds, cash and cash equivalents, the available banking and credit facilities and the estimated net proceeds of the Global Offering, our Directors are of the opinion that our Group have sufficient working capital for our present requirements for at least the next 12 months from the date of the Prospectus.

Net Current Assets/Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000			
				(unaudited)
Current assets				
Inventories	6,685,009	6,682,659	7,160,553	6,507,853
Trade and bills receivables	9,022,460	9,308,444	10,865,736	8,751,540
Bills receivables at FVTOCI	3,697	112,288	9,779	86,763
Prepayments and other receivables	804,110	1,025,482	1,000,455	1,169,561
Amounts due from related parties	32,235	29,754	24,873	7,967
Financial assets at fair value through profit or loss ("**FVTPL**")	355,266	349,665	354,917	1,116,364
Income tax recoverable	22,614	53,391	45,976	169,425
Time deposits	—	—	322,412	327,568
Restricted bank deposits	3,673	25,474	51,276	52,850
Bank balances and cash	11,682,255	10,493,519	10,936,804	9,167,752
Total current assets	**28,611,319**	**28,080,676**	**30,772,781**	**27,357,643**
Current liabilities				
Trade and other payables	12,209,236	13,171,801	16,365,834	16,433,244
Financial liabilities at FVTPL	—	—	9,620	5,895
Amounts due to related parties	21	94	26	26
Income tax payable	88,319	178,764	110,787	11,524
Borrowings	9,848,393	5,669,812	6,518,634	7,051,185
Lease liabilities	13,503	27,726	47,659	58,828
Contract liabilities	7,589	8,119	12,601	21,769
Total current liabilities	**22,167,061**	**19,056,316**	**23,065,161**	**23,582,471**
Net current assets	**6,444,258**	**9,024,360**	**7,707,620**	**3,775,172**

Comparison between April 30, 2025 and December 31, 2024

Our net current assets decreased from RMB7,707.6 million as of December 31, 2024 to RMB3,775.2 million as of April 30, 2025, primarily due to a decrease in trade and bills receivables, bank balances and cash and inventories, partially offset by an increase in financial assets at fair value through profit or loss.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB9,024.4 million as of December 31, 2023 to RMB7,707.6 million as of December 31, 2024, primarily due to an increase in trade and other payables and borrowings, and a decrease in bills receivables at FVTOCI and income tax recoverable, partially offset by a decrease in income tax payable and an increase in inventories and trade and bills receivables.

Comparison between December 31, 2023 and December 31, 2022

Our net current assets increased from RMB6,444.3 million as of December 31, 2022 to RMB9,024.4 million as of December 31, 2023, primarily due to an increase in trade and bills receivables and prepayments and other receivables, and a decrease in borrowings.

SELECTED BALANCE SHEET ITEMS

Inventories

Our inventories include raw materials, work in progress, finished goods, goods in transit and consumables and others. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Raw materials	1,312,565	958,587	1,151,628
Work in progress	1,646,929	1,836,533	1,938,450
Finished goods	2,701,904	3,150,286	3,286,086
Goods in transit	1,296,412	982,358	1,029,114
Consumables and others	229,714	158,392	206,631
Less: provision	(502,515)	(403,497)	(451,356)
Total	**6,685,009**	**6,682,659**	**7,160,553**

Our inventories remained stable at RMB6,685.0 million as of December 31, 2022 and RMB6,682.7 million as of December 31, 2023. Our inventories increased by 7.2% to RMB7,160.6 million as of December 31, 2024 as our operational scale continued to grow.

Aging analysis

The table below sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Within three months	6,011,198	6,067,134	6,889,377
Three to six months	442,495	391,735	303,848
Six months to one year	448,401	214,914	139,901
One to two years	142,301	307,453	104,230
Two to three years	89,635	49,580	133,908
Three to five years	52,982	54,720	40,018
Over five years	512	620	627
Total	**7,187,524**	**7,086,156**	**7,611,909**

Turnover days

The table below sets forth the turnover days of our inventories for the periods indicated. Our inventory turnover days for each period equals the average of the beginning and ending balances of inventories (net of provision) for that period divided by cost of sales for that period and multiplied by 360 days in that period.

	2022	2023	2024
Inventory turnover days	60.5	52.3	41.7

Our inventory turnover days decreased from 60.5 days in 2022 to 52.3 days in 2023, and further decreased to 41.7 days in 2024, primarily due to (i) an increase in complete device assembly related revenue under the buy-and-sell model, because we were able to finish the assembly and ship out the devices efficiently, and the buy-and-sell model thus increased our cost of sales without corresponding increase in our inventory, and (ii) shift of our product structures which led to quicker inventory turnover management.

Subsequent utilization

As of April 30, 2025, 81.1% of our total inventories as of December 31, 2024, or RMB5,805.6 million, were utilized or sold.

Trade and Bills Receivables

Our trade and bills receivables primarily arise from sales of our products on credit. We usually grant credit periods ranging between one month to two months to our major customers.

The table below sets forth the breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Trade receivables	9,153,534	9,436,891	11,006,529
Bills receivables	1,392	6,167	7,519
Less: allowance for ECL	(132,466)	(134,614)	(148,312)
Total	**9,022,460**	**9,308,444**	**10,865,736**

Our trade and bills receivables increased by 3.2% from RMB9,022.5 million as of December 31, 2022 to RMB9,308.4 million as of December 31, 2023, and further increased by 16.7% to RMB10,865.7 million as of December 31, 2024, in line with our revenue and business growth.

Aging analysis

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Not past due	8,673,984	8,995,893	10,610,390
Past due:			
0–90 days	429,868	397,664	363,411
91–180 days	21,054	17,646	9,396
181–365 days	21,423	12,453	4,236
Over one year	7,205	13,235	19,096
Total	**9,153,534**	**9,436,891**	**11,006,529**

Turnover days

The table below sets forth the turnover days of our trade and bills receivables for the periods indicated. Trade and bills receivable turnover days for each period equals the average of the beginning and ending balances of trade and bills receivables (net of ECL) for that period divided by revenue for that period and multiplied by 360 days in that period.

	2022	2023	2024
Trade and bills receivable turnover days	72.2	60.6	52.0

Our trade and bills receivable turnover days decreased from 72.2 days in 2022 to 60.6 days in 2023, and further decreased to 52.0 days in 2024, primarily due to our tighter control over our trade and bills receivables and increased our collection efforts.

Subsequent settlement

As of April 30, 2025, 98.7% of our total trade and bills receivables as of December 31, 2024, or RMB10,866.5 million, were settled.

Prepayments and Other Receivables

Our prepayments and other receivables primarily include prepayments for property, plant and equipment, value-added tax recoverable, refundable deposits for land use rights, prepayments for materials and others, refundable deposits for project performance, rental and other deposits, dividend receivable and other receivables.

The table below sets forth the breakdown of our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Prepayments for property, plant and equipment	783,318	673,682	1,020,338
Value-added tax recoverable	389,766	296,627	344,998
Refundable deposits for land use rights	200,000	200,000	200,000
Prepayments for materials and others	60,129	126,382	174,304
Refundable deposits for project performance	—	250,000	150,000
Rental and other deposits	46,713	38,444	48,213
Dividend receivable	—	648	—
Other receivables	140,603	151,120	141,181
Less: allowance for ECL	(33,101)	(23,427)	(40,265)
Total	**1,587,428**	**1,713,476**	**2,038,769**

Our prepayments and other receivables increased by 7.9% from RMB1,587.4 million as of December 31, 2022 to RMB1,713.5 million as of December 31, 2023, as a result of an increase in refundable deposits for project performance. Our prepayments and other receivables further increased by 19.0% to RMB2,038.8 million as of December 31, 2024, primarily because of increase in prepayments for property, plant and equipment.

Subsequent settlement

As of April 30, 2025, 40.1% of our total prepayments and other receivables as of December 31, 2024, or RMB832.7 million, were settled.

Trade and Other Payables

Trade and bills payables

Our trade and bills payables primarily include trade payables to our suppliers. Our suppliers usually grant us a credit period of within 120 days to settle our purchases of goods.

The table below sets forth the breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Trade payables	6,950,751	7,829,164	10,388,566
Bills payables	—	13,012	91,623
Total	**6,950,751**	**7,842,176**	**10,480,189**

Our trade and bills payables increased by 12.8% from RMB6,950.8 million as of December 31, 2022 to RMB7,842.2 million as of December 31, 2023, and further increased by 33.6% to RMB10,480.2 million as of December 31, 2024, as a result of increased purchases during the Track Record Period, in line with our business expansion.

Aging analysis

The table below sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Within 1 year	6,950,751	7,829,164	10,388,566

Turnover days

The table below sets forth the turnover days of our trade and bills payables for the periods indicated. Trade and bills payable turnover days for each period equals the average of the beginning and ending balances of trade and bills payables for that period divided by cost of sales for that period and multiplied by 360 days in that period.

	2022	2023	2024
Trade and bills payable turnover days	66.4	57.9	55.2

Our trade and bills payable turnover days decreased from 66.4 days in 2022 to 57.9 days in 2023, and our trade and bills payable turnover days further decreased to 55.2 days in 2024, mainly as a result of better management in payment schemes with our suppliers.

Subsequent settlement

As of April 30, 2025, 87.2% of our total trade and bills payables as of December 31, 2024, or RMB9,113.5 million, were settled.

Other payables and accruals

Our other payables and accruals primarily represent accrued employees' benefits, other accrued charges, other tax payables and deposits received.

The table below sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Accrued staff cost	1,479,944	1,327,597	1,532,142
Construction payables	3,179,412	3,290,317	3,616,325
Other accrued charges	335,474	305,873	306,028
Other tax payables	140,269	248,432	267,313
Deposits received	90,732	137,415	86,499
Others	32,654	19,991	77,338
Total	**5,258,485**	**5,329,625**	**5,885,645**

Our other payables and accruals increased slightly by 1.4% from RMB5,258.5 million as of December 31, 2022 to RMB5,329.6 million as of December 31, 2023, as a result of an increase in construction payables and other tax payables. Our other payables and accruals increased by 10.4% to RMB5,885.6 million as of December 31, 2024, primarily because of an increase in accrued employees' benefits as we paid out more bonuses and incentives in sync with our business growth.

Goodwill

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Group			
COST AND CARRYING VALUES			
As at 1 January and 31 December	2,970,144	2,970,144	2,970,144

Goodwill acquired in a business combination of Lens Taizhou in 2020 is tested for impairment annually. For the purposes of impairment testing, goodwill has been allocated to cash-generated unit ("**CGU**"), comprising the assets and liabilities that generate cash flows together with the related goodwill (the "**Taizhou CGU**").

The recoverable amount of Taizhou CGU has been determined based on value in use calculations. The value in use calculation is based on cash flow projections with reference to financial budgets approved by our management covering a five-year period, and a pre-tax discount rate of 10.9%, 10.7% and 10.6% at December 31, 2022, 2023 and 2024. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 0%, 0% and 0% at December 31, 2022, 2023 and 2024. Expected cash inflows/outflows, which include estimations of growth rates of business volume, unit price and cost of sales, have been determined based on past performance and management's expectations of the market development. The discount rate used reflects the cost of capital of Taizhou CGU and the industry specific factors.

The Group engages an independent qualified valuer, Beijing Zhonglin Assets Appraisal Co., Ltd. to assess the growth rates and discount rates used in the value in use calculation.

In 2022, 2023 and 2024, our management determined that there was no impairment of the Taizhou CGU as the recoverable amount exceeds its carrying amount by RMB259.9 million, RMB362.8 million and RMB554.1 million, respectively. If the pre-tax discount rate was changed to 11.1%, 11.0 % and 11.1%, respectively, while other parameters remain constant, the recoverable amount of Taizhou CGU would equal its carrying amount. Our management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the Taizhou CGU to exceed the recoverable amount determined.

Restricted Bank Deposits

We had restricted bank deposits of RMB3.7 million, RMB25.5 million and RMB51.3 million as of December 31, 2022, 2023 and 2024. In particular, we had restricted bank deposits of RMB41.5 million as of December 31, 2024 due to an ongoing litigation case brought against Lens Shenzhen and Shenzhen Lens Wang for contractual disputes relating to the defendants' alleged failure to perform minimum purchase obligations under a sales contract. As of the Latest Practicable Date, the case was being transferred from a district court in Chengdu, the original court where the plaintiff sued, to a district court in Changsha on account of jurisdiction. We believe that the amount sought by the plaintiff is not in accordance with either the contract or the relevant regulations. Nonetheless, RMB41.5 million was treated as restricted bank deposits since the relevant funds were frozen by the court because of the ongoing litigation. Considering the amount involved, we do not expect this case to have any material impact on our business operations or financial condition.

CASH FLOWS

The table below sets forth our cash flows for the periods indicated.

	2022	2023	2024
		RMB'000	
Operating cash flows before movements in working capital	7,471,246	8,341,908	9,154,875
Changes in working capital[1]	1,720,103	1,178,331	1,904,672
Income tax paid	(154,402)	(427,988)	(414,224)
Interest Received	143,586	207,947	243,518
Net cash from operating activities	9,180,533	9,300,198	10,888,841
Net cash used in investing activities	(5,576,695)	(5,367,384)	(6,050,290)
Net cash used in financing activities	(2,416,316)	(5,136,912)	(4,454,405)
Net increase (decrease) in cash and cash equivalents	**1,187,522**	**(1,204,098)**	**384,146**
Cash and cash equivalents at beginning of the year	10,216,339	11,682,255	10,493,519
Effect of foreign exchange rate changes	278,394	15,362	59,139
Cash and cash equivalents at ending of the year	**11,682,255**	**10,493,519**	**10,936,804**

Note:

(1) Changes in working capital represents change in working capital items, including, inventories, trade and bill receivables, trade receivables at FVTOCI, prepayments and other receivables, restricted bank deposits, trade and other payables, contract liabilities, deferred income, interest and provision.

Operating Activities

In 2024, we had net cash generated from operating activities of RMB10,888.8 million, primarily consisting of our profit for the year of RMB3,676.9 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB4,770.8 million, and (ii) changes in working capital, primarily comprising (a) an increase in trade and other payables of RMB3,928.4 million, and (b) an increase in trade and bills receivables of RMB1,511.3 million.

In 2023, we had net cash generated from operating activities of RMB9,300.2 million, primarily consisting of our profit for the year of RMB3,041.8 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB4,633.0 million, and (ii) changes in working capital, primarily comprising an increase in trade and other payables of RMB1,455.0 million.

In 2022, we had net cash generated from operating activities of RMB9,180.5 million, primarily consisting of our profit for the year of RMB2,519.8 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB4,340.7 million, and (ii) changes in working capital, primarily comprising (a) a decrease in trade and bills receivables of RMB1,450.0 million, (b) a decrease in prepayments and other receivables of RMB485.6 million and (c) a decrease in trade and other payables of RMB217.1 million.

Investing Activities

In 2024, we had net cash used in investing activities of RMB6,050.3 million, primarily consisting of purchase of financial assets/derivatives at FVTPL of RMB1,719.7 million and purchase of property, plant and equipment of RMB6,237.7 million, partially offset by proceeds from disposal of financial assets/derivatives at FVTPL of RMB1,932.0 million.

In 2023, we had net cash used in investing activities of RMB5,367.4 million, primarily consisting of purchase of financial assets/derivatives at FVTPL of RMB1,185.5 million and purchase of property, plant and equipment of RMB5,085.3 million, partially offset by proceeds from disposal of financial assets/derivatives at FVTPL of RMB1,387.0 million.

In 2022, we had net cash used in investing activities of RMB5,576.7 million, primarily consisting of purchase of financial assets/derivatives at FVTPL of RMB7,342.2 million and purchase of property, plant and equipment of RMB6,824.3 million, partially offset by proceeds from disposal of financial assets/derivatives at FVTPL of RMB8,702.3 million.

Financing Activities

In 2024, we had net cash used in financing activities of RMB4,454.4 million, primarily consisting of repayment of borrowings of RMB6,661.4 million and dividends paid to the shareholders of the Company of RMB1,482.2 million, partially offset by new borrowings raised of RMB5,120.2 million.

In 2023, we had net cash used in financing activities of RMB5,136.9 million, primarily consisting of repayment of borrowings of RMB11,236.3 million and dividends paid to the shareholders of the Company of RMB986.2 million, partially offset by new borrowings raised of RMB7,533.7 million.

In 2022, we had net cash used in financing activities of RMB2,416.3 million, primarily consisting of repayment of borrowings of RMB17,978.2 million and interest paid for borrowings of RMB558.7 million, partially offset by new borrowings raised of RMB17,584.2 million.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(in RMB thousands)			(unaudited)
Current				
Borrowings	9,848,393	5,669,812	6,518,634	7,051,185
Lease liabilities	13,503	27,726	47,659	58,828
Non-current				
Borrowings	9,122,890	9,588,264	7,807,931	6,718,940
Lease liabilities	34,145	20,773	151,529	159,442
Loans from related parties	1,027,632	1,065,146	—	—
Total	**20,046,563**	**16,371,721**	**14,525,753**	**13,988,395**

As of April 30, 2025, being the most recent practicable date for the purpose of the statement of indebtedness, we had total indebtedness of RMB13,988.4 million, including (i) borrowings of RMB13,770.1 million; and (ii) lease liabilities of RMB218.3 million.

Borrowings

As of December 31, 2022, 2023 and 2024, we had borrowings of RMB18,971.3 million, RMB15,258.1 million and RMB14,326.6 million, respectively. As of April 30, 2025, we had bank borrowings of RMB13,770.1 million, which were unsecured and unguaranteed. The table below sets forth the maturity profile of our borrowings as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(in RMB thousands)			(unaudited)
Within one year	9,848,393	5,669,812	6,518,634	7,051,185
Between one to two years	4,451,040	5,903,733	4,640,250	4,023,465
Between two to five years	4,671,850	3,684,531	3,097,525	2,695,475
More than five years	—	—	70,156	—
Total	**18,971,283**	**15,258,076**	**14,326,565**	**13,770,125**

During the Track Record Period and up to the Latest Practicable Date, our outstanding borrowings contained certain customary covenants, and we had not defaulted on any covenants on these outstanding borrowings. In addition, we had not experienced any difficulty in obtaining bank loans or other borrowings during the Track Record Period and up to the Latest Practicable Date.

Loans From Related Parties

As of December 31, 2022, 2023 and 2024 and as of April 30, 2025, we had loans from related parties of RMB1,027.6 million, RMB1,065.1 million, nil, and nil, respectively. These loans were mainly used for supplementing our working capital and optimizing our debt structure by repaying certain loans from financial institutions and were non-trade in nature.

Lease Liabilities

Our lease liabilities increased from RMB47.6 million as of December 31, 2022 to RMB48.5 million as of December 31, 2023 and our lease liabilities increased from RMB48.5 million as of December 31, 2023 to RMB199.2 million as of December 31, 2024, both as a result of new leases entered into for new factories and employees' housing. As of April 30, 2025, we had lease liabilities of RMB218.3 million, among which RMB137.2 million were unsecured and unguaranteed, and RMB81.1 million were secured by our rental deposits and unguaranteed. Our lease liabilities increased from RMB199.2 million as of December 31, 2024 to RMB218.3 million as of April 30, 2025, primarily due to the same foregoing reason.

Except as disclosed above, and apart from intra-group liabilities and normal trade payables as of April 30, 2025 and the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees, or material contingent liabilities.

Recent Development

There has been no material change in our indebtedness since the Latest Practicable Date up to the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

The table below sets forth our capital expenditure (cash outflow) for the periods indicated.

	2022	2023	2024
	(in RMB thousands)		
Purchase of property, plant and equipment	6,824,316	5,085,273	6,237,734
Upfront payments for leasehold land	—	277,654	118,320
Total	**6,824,316**	**5,362,927**	**6,356,054**

During the Track Record Period, our capital expenditure was primarily for purchase of property, plant and equipment used in our production and payments for leasehold land.

Capital Commitments

The table below sets forth our capital commitments as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Capital expenditure contracted for but not provided for in the Historical Financial Information			
— Property, plant and equipment	820,472	1,352,626	2,217,417

KEY FINANCIAL RATIOS

	For the year ended/as of December 31,		
	2022	2023	2024
Gross margin[1]	18.3%	15.6%	14.6%
Net profit margin[2]	5.4%	5.6%	5.3%
Return on assets[3]	3.3%	3.9%	4.6%
Return on equity[4]	5.8%	6.7%	7.7%
Current ratio[5]	1.3	1.5	1.3
Quick ratio[6]	1.0	1.1	1.0
Gearing ratio[7]	42.7%	32.8%	29.3%

Notes:

(1) Gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

(2) Net profit margin is calculated as net profit for the year divided by revenue for the corresponding year and multiplied by 100%.

(3) Return on assets is calculated as net profit for the year divided by the average total assets and multiplied by 100%. Average total assets is the sum of the balance of total assets at the beginning and at the end of the year, divided by two.

(4) Return on equity is calculated as net profit for the year divided by the average total equity and multiplied by 100%. Average total equity is the sum of the balance of total equity at the beginning and at the end of the year, divided by two.

(5) Current ratio is calculated as total current assets as at the end of the year divided by total current liabilities as at the end of the corresponding year.

(6) Quick ratio is calculated as total current assets less inventories as at the end of the year and divided by total current liabilities as at the end of the corresponding year.

(7) Gearing ratio is calculated as the total bank loans as at the end of the year divided by total equity as at the end of the corresponding year and multiplied by 100%.

DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks including currency risk, interest risk, credit risk and liquidity risk. For details of our risk exposure and sensitivity analysis, see note 41 to Appendix I — Accountants' Report.

Currency Risk

Currency risk arises when recognized financial assets and liabilities are denominated in a currency that is not the same as an entity's functional currency. We have certain sales, purchases, bank balances and borrowings denominated in foreign currencies, which exposes us to currency risk. We manage and monitor our exposure to currency risk to ensure appropriate measures are implemented in a timely and effective manner.

Specifically, if the RMB strengthened 10% against the U.S. dollar, we would have recorded RMB 551.2 million, RMB586.9 million and RMB854.9 million less of profit for the year in 2022, 2023 and 2024.

Interest Risk

We are exposed to fair value interest rate risk in relation to our pledged and restricted bank deposits, fixed-rate bank borrowings and lease liabilities. We are exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings.

Credit Risk

Credit risk refers to the risk that our counterparties may default on their contractual obligations resulting in financial losses to us. Our credit risk exposures primarily relate to our trade and bills receivables and bank balances. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. To manage our liquidity risk, we monitor and maintain a level of bank balances and cash deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maximize our return to shareholders through the optimization of our debt and equity balance. Our overall strategy remained unchanged during the Track Record Period.

Our capital structure consists of net debt, which includes borrowings and lease liabilities, net of bank balances and cash and total equity, mainly comprising issued share capital, share premium and retained profits, other reserves and non-controlling interests.

Our management reviews our capital structure on a regular basis. As part of this review, they consider the cost of capital and risks associated with the capital. Based on recommendations of our management, we will balance our overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

RELATED PARTY TRANSACTIONS

Related party transactions are set out in note 42 to Appendix I — Accountants' Report. Our Directors confirm that these transactions were conducted in the ordinary course of our business, on an arm's length basis and with normal commercial terms between the relevant parties.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period, we did not enter into any off-balance sheet arrangements.

DIVIDEND POLICY

In 2022, 2023 and 2024, our Company declared dividends of RMB493.1 million, RMB986.2 million and RMB1,482.2 million, all of which had been paid in full. See Note 15 to the Accountants' Report included in Appendix I to this prospectus for details.

We do not have a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Our dividend policy sets forth that, subject to the condition that the Company has recorded a net profit for the year and maintains a positive balance of accumulated undistributed profits, and provided that such distribution would not impair the Company's ability to sustain ongoing operations and long-term development, the Company shall prioritize profit distribution by way of cash dividends in the absence of any significant capital expenditure plans. The amount of profits distributed by cash dividends shall not be less than 15% of the distributable profits realized for that year. Over any three-year period, the total profits distributed by way of cash dividends shall not be less than 30% of the average annual distributable profits realized during the same three-year period. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

After the Global Offering, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

DISTRIBUTABLE RESERVE

As of December 31, 2024, our Company has retained profits of RMB15,717.1 million.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE HONG KONG LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Hong Kong Listing Rules.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Please refer to Appendix II — Unaudited Pro Forma Financial Information for details.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. Our listing expenses are estimated to be approximately HK$73.3 million (including underwriting commission), accounting for 1.6% of the gross proceeds of the Global Offering (assuming an Offer Price of HK$17.78 per H Share, being the mid-point of the Offer Price range stated in this prospectus, and no exercise of the Over-allotment Option or the Offer Size Adjustment Option). Among our listing expenses, approximately HK$69.7 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately HK$0.0 million has been charged to our consolidated statements of profit or loss and other comprehensive income. The listing expenses we incurred during the Track Record Period and expect to incur would consist of approximately HK$37.3 million underwriting related expenses and fees (including but not limited to commissions and fees), approximately HK$35.6 million non-underwriting-related expenses and fees of the Sole Sponsor, legal advisors and reporting accountant and approximately HK$0.4 million for other non-underwriting-related fees and expenses.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, as of the date of this Prospectus, there has been no material adverse change in our financial position since December 31, 2024, and there has been no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Prospectus.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of our Company was RMB4,982,772,171, comprising 4,982,772,171 A Shares of nominal value RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,982,772,171	100.00%
Total	**4,982,772,171**	**100.00%**

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, assuming that the Over- allotment Option and the Offer Size Adjustment Option are not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,982,772,171	95.00%
H Shares issued pursuant to the Global Offering	262,256,800	5.00%
Total	**5,245,028,971**	**100.00%**

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is fully exercised but the Offer Size Adjustment Option is not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,982,772,171	94.29%
H Shares issued pursuant to the Global Offering	301,595,200	5.71%
Total	**5,284,367,371**	**100.0%**

Immediately following completion of the Global Offering, assuming that the Offer Size Adjustment Option is fully exercised but the Over-allotment Option is not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,982,772,171	94.29%
H Shares issued pursuant to the Global Offering	301,595,200	5.71%
Total	**5,284,367,371**	**100.00%**

Immediately following completion of the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are fully exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,982,772,171	93.49%
H Shares issued pursuant to the Global Offering	346,834,400	6.51%
Total	**5,329,606,571**	**100.00%**

OUR SHARES

Our H Shares in issue upon completion of the Global Offering (including H Shares issued pursuant to the exercise of the Over-allotment Option and the Offer Size Adjustment Option) and our A Shares are ordinary shares in the share capital of our Company and are considered as one class of Shares. However, apart from qualified domestic institutional investors and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be subscribed by or traded between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in RMB. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in RMB. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. *The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies* (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shares holders may convert A Shares held by them into H Shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our holders of A Shares to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange at the general meeting of our Company held on March 28, 2025. Pursuant to such approval, among other things, (i) the number of H Shares to be offered under the Global Offering shall not exceed 7.00% of the total share capital of our Company as enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option); and (ii) the number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be initially offered pursuant to the Global Offering.

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on March 28, 2025.

There is no other approved offering plan for any other Shares except for the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our Shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association — Shareholders and General Meetings" of this Prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**," and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) that may be purchased for an aggregate amount of approximately US$191 million (or approximately HK$1,499 million, calculated based on an exchange rate of US$1.00 to HK$7.8501) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Hong Kong Stock Exchange trading fee) (the "**Cornerstone Placing**").

Based on the Offer Price of HK$18.18 per Offer Share, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 82,471,800. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
31.45%	1.57%	27.35%	1.56%	27.35%	1.56%	23.78%	1.55%

Based on the Offer Price of HK$17.78 per Offer Share, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 84,328,000. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
32.15%	1.61%	27.96%	1.60%	27.96%	1.60%	24.31%	1.58%

Based on the Offer Price of HK$17.38 per Offer Share, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 86,268,800. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
32.89%	1.64%	28.60%	1.63%	28.60%	1.63%	24.87%	1.62%

We believe that the Cornerstone Placing demonstrates our Cornerstone Investors' confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's business partners/the Underwriters in the Global Offering.

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Hong Kong Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering and will be counted towards the public float of the Company under Rule 8.08 of the Hong Kong Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of the Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

To the best knowledge and belief of the Company, each of the Cornerstone Investors and its ultimate beneficial owners is (i) not accustomed to take instructions from the Company or any of our Directors, Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; (ii) not financed by the Company or any of our Directors, Supervisors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iii) independent of the other Cornerstone Investors, the Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate of the Group. In addition, to the best knowledge of the Company, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

To the best knowledge of the Overall Coordinators and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this Prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering, subject to the consent of the Hong Kong Stock Exchange and without obtaining any preferential treatment. The Company will seek the Hong Kong Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their associates will place orders in the International Offering and the allocation to such investors as placees in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

As confirmed by each of the Cornerstone Investors, its subscription under the Cornerstone Placing would be financed by its own internal financial resources, financial resources of its shareholders or the assets managed for its investors (in the case of Cornerstone Investors which are funds or investment managers) and it has sufficient funds to settle its respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Hong Kong Stock Exchange. Some of the Cornerstone Investors have agreed that, the Company, the Sole Sponsor and the Overall Coordinators may in their sole discretion defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors, (ii) the delayed delivery date should be no later than three business days following the last day on which the Over-allotment Option may be exercised, (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement, and (iv) each of the Cornerstone Investors has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. As such, there will not be any deferred settlement in payment by the Cornerstone Investors.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H Shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this Prospectus, the Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a *pro rata* basis under the Hong Kong Public Offering pursuant to Practice Note 18 of the Hong Kong Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of the Company to be published on or around Tuesday, July 8, 2025.

THE CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing:

			Assuming an Offer Price of HK$17.38 per H Share (being the low-end of the Offer Price range)							
			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
	(USD in millions)		Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Green Better Limited ("**Green Better**")	10	4,516,600	1.72%	0.09%	1.50%	0.09%	1.50%	0.09%	1.30%	0.08%
Olympic Country Company Limited ("**Olympic Country**")	10	4,516,600	1.72%	0.09%	1.50%	0.09%	1.50%	0.09%	1.30%	0.08%
UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**")	50	22,583,600	8.61%	0.43%	7.49%	0.43%	7.49%	0.43%	6.51%	0.42%
Oaktree Capital Management, L.P. ("**Oaktree**")	25	11,291,800	4.31%	0.22%	3.74%	0.21%	3.74%	0.21%	3.26%	0.21%
LMR Multi-Strategy Master Fund Limited ("**LMR**")	30	13,550,200	5.17%	0.26%	4.49%	0.26%	4.49%	0.26%	3.91%	0.25%
Redwood Elite Limited ("**Redwood**")	6	2,710,000	1.03%	0.05%	0.90%	0.05%	0.90%	0.05%	0.78%	0.05%
QRT Master Fund SPC ("**QRT**")	20	9,033,400	3.44%	0.17%	3.00%	0.17%	3.00%	0.17%	2.60%	0.17%
Poly Platinum Enterprise Limited ("**Poly Platinum**")	15	6,775,000	2.58%	0.13%	2.25%	0.13%	2.25%	0.13%	1.95%	0.13%
Infini Global Master Fund ("**Infini**")	15	6,775,000	2.58%	0.13%	2.25%	0.13%	2.25%	0.13%	1.95%	0.13%
Verition Multi-Strategy Master Fund Ltd. ("**Verition**")	10	4,516,600	1.72%	0.09%	1.50%	0.09%	1.50%	0.09%	1.30%	0.08%

			Assuming an Offer Price of HK$17.78 per H Share (being the mid-point of the Offer Price range)							
			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
	(USD in millions)		Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Green Better	10	4,415,000	1.68%	0.08%	1.46%	0.08%	1.46%	0.08%	1.27%	0.08%
Olympic Country	10	4,415,000	1.68%	0.08%	1.46%	0.08%	1.46%	0.08%	1.27%	0.08%
UBS AM Singapore	50	22,075,600	8.42%	0.42%	7.32%	0.42%	7.32%	0.42%	6.36%	0.41%
Oaktree	25	11,037,800	4.21%	0.21%	3.66%	0.21%	3.66%	0.21%	3.18%	0.21%
LMR	30	13,245,200	5.05%	0.25%	4.39%	0.25%	4.39%	0.25%	3.82%	0.25%
Redwood	6	2,649,000	1.01%	0.05%	0.88%	0.05%	0.88%	0.05%	0.76%	0.05%
QRT	20	8,830,200	3.37%	0.17%	2.93%	0.17%	2.93%	0.17%	2.55%	0.17%
Poly Platinum	15	6,622,600	2.53%	0.13%	2.20%	0.13%	2.20%	0.13%	1.91%	0.12%
Infini	15	6,622,600	2.53%	0.13%	2.20%	0.13%	2.20%	0.13%	1.91%	0.12%
Verition	10	4,415,000	1.68%	0.08%	1.46%	0.08%	1.46%	0.08%	1.27%	0.08%

			Assuming an Offer Price of HK$18.18 per H Share (being the high-end of the Offer Price range)							
			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Cornerstone Investor	Subscription amount	Number of Offer Shares[1]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
	(USD in millions)		Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Green Better	10	4,317,800	1.65%	0.08%	1.43%	0.08%	1.43%	0.08%	1.24%	0.08%
Olympic Country	10	4,317,800	1.65%	0.08%	1.43%	0.08%	1.43%	0.08%	1.24%	0.08%
UBS AM Singapore	50	21,589,800	8.23%	0.41%	7.16%	0.41%	7.16%	0.41%	6.22%	0.41%
Oaktree	25	10,794,800	4.12%	0.21%	3.58%	0.20%	3.58%	0.20%	3.11%	0.20%
LMR	30	12,953,800	4.94%	0.25%	4.30%	0.25%	4.30%	0.25%	3.73%	0.24%
Redwood	6	2,590,600	0.99%	0.05%	0.86%	0.05%	0.86%	0.05%	0.75%	0.05%
QRT	20	8,635,800	3.29%	0.16%	2.86%	0.16%	2.86%	0.16%	2.49%	0.16%
Poly Platinum	15	6,476,800	2.47%	0.12%	2.15%	0.12%	2.15%	0.12%	1.87%	0.12%
Infini	15	6,476,800	2.47%	0.12%	2.15%	0.12%	2.15%	0.12%	1.87%	0.12%
Verition	10	4,317,800	1.65%	0.08%	1.43%	0.08%	1.43%	0.08%	1.24%	0.08%

Note:

(1) Subject to rounding down to the nearest whole board lot of 200 Offer Shares. Calculated based on the exchange rate set out in the section headed "Information about This Prospectus and the Global Offering — Exchange Rate Conversion."

The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Green Better

Green Better Limited ("**Green Better**") is an investment company incorporated in the British Virgin Islands. Green Better is a wholly-owned subsidiary of Xiaomi Corporation, a company listed on the Stock Exchange (stock code: 1810). Xiaomi Corporation is an investment holding company principally engaged in the research, development and sales of smartphones, Internet of things and lifestyle products, the provision of Internet services, the development, manufacturing and sales of smart electric vehicles and investment business in China and other countries or regions.

Olympic Country

Olympic Country Company Limited is registered in Hong Kong. Its parent company is Olympic Circuit Technology Co., Ltd. (stock code: 603920.SH, a company listed on the Shanghai Stock Exchange) ("**Olympic Circuit**"). The controlling shareholder of Olympic Circuit is Guangdong Shunde Holding Group Co., Ltd., and the ultimate controlling entity of Olympic Circuit is the State-owned Assets Supervision and Administration Bureau of Shunde District, Foshan City. Olympic Circuit specializes in the R&D, production, and sales of various types of printed circuit boards (PCBs), which are widely used in automotive electronics, artificial intelligence (AI), high-end consumer electronics, wind power generation, photovoltaic (PV), energy storage, humanoid robots, low-altitude aircraft, AI smart glasses, computers, and related equipment. The company has become one of the leading enterprises in China's PCB industry.

UBS AM SINGAPORE

UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**"), a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with the Company and the Joint Sponsors, in its capacity as the delegate of the investment manager for and on behalf of the following fund(s): (i) UBS (Lux) Equity Fund — Greater China (USD); (ii) UBS (Lux) Equity Fund — China Opportunity (USD); (iii) UBS (HK) Fund Series — China Opportunity Equity (USD); (iv) UBS (Lux) Equity SICAV — All China (USD); (v) UBS (Lux) Investment SICAV — China A Opportunity (USD); (vi) UBS (CAY) China A Opportunity; (vii) UBS (Lux) Key Selection SICAV — China Allocation Opportunity (USD); and (viii) certain other segregated accounts and mandates.

UBS AM Singapore is a wholly-owned subsidiary of UBS Asset Management AG, an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG's shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS). No single ultimate beneficial owner holds 30% or more interests in those funds.

Oaktree

Oaktree Capital Management, L.P. ("**Oaktree**") is the investment manager of Oaktree Emerging Markets Equity Fund, L.P. and certain separately managed accounts within its Emerging Markets Equity strategy (severally and not jointly) (each, an "**Oaktree Fund**," and collectively the

"**Oaktree Funds**"). Oaktree Emerging Markets Equity Fund, L.P. had more than 50 limited partners as of March 31, 2025, and no limited partner of Oaktree Emerging Markets Equity Fund, L.P. holds 30% or more interests in Oaktree Emerging Markets Equity Fund, L.P. as of March 31, 2025, while the other Oaktree Funds are separately managed accounts or seed portfolio of Oaktree. Oaktree is a Delaware limited partnership and is registered as an investment adviser with the United States Securities and Exchange Commission. Oaktree is a global investment management firm managing a broad array of complementary strategies in four asset classes: credit, private equity, real assets and listed equities, and maintains a contrarian, value-oriented investment philosophy. Oaktree's investor base includes institutional investors such as pension plans, insurance companies, endowments, foundations and sovereign wealth funds. Brookfield Corporation, a company public listed on the New York Stock Exchange (ticker symbol: BN) and the Toronto Stock Exchange (ticker symbol: BN), is the only ultimate beneficial owner that indirectly holds an economic interest of more than 30% in Oaktree as of May 1, 2025.

LMR

LMR Multi-Strategy Master Fund Limited ("**LMR Master Fund**") is established in the Cayman Islands and managed by LMR Partners LLP ("**LMR Partners**," together with its affiliates, "**LMR**"), a global multi-strategy investment firm founded in 2009, specializing in liquid, market-neutral trading strategies with a focus on relative value. LMR employs both systematic and discretionary approaches to construct a diversified portfolio designed to generate uncorrelated returns. LMR currently manages over US$11 billion in assets on behalf of a global institutional client base. LMR has over 350 employees across offices in London, New York, Hong Kong, Zurich, Dubai, Dublin, and Glasgow. Mr. Benjamin Levine, who is an Independent Third Party, is the only individual that owns more than a 30% interest in LMR Partners. There is no individual underlying investor that has more than 30% beneficial ownership in the LMR Master Fund.

Redwood

Redwood Elite Limited ("**Redwood**"), a company incorporated in the Cayman Islands with limited liability and a directly wholly-owned subsidiary and an investments holding of Goldstream Investment Limited ("**GIL**"), invests on behalf of GIL. GIL is listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1328.HK), of which Hony Capital Group, L.P. (弘毅投資) ("**Hony Capital**") is a controlling shareholder with more than 60% of its interests and with Mr. Zhao John Huan, being the ultimate controlling shareholder and chairman of Hony Capital.

GIL is principally engaged in provision of (i) advisory services on securities and (ii) asset management through its wholly owned subsidiary, Goldstream Capital Management Limited ("**GCML**") a SFC licensed corporation with Type 4 (advising on securities) and Type 9 (Asset Management) licenses, and strategic direct investment business on behalf of the group. The group routinely conducts investments in companies with excellent reputation and business potential.

Hony Capital was founded in the early 2000s to capture investment opportunities as a private equity platform. Through more than 20 years, Hony Capital has become one of the most successful and reputable Chinese private equity firms, has invested in over 100 companies in the areas of technology, pharmaceutical and healthcare, consumer products, food and beverage, entertainment, environmental protection and new energy, as well as machinery and equipment manufacturing. Hony Capital and its group members manage assets on behalf of institutional clients such as foundations, sovereign wealth funds, university endowments, and family offices.

QRT

Torus Fund SP ("**Torus**") is a segregated portfolio of QRT Master Fund SPC, a Cayman Islands exempted company registered as a segregated portfolio company. There is no beneficial owner holding 30% or more of the shares in Torus. Torus is managed by Qube Research & Technologies Hong Kong Limited ("**QRT HK**") and certain affiliates of QRT HK (collectively "**QRT**"). QRT HK is a company incorporated in Hong Kong and licensed by the SFC to carry on type 9 (asset management) regulated activity. QRT deploys a diverse range of investment strategies across geographies, asset classes and time frames, combining data, research, technology, and trading expertise. There is no beneficial owner holding 30% or more of the shares in QRT.

Poly Platinum

Poly Platinum Enterprises Limited ("**Poly Platinum**") is a company incorporated in the British Virgin Islands with limited liability and is wholly controlled by Greater Bay Area Homeland Development Fund LP ("**GBA Fund**").

GBA Fund is a private fund established in the Cayman Islands and is jointly owned by a number of international large-scale industrial institutions, financial institutions and new economic enterprises, each of which holds less than 16% equity interest therein. GBA's business encompasses private equity investment to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an international innovation and technology hub, focusing on technological innovation, industrial upgrading, quality of life, smart city and all other related industries.

Both Poly Platinum and GBA Fund are managed by Greater Bay Area Development Fund Management Limited (大灣區發展基金管理有限公司) ("**GBA Development Fund**"), a company licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. No single ultimate beneficial owner holds 30% or more interests in GBA Development Fund.

Infini

Infini Global Master Fund ("**Infini**") is managed by Infini Capital Management Limited (無極資本管理有限公司) ("**Infini Capital**"). With dual headquarters in Hong Kong and Abu Dhabi, Infini Capital is licensed by the SFC and the Abu Dhabi Global Market (ADGM) Financial Services Regulatory Authority (FSRA). Infini Capital is wholly owned by Infini Capital Global, a Cayman Island holding company and the ultimate beneficial owner of the Infini Capital is Tony Chin, the founder and Chief Investment Officer of Infini Capital. Save for Tony Chin, none of the other investors hold more than 30% interest in the fund.

Verition

Verition Multi-Strategy Master Fund Ltd. is managed by Verition Fund Management LLC ("**Verition**"), an investment firm founded in 2008. Verition is a subsidiary of Verition Fund Management NY, Inc., which owns the vast majority of Verition's equity. Save for Mr. Nicholas Maounis, there is no single ultimate beneficial owner holds 30% or more interests in Verition Fund Management NY, Inc. Verition manages a multi-strategy, multi-manager hedge fund focused on global investment strategies including Credit, Fixed Income & Macro, Convertible & Volatility Arbitrage, Event-Driven, Equity Long/Short & Capital Markets Trading, and Quantitative Strategies. As part of its investment activities, Verition seeks to construct a diversified portfolio with low correlation to traditional and alternative asset classes and consistently attractive risk adjusted returns. Capital is allocated dynamically across the strategies based on the market view and opportunity set for each individual investment team. As of April 1, 2025, the assets under management of Verition and its affiliates is approximately US$12.6 billion. Verition employs approximately 700 people and has offices in New York, Greenwich, Norwalk, London, Singapore, Hong Kong and Dubai. Verition Multi-Strategy Master Fund Ltd. has two feeder funds, Verition International Multi-Strategy Fund Ltd. and Verition Multi-Strategy Fund LLC. As of the date of this Prospectus, there is no natural person who is an ultimate beneficial owner who owns 30% or more of Verition Multi-Strategy Master Fund Limited.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

(iii) the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authorities which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the Global Offering (assuming that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the Listing), each of the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

					Assuming no exercise of the Over-allotment Option or the Offer Size Adjustment Option		Assuming full exercise of the Over-allotment Option and the Offer Size Adjustment Option	
Name of the substantial Shareholder	Nature of Interest	Description of Shares	Number of Shares directly or indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date[1]	Approximate percentage of shareholding in our A Shares	Approximate percentage of interest in the total issued share capital of our Company	Approximate percentage of shareholding in our A Shares	Approximate percentage of interest in the total issued share capital of our Company
Ms. Chau	Interest held by controlled corporation[2][3][4]	A Shares	3,116,352,600	62.54%	62.54%	59.42%	62.54%	58.47%
	Interest of spouse[5]	A Shares	3,347,879	0.07%	0.07%	0.06%	0.07%	0.06%
Mr. Cheng	Beneficial owner	A Shares	3,347,879	0.07%	0.07%	0.06%	0.07%	0.06%
	Interest of spouse[5]	A Shares	3,116,352,600	62.54%	62.54%	59.42%	62.54%	58.47%
Lens Technology (HK)	Beneficial owner[2]	A Shares	2,804,509,821	56.28%	56.28%	53.47%	56.28%	52.62%
Changsha Qunxin	Beneficial owner[3]	A Shares	288,025,612	5.78%	5.78%	5.49%	5.78%	5.40%

Notes:

(1) The calculation is based on the total number of 4,982,772,171 Shares in issue as of the Latest Practicable Date.

(2) As of the Latest Practicable Date, Lens Technology (HK) held 2,804,509,821 A Shares. Lens Technology (HK) was directly wholly owned by Ms. Chau. As such, Ms. Chau will be deemed to be interested in the A Shares held by Lens Technology (HK) by virtue of the SFO.

(3) As of the Latest Practicable Date, Changsha Qunxin held 288,025,612 A Shares. Changsha Qunxin is a limited liability company established in the PRC, which is owned as to 97.9% by Ms. Chau and 2.1% by Mr. Cheng. As such, Ms. Chau is deemed to be interested in the A Shares held by Changsha Qunxin by virtue of the SFO.

(4) As of the Latest Practicable Date, there were 23,817,167 A Shares repurchased and held in our Company's stock repurchase account as treasury shares. Ms. Chau, directly and indirectly through Lens Technology (HK) and Changsha Qunxin, controls more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company by virtue of the SFO.

(5) Ms. Chau is the spouse of Mr. Cheng. Therefore, each of Ms. Chau and Mr. Cheng is deemed to be interested in the Shares held by each other under the SFO.

Save as disclosed above and in "Appendix IV — Statutory and Genera Information" of this Prospectus, our Directors are not aware of any person who will, immediately following the Global Offering (and the offering of any additional H Shares pursuant to the Over-allotment Option and the Offer Size Adjustment Option), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

OVERVIEW

As of the Latest Practicable Date, the equity interest of our Company was controlled directly as to approximately 56.28% by Lens Technology (HK), 5.78% by Changsha Qunxin and 0.07% by Mr. Cheng. 100% equity interest of Lens Technology (HK) was directly held by Ms. Chau and Changsha Qunxin was directly held as to 97.90% by Ms. Chau and 2.10% by Mr. Cheng. Ms. Chau and Mr. Cheng are spouses. For a simplified corporate structure chart of our Group before the Listing, see "History, Development and Corporate Structure."

Accordingly, immediately following the completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised), Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin will control in aggregate approximately 59.03% of the total issued share capital of our Company and be entitled to exercise more than 30% of the voting power at Shareholders' general meetings of our Company. As such, Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin will together constitute a group of Controlling Shareholders upon Listing under the Hong Kong Listing Rules.

CLEAR BUSINESS DELINEATION

Our Business

We are an industry-leading integrated one-stop precision manufacturing solution provider. We are focused on technological innovation and empowered by smart manufacturing. In terms of revenue in 2024, we are a global leading player in precision structural parts and modules integrated solutions for both consumer electronics and smart vehicles interaction systems. We have accumulated strong expertise and capabilities in consumer electronics and smart vehicles, with robust and comprehensive platform-based capabilities that include talent, technology, supply and smart manufacturing.

The Business of Our Controlling Shareholders

Lens Technology (HK) is an investment holding company incorporated under the laws of Hong Kong and Changsha Qunxin is an investment holding company incorporated under the laws of the PRC.

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, she/he/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

NON-COMPETE UNDERTAKINGS

For the purpose of the listing of our A Shares on the Shenzhen Stock Exchange and in order to avoid any potential competition between our Group and the Controlling Shareholders, the Controlling Shareholders provided a non-competition undertaking in favor of our Company on March 2, 2012 (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has undertaken that:

(i) the Controlling Shareholders and the companies controlled by them shall not directly or indirectly engage in any business that competes or may compete with the business operated by the Group, nor shall they invest in any other enterprises that compete or may compete with the business operated by the Group;

(ii) if the Controlling Shareholders and the companies controlled by them expand the scope of their business, they shall not engage in any business that competes with the expanded business of the Group. If competition arises with the expanded business of the Group, the Controlling Shareholders and the companies controlled by them shall avoid such competition by either ceasing the operation of the competing business, incorporating the competing business into the Group's operations, or transferring the competing business to an unrelated third party; and

(iii) for so long as the Controlling Shareholders and the companies controlled by them remain as a related party of the Group, if the Controlling Shareholders and the companies controlled by them fail to comply with the relevant undertakings, they shall compensate the Group for all direct and indirect losses and will bear the corresponding legal responsibilities.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by the Board and senior management of the Company. Upon Listing, the Board will consist of seven Directors comprising three executive Directors and four independent non-executive Directors. For more information, see "Directors, Supervisors and Senior Management." Our Directors consider that the Board, Supervisors and senior management of our Company are capable of functioning independently of our Controlling Shareholders for the following reasons:

(i) our daily management and operations are carried out by a senior management team, all of whom have substantial experiences in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of the Group;

(ii) each Director is aware of her/his fiduciary duties as a director which require, among other things, that she/he must act for the benefit and in the interest of our Company and the Shareholders as a whole, and not allow any conflict between her/his duties as a Director and her/his personal interests;

(iii) we have four independent non-executive Directors who individually and collectively possess requisite knowledge and experience, and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of the Board and protect the interest of our Company and our Shareholders as a whole;

(iv) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. Our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which she/he or any of her/his close associates have a material interest and shall not be counted in the quorum present at the particular Board meeting; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures" in this section for further information.

Based on the above, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders after the Listing.

Operational Independence

We have full rights to make business decisions and to carry out our business independently from our Controlling Shareholders. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective close associates after the Listing:

(i) we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders;

(ii) we have independent access to our customers and suppliers;

(iii) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and

(iv) none of our Controlling Shareholders have any interests in any business which competes or is likely to compete with the business of our Group.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the financial management, accounting, reporting and funding functions of our Group. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

As of the Latest Practicable Date, we did not have any outstanding loans granted or guaranteed by any of our Controlling Shareholders to us.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently from, and do not place undue reliance on, our Controlling Shareholders after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Company and Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted, among others, the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders have a material interest, the relevant Controlling Shareholders will not vote on the relevant resolutions;

(ii) our Company has established internal control mechanisms to identify connected transactions and related party transactions. Upon the Listing, if our Company enters into connected transactions or related party transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable laws and regulations, including the Hong Kong Listing Rules;

(iii) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by applicable laws and regulations, including the Hong Kong Listing Rules;

(v) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(vi) we have appointed Gram Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance; and

(vii) we have established the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee with written terms of reference in compliance with the Hong Kong Listing Rules and the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules (where applicable).

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

OVERVIEW

Our Board consists of seven Directors, comprising three executive Directors and four independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

Our Supervisory Committee consists of three Supervisors including one employee representative Supervisor. Our Supervisors are elected for a term of three years and are eligible for re-election.

DIRECTORS

The following table sets forth the information about the Directors:

Name	Age	Position	Responsibilities	Date of appointment as a Director	Time of joining the Group
Ms. Chau Kwan Fei (周群飛) . .	54	Executive Director, chairman of the Board and general manager	Responsible for the strategy planning and the overall operation and management of the Group	June 18, 2011	December 2006
Mr. Cheng Chun Lung (鄭俊龍)	52	Executive Director and vice chairman of the Board	Responsible for the marketing and procurement of the Group	June 18, 2011	December 2006
Mr. Rao Qiaobing (饒橋兵)	54	Executive Director and deputy general manager	Responsible for the management of production and operation of the Group	July 31, 2021	December 2006
Ms. Wan Wei (萬煒)	52	Independent non-executive Director	Supervising and providing independent judgment to the Board	July 31, 2021	July 2021
Mr. Liu Yue (劉岳)	50	Independent non-executive Director	Supervising and providing independent judgment to the Board	July 31, 2021	July 2021
Mr. Tian Hong (田宏)	63	Independent non-executive Director	Supervising and providing independent judgment to the Board	January 21, 2025	January 2025
Mr. Xie Zhiming (謝志明)	52	Independent non-executive Director	Supervising and providing independent judgment to the Board	January 21, 2025	January 2025

Executive Directors

Ms. Chau Kwan Fei (周群飛), aged 54, the co-founder of the Company, has been the chairman of the Board and the general manager of the Company since June 2011, and was redesignated as an executive Director in March 2025 with effect from the Listing Date. Ms. Chau is fully responsible for the development strategy planning and overall operation and management of the Company.

Ms. Chau founded the Group in December 2006 and held directorship or general manager positions in various subsidiaries of the Group, including a supervisor of Lens Shenzhen, a director of Lens International, the chairman of the board of Lens Taizhou, the chairman of the board and general manager of Lens Changsha and the chairman of the board of Lens New Energy Company Limited* (藍思新能源有限公司). Ms. Chau has also served as a director of Changsha Intelligent Robot Research Institute Company Limited* (長沙智能機器人研究院有限公司) since March 2016; an executive director of Changsha Qunxin since 2017; a director of Qunxin Investment Company Limited* (群欣投資有限公司) since May 2017; and served as a director of Lens Technology (HK).

Ms. Chau is the spouse of Mr. Cheng, one of our executive Directors.

Mr. Cheng Chun Lung (鄭俊龍), aged 52, the co-founder of the Company, was the vice chairman of the Board and the deputy general manager of the Company from June 2011 to July 2021, has been the vice chairman of the Board since July 2021, and was redesignated as an executive Director in March 2025 with effect from the Listing Date. Mr. Cheng is primarily responsible for the marketing and procurement of the Group.

Mr. Cheng founded the Group in December 2006, and held directorship or general manager positions in various subsidiaries of the Group, including an executive director of Lens Shenzhen, and a director of Lens Xiangtan, Lens Changsha, etc. Mr. Cheng served as a director of Lens Technology (HK). He also served as the general manager of Changsha Qunxin from January 2021 to January 2025.

Mr. Cheng is the spouse of Ms. Chau, one of our executive Directors.

Mr. Rao Qiaobing (饒橋兵), aged 54, has been the deputy general manager of the Company since June 2011, a Director and a deputy general manager of the Company since July 2021, and was redesignated as an executive Director in March 2025 with effect from the Listing Date. Mr. Rao is primarily responsible for the management of production and operation of the Group.

Mr. Rao joined the Group in December 2006 and held various positions in the Group. Mr. Rao served as an executive director and the factory manager of Huizhou Gaokeda Photonics Company Limited* (惠州市高科達光電有限公司) from 2001 to 2005, the chief engineer and factory manager of Shenzhen Keda Photonics Company Limited* (深圳市科達光電有限公司) from 1997 to 2000, the factory manager of production technology of Aoya Optics Company Limited* (澳亞光學有限公司) from 1994 to 1996; and a technologist of Shenzhen Dechang Electric Machinery Corporation* (深圳市德昌電機公司) from 1992 to 1994.

Independent Non-executive Directors

Ms. Wan Wei (萬煒), aged 52, has been an independent Director since July 2021, and was redesignated as an independent non-executive Director in March 2025 with effect from the Listing Date. Ms. Wan is primarily responsible for supervising and providing independent judgment to the Board.

Ms. Wan has served as an associate professor of Business School of Hunan University since December 2019, and a lecturer in the marketing department of Hunan University since June 2004. From July 1994 to July 2001, Ms. Wan served at Hunan Pharmaceutical and Health Products Import and Export Corporation* (湖南省醫藥保健品進出口公司).

Ms. Wan obtained a doctor's degree in corporate management from Hunan University in December 2013, a master's degree in international business administration from Sun Yat-sen University in June 2003, and a bachelor's degree in electromagnetic measurement and instrumentation from Hunan University in July 1994. In April 2013, Ms. Wan was awarded the KAB Entrepreneurship Education (China) Project Lecturer qualification by the All-China Youth Federation (中華全國青年聯合會), the All-China Students Federation (中華全國學生聯合會), and the International Labour Organization.

Mr. Liu Yue (劉岳), aged 50, has been an independent Director since July 2021, and was redesignated as an independent non-executive Director in March 2025 with effect from the Listing Date. Mr. Liu is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Liu has been a senior partner of Hunan Jinzhou Law Firm* (湖南金州律師事務所) since March 2013 and has served as an arbitrator of Changsha Arbitration Commission (長沙仲裁委員會), a researcher of Human Resources Research Center of Central South University, an off-campus master tutor of Hunan University, Law School of Changsha University of Science & Technology (長沙理工大學), and Hunan University of Technology and Business (湖南工商大學), and the expert of the Changsha Social Sciences Think Tank (長沙社科智庫). In March 2007, he established Hunan Herun Law Firm* (湖南和潤律師事務所) as a director. He also served as the deputy director of the Publicity Section of Changsha Municipal Justice Bureau and the deputy director as well as the director of Changsha 148 Legal Services Co-ordination and Command Centre (長沙市148法律服務協調指揮中心) from July 2000 to February 2007; and the secretary of Changsha Xinye Industrial Corporation* (長沙新業實業公司) from November 1993 to December 1996.

Mr. Liu was qualified as a PRC lawyer by the Ministry of Justice of the PRC.

Mr. Tian Hong (田宏), aged 63, has been an independent Director since January 2025, and was redesignated as an independent non-executive Director in March 2025 with effect from the Listing Date. Mr. Tian is primarily responsible for overseeing and providing independent judgment to the Board.

Mr. Tian has served as an independent director of Broadex Technologies Co., Ltd.* (博創科技股份有限公司) (SZSE: 300548.SZ) since May 2023 and the director of the International Center of Science and Innovation in the Guangdong-Hong Kong-Macao Great Bay Area (粵港澳大灣區國家技術創新中心) from October 2022 to July 2024. From February 1996 to September 2022, he served positions such as the general manager of the China HQ of TDK (Tokyo Denki Kagaku Kogyo K.K) (TSE: 6762.T), the president, chairman of the board and CEO of SAE Magnetics (HK) Ltd. (a wholly-owned subsidiary of TDK), and the general manager of TDK's micro-actuator business department. He served as a senior hardware integration engineer at Conner Peripherals from December 1993 to December 1995 and a research and development engineer at Hoya Electronics in the U.S. from October 1990 to November 1993.

Mr. Tian obtained a doctor's degree from the Massachusetts Institute of Technology ("**MIT**") in the U.S. in September 1990, a master's degree from MIT in February 1987, and a bachelor's degree from Tsinghua University in July 1983.

Mr. Xie Zhiming (謝志明), aged 52, has been an independent Director since January 2025, and was redesignated as an independent non-executive Director in March 2025 with effect from the Listing Date. Mr. Xie is primarily responsible for overseeing and providing independent judgment to the Board.

Mr. Xie has served as an independent director of Zhuzhou Gofront Equipment Co., Ltd.* (株洲九方裝備股份有限公司) (NEEQ: 874132.NQ). From 2015, he served as a consulting expert on managerial accounting of Hunan Provincial Department of Finance, a consulting expert of the Finance Committee of Hunan Provincial People's Congress, a project assessment expert of Department of Science and Technology of Hunan Province, and an peer assessment expert of the Zhejiang Provincial Natural Science Foundation of China (浙江省自然科學基金). Since 2003, Mr. Xie has successively served as an associate professor, director of the MBA Centre and a professor at the School of Economics & Management at Changsha University of Science and Technology (長沙理工大學).

Mr. Xie obtained a doctor's degree and a master's degree in accounting from Central South University located in Hunan Province, the PRC in June 2012 and December 2004, respectively, and a bachelor's degree in accounting from Zhejiang Business School* (杭州商學院) (currently known as Zhejiang Gongshang University (浙江工商大學)) in July 1995. Mr. Xie was awarded the professorship in accounting by the Human Resources and Social Security Department of Hunan Province in November 2016 and obtained the qualification of a PRC Certified Public Accountant from the Certified Public Accountant Examination Committee of the MOF in May 2001.

SUPERVISORS

The following table sets forth the information about the Supervisors.

Name	Age	Position	Responsibilities	Date of appointment as a Supervisor	Time of joining the Group
Mr. Tang Jun (唐軍)	46	Chairman of the Supervisory Committee	Responsible for monitoring the performance of the Directors and senior management	August 30, 2019	April 2009
Mr. Chen Xiaoqun (陳小群)	43	Shareholder representative Supervisor	Responsible for monitoring the performance of the Directors and senior management	June 18, 2011	December 2006
Ms. Zhou Xinyi (周新益)	54	Employee representative Supervisor	Responsible for monitoring the performance of the Directors and senior management	July 31, 2021	December 2006

Mr. Tang Jun (唐軍), aged 46, is the chairman of our Supervisory Committee. Mr. Tang is primarily responsible for monitoring the performance of the Directors and senior management.

Mr. Tang joined the Group in April 2009. Since 2011, Mr. Tang has been serving as a senior director and deputy general manager of the Group's Business Management Department, a deputy general manager of the Group's Commerce Department and a director of Lens Taizhou, a subsidiary of the Company. From 2009 to 2011, Mr. Tang was the finance manager and chief financial officer of Lens Technology (Hunan) Company Limited* (藍思科技(湖南)有限公司), the predecessor of the Company. From 2003 to 2009, Mr. Tang served at Shenzhen Futaihong Precision Industry Company Limited* (深圳富泰宏精密工業有限公司) in Guangdong Province.

Mr. Tang obtained a bachelor's degree in accounting in July 2003 from Shaanxi University of Science & Technology (陝西科技大學).

Mr. Chen Xiaoqun (陳小群), aged 43, is our shareholder representative Supervisor. Mr. Chen is primarily responsible for monitoring the performance of the Directors and senior management.

Mr. Chen joined the Group in December 2006. Mr. Chen has been serving as the director and vice director of the Research and Development Department of the Group since December 2006; and a director of Changsha Lens New Materials Company Limited* (長沙藍思新材料有限公司), a subsidiary of the Company since October 2018. Mr. Chen served as the deputy general manager and chief technology officer of the Company from July 2021 to January 2025, a Supervisor from June 2011 to July 2021, and concurrently a supervisor of Changsha Qunxin from March 2011 to July 2017. Prior to joining the Group, Mr. Chen worked as an assistant engineer in Flextronics Manufacturing (Zhuhai) Company Limited* (偉創力(珠海)有限公司) in Guangdong Province from May 2005 to March 2006, and a technologist in Zhuhai Feitianli Concrete Company Limited* (珠海飛天利商品混凝土有限公司) in Guangdong Province from August 2004 to May 2005.

Mr. Chen obtained a bachelor's degree in inorganic non-metallic materials engineering from Hunan University of Science and Technology (湖南科技大學) in June 2004.

Ms. Zhou Xinyi (周新益), aged 54, is our employee representative Supervisor. Ms. Zhou Xinyi is primarily responsible for monitoring the performance of the Directors and senior management.

Ms. Zhou Xinyi joined the Group in December 2006 and has held multiple positions, including Director. Since July 2021, Ms. Zhou Xinyi has served as a Supervisor and a supervisor of Lens Wang Technology (Shenzhen) Company Limited* (藍思旺科技(深圳)有限公司) ("**Lens Wang Technology**"), a subsidiary of the Company. She served as the production manager of Lens Wang Technology from 2006 to 2009; and the production manager of Lens Shenzhen from 2003 to 2005.

Ms. Zhou Xinyi obtained a junior college degree in business administration from the Open University of China (國家開放大學) located in Beijing, the PRC in January 2017.

SENIOR MANAGEMENT

The following table sets forth the information about the senior management of the Company:

Name	Age	Position	Responsibilities	Date of appointment as senior management	Time of joining the Group
Ms. Chau Kwan Fei (周群飛)	54	Executive Director, chairman of the Board and general manager	Responsible for the strategy planning and the overall operation and management of the Group	June 18, 2011	December 2006
Mr. Rao Qiaobing (饒橋兵)	54	Executive Director and deputy general manager	Responsible for the management of production and operation of the Group	June 18, 2011	December 2006
Mr. Jiang Nan (江南)	50	Deputy general manager, president of China region and Board Secretary	Responsible for the external investment, new business development and public relations management of the Group	April 21, 2023	September 2021
Mr. Liu Shuguang (劉曙光)	51	Deputy general manager and chief financial officer	Responsible for the financial operations of the Group	June 18, 2011	October 2010
Mr. Cai Xinfeng (蔡新鋒)	50	Deputy general manager	Responsible for the industrial engineering and new product introduction of the Group	July 31, 2021	February 2011
Mr. Chen Yunhua (陳運華)	37	Deputy general manager	Responsible for the smart manufacturing planning and implementation of the Group	July 31, 2021	December 2010

For the biographical details of Ms. Chau and Mr. Rao Qiaobing, please refer to "— Directors" above.

Mr. Jiang Nan (江南), aged 50, serves as a deputy general manager, the president of China region, the secretary to the Board and a joint company secretary of the Company. Mr. Jiang is primarily responsible for the Group's external investments, new business development, and public relations management.

Mr. Jiang joined the Group in September 2021. Since September 2021, Mr. Jiang has been the vice chairman of Hunan Lens New Energy Company Limited* (湖南藍思新能源有限公司), a subsidiary of the Company; from March 2021 to September 2021, he served as the president of China region and chief strategy officer of Guangdong Lingyi iTECH Manufacturing Co., Ltd.* (廣東領益智造股份有限公司) (SZSE: 002600.SZ); from February 2019 to March 2021, he served as the senior vice president of public relations department of AAC Technologies Holdings Inc. (HKEX: 2018.HK); from April 2016 to March 2018, he served as the vice president at Jumei International Holding Limited; and from August 1996 to March 2016, he held successive roles including secretary of the General Office of the Ministry of Foreign Trade and Economic Cooperation and director of the Industrial Products Division, Market Division, and Comprehensive Division of the Foreign Trade Department under the Ministry of Commerce.

Mr. Jiang obtained a master's degree of business administration from the University of International Business and Economics located in Beijing, the PRC in June 2002.

Mr. Liu Shuguang (劉曙光), aged 51, serves as a deputy general manager and chief financial officer of the Company. Mr. Liu is primarily responsible for the Group's financial operations.

Mr. Liu joined the Group in October 2010. Since April 2023, Mr. Liu has served as a supervisor of Changsha Yongping Investment Consulting Company Limited* (長沙永平投資諮詢有限公司); since December 2020, he has been a director of Lens Taizhou, a subsidiary of the Company; since October 2018, he has been a director of Changsha Lens New Materials Company Limited* (長沙藍思新材料有限公司), a subsidiary of the Company; since 2017, he has been a supervisor of Changsha Qunxin; and from 1997 to 2010, he held successive positions as deputy manager and manager of the finance department at Skyworth Electrical Appliances (Shenzhen) Company Limited* (新創維電器(深圳)有限公司), and assistant director of finance and deputy director of the TV manufacturing division at Skyworth Group Limited (HKEX: 0751.HK), and the deputy director of the finance and operation management department of Skyworth Group Limited.

Mr. Liu obtained a master's degree of business administration from Hong Kong Baptist University in November 2009 and obtained the qualification of a PRC Public Accountant from the MOF in May 1997.

Mr. Cai Xinfeng (蔡新鋒), aged 50, serves as a deputy general manager of the Company. Mr. Cai is primarily responsible for the IE (industrial engineering), lean production, automation, molds, jigs & fixtures, and NPI (new product introduction) of the Group.

Mr. Cai joined the Group in February 2011. From 2018 to July 2021, Mr. Cai served as the executive deputy general manager of production operations of the Company and the director of Liuyang Industrial Park of the Company; from 2014 to 2017, he served as a deputy general manager of the Research and Development Department of the Company; from 2011 to 2013, he served as the director of the Production Technology Department of the Group; from 2003 to 2011, he served at Shenzhen Futaihong Precision Industry Company Limited* (深圳富泰宏精密工業有限公司); and from 1999 to 2003, he served at Tangde Electronics (China) Co., Ltd.* (唐德電子(中國)有限公司).

Mr. Cai graduated from Shaanxi University of Technology (陝西工學院) in plastic forming technology and mold design in July 1999.

In June 2022, Mr. Cai received a caution letter (the "**Caution Letter**") from CSRC Hunan Bureau. According to the Caution Letter, Mr. Cai disposed of 16,000 A Shares on the secondary market in January 2022 with a total transaction amount of RMB344,800, which violated the Measures for the Administration of Information Disclosure by Listed Companies (《上市公司信息披露管理辦法》) and Certain Provisions on the Disposal of Shares Held by Shareholders, Directors, Supervisors, and Senior Management of Listed Companies (《上市公司股東、董監高減持股份的若干規定》). As of the Latest Practicable Date, save for the receipt of the Caution Letter, Mr. Cai has not been imposed any further penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the Caution Letter. As advised by our PRC Legal Advisor, the Caution Letter does not constitute a major or severe administrative regulatory measure pursuant to applicable PRC laws and regulations, and would not impair the suitability of Mr. Cai to serve as a senior management of the Company. The Company has adopted internal control measures, including, among others, formulating written internal policies to manage the trading of Shares by the Directors, Supervisors and senior management to prevent reoccurrence of similar non-compliance, and the Company will arrange to send notice to all Directors, Supervisors and relevant employees to remind them of the blackout period and the trading restrictions required by the Listing Rules after the Listing.

Mr. Chen Yunhua (陳運華), aged 37, serves as a deputy general manager of the Company. Mr. Chen is primarily responsible for the smart manufacturing planning and implementation of the Group.

Mr. Chen joined the Group in December 2010. Since March 2019, Mr. Chen has been serving as the general manager of Lens System Integration, a subsidiary of the Company; from January 2011 to August 2024, he served as a director of Lens Changsha, a subsidiary of the Company; and from December 2010 to June 2011, he served as a manager of the Company.

As of the Latest Practicable Date, (i) none of the Directors has any interest in any business that directly or indirectly competes or is likely to compete with the business of the Company in accordance with Rule 8.10(2) of the Hong Kong Listing Rules; (ii) except as disclosed in the section headed "Appendix IV — Statutory and General Information" of this Prospectus, none of the Directors, Supervisors and the chief executive officer has any interest in the Shares which is required to be disclosed pursuant to Part XV of the SFO; (iii) except as disclosed above and that Mr. Chen Xiaoqun, Ms. Zhou Xinyi and Mr. Chen Yunhua are relatives (as defined under the Hong Kong Listing Rules) of Ms. Chau or Mr. Zheng, there is no relationship among any of the Directors, Supervisors and the chief executive officer of the Company and other Directors, Supervisors and chief executive officer; and (iv) except for the above disclosures, there are no other matters in relation to the appointment of Directors or Supervisors that need to be brought to the attention of the Shareholders, and there is no other information in relation to the Directors or Supervisors that is required to be disclosed in accordance with Rule 13.51(2) of the Hong Kong Listing Rules.

JOINT COMPANY SECRETARY

Mr. Jiang Nan (江南) has been appointed as the joint company secretary of the Company. For the biographical details of Mr. Jiang Nan, see "— Senior Management" above.

Ms. Yu Wing Sze (余詠詩), aged 41, is one of the joint company secretaries of the Company. She is a manager of the listing services division at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong. She has over 15 years of experience in company secretarial profession and has been serving as the company secretary of several listed companies in Hong Kong.

Ms. Yu is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. Yu received a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 2005.

BOARD COMMITTEES

The Company has established four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee in accordance with relevant laws and regulations of the PRC, the Article of Association of the Company and the Hong Kong Listing Rules.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure and internal control system of the Group, reviewing and approving connected transactions and providing advice and recommendation to the Board. The Audit Committee consists of three members, namely Mr. Xie Zhiming, Ms. Wan Wei and Mr. Liu Yue, with Mr. Xie Zhiming serving as the chairman of the Audit Committee. Mr. Xie Zhiming has the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to the Board, overseeing the independence of external auditors and assessing their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- proposing change of accounting policies or accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards; and
- dealing with other matters that are authorized by the Board.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Hong Kong Listing Rules and the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules. The Nomination Committee is mainly responsible for formulating standards and procedures for the election of Directors and members of senior management of our Company, and making recommendations to the Board on appointment of Directors and management of the Board succession. The Nomination Committee consists of three members, namely Ms. Wan Wei, Mr. Liu Yue and Mr. Cheng, with Ms. Wan Wei serving as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to the Board suitable candidates for the Directors, chief executive officer and other members of the senior management;
- reviewing the structure, size and composition of the Board at least annually, assisting the Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board;
- analyzing and developing standards and procedures for the election of the Board members, chief executive officer and members of the senior management, and making recommendations to the Board;
- supporting our Company's regular evaluation of our Board's performance;
- making recommendations to the Board on the arrangement of cumulative voting systems; and
- dealing with other matters that are authorized by the Board.

Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Hong Kong Listing Rules and the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules. The Remuneration and Appraisal Committee is mainly responsible for reviewing the appraisal criteria and remuneration packages of the Directors and senior management of our Company and making recommendations to the Board. The Remuneration and Appraisal Committee consists of three members, namely Mr. Xie Zhiming, Mr. Liu Yue and Mr. Cheng, with Mr. Xie Zhiming serving as the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but not limited to, the following:

- making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration, and on the formal and transparent procedure to be established for developing the remuneration policy;
- monitoring the implementation of remuneration system of our Company;

- making recommendations to the remuneration packages of our Directors and senior management;
- formulating or amending equity incentive plans and employee stock ownership plans, and determining the conditions for the authorized benefits and exercise of such benefits by the incentive participants; and
- dealing with other matters that are authorized by the Board.

Strategy Committee

The Company has established the Strategy Committee with written terms of reference in place. The Strategy Committee is mainly responsible for analyzing and making recommendations to the Board on the long-term development strategy and major investments of our Company. The Strategy Committee consists of three members, namely Ms. Chau, Mr. Tian Hong and Ms. Wan Wei, with Ms. Chau serving as the chairman of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, the following:

- analyzing and making recommendations on the long-term development strategy plans of our Company;
- analyzing and making recommendations on major investment and financing proposals; and
- analyzing and making recommendations on other major issues that would affect the development of our Company.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Hong Kong Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

Rule 3.09D of the Hong Kong Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on March 28, 2025, and (ii) understands all the requirements under the Hong Kong Listing Rules that are applicable to him or her as a director of a listed issuer and the possible consequences of making a false statement or providing false information to the Hong Kong Stock Exchange.

Rule 3.13 of the Hong Kong Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Hong Kong Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Hong Kong Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

BOARD DIVERSITY

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, skills, age, professional experience, cultural and educational background, and length of service, in selecting candidates for the Board members. The ultimate decision of the appointment will be based on the merits of candidates and the contribution they will make to the Board.

Our Board currently consists of two female Directors and five male Directors, with three executive Directors and four independent non-executive Directors, of ages ranging from 50 to 63 with diversified backgrounds and experience. Our Directors have a balanced mix of skill-set and expertise, including overall management and strategic development, law, finance and accounting, as well as industry experience relevant to the Group's operations and business. They have obtained degrees in various professions including accounting, law and management. This diverse academic background enables the Board to address challenges and opportunities from multiple perspectives, foster innovative solutions and develop comprehensive strategies.

Upon Listing, the Nomination Committee will from time to time (i) discuss and agree on expected goals to ensure board diversity, and (ii) review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in forms of salaries, allowances, contribution to pension schemes, discretionary bonuses and other benefits in kind. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by relevant companies in the same industry and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration of the Directors for the years ended December 31, 2022 and 2023 and 2024 amounted to RMB9.3 million, RMB9.3 million and RMB9.5 million, respectively.

The aggregate amount of remuneration of the Supervisors for the years ended December 31, 2022 and 2023 and 2024 amounted to RMB2.0 million, RMB2.1 million and RMB3.0 million, respectively.

The aggregate amount of remuneration of the five highest paid individuals (including the Directors) for the years ended December 31, 2022 and 2023 and 2024 amounted to RMB10.5 million, RMB10.5 million and RMB11.0 million, respectively.

Under the arrangement currently in force, the Company estimates that the aggregate fixed remuneration (before tax) payable to the Directors and Supervisors for the year ended December 31, 2025 is approximately RMB12.5 million.

During the Track Record Period, no fees were paid by the Company to any of the Directors (or former Directors), Supervisors or the five highest paid individuals as an inducement to join the Company or as compensation for loss of office. None of the Directors or Supervisors waived their remuneration during the Track Record Period.

2023 RESTRICTIVE SHARE INCENTIVE PLAN

In order to incentivize employees for their contribution to the Group and to attract and retain suitable personnel to the Group, the Company adopted the 2023 Restrictive Share Incentive Plan. For further details, see "Appendix IV — Statutory and General Information — Share Incentive Scheme — 2023 Restrictive Share Incentive Plan."

COMPLIANCE ADVISOR

The Company has appointed Gram Capital Limited as its Compliance Advisor in compliance with Rule 3A.19 of the Hong Kong Listing Rules. The material terms of the Compliance Advisor's agreement are as follows:

(i) Gram Capital Limited shall act as our Compliance Advisor for the purpose of Rule 3A.19 of the Hong Kong Listing Rules for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the financial results for the first full financial year commencing after the Listing Date;

(ii) the Compliance Advisor will provide the Company with certain services, including proper guidance and advice as to compliance with the requirements under the Hong Kong Listing Rules and applicable laws, regulations and rules;

(iii) the Compliance Advisor will, as soon as reasonably practicable, inform the Company of any amendment or supplement to the Hong Kong Listing Rules announced by the Hong Kong Stock Exchange from time to time, and of any amendment or supplement to the applicable laws, regulations and rules in Hong Kong applicable to the Company; and

(iv) the Compliance Advisor will act as one of the key channels of communication of the Company with the Hong Kong Stock Exchange.

CODE PROVISION C.2.1 OF THE CORPORATE GOVERNANCE CODE

Ms. Chau is the chairman of the Board and the general manager of the Company. In view of Ms. Chau's experience, personal profile and her roles in the Company as mentioned above, the Board considers it beneficial to the business prospects and operational efficiency of the Company that Ms. Chau, in addition to acting as the chairman of the Board, continues to act as the general manager of the Company after the Listing.

While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that:

(i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and the Board has four independent non-executive Directors out of the seven Directors, which is in compliance with the Hong Kong Listing Rules;

(ii) Ms. Chau and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly;

(iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and

(iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of the chairman of the Board and the general manager of the Company is necessary.

Save as disclosed above, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules.

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Strategies."

USE OF PROCEEDS

Assuming an Offer Price of HK$17.78 per Offer Share (being the midpoint of the range of the Offer Price stated in this Prospectus), we estimate that we will receive net proceeds of approximately HK$4,590 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised). We intend to use our proceeds for the purposes and in the amounts set forth below.

- Approximately 48%, or HK$2,203 million, will be used to expand our product and service portfolio and explore additional application scenarios for our products. This includes relevant production planning and long-term research and development in cutting-edge technologies. We intend to continue to engage in research and development, make innovation in relevant fields and maintain our market-leading position. We believe that these investments will help to expand our product and service portfolio by increasing the production capacity for our core product categories such as structural parts and functional modules for smartphones, computers, smart vehicles and cockpits and upgrading our production infrastructure and digital management systems. In addition, we plan to explore additional downstream applications such as smart wearables. Specifically, we plan to use the proceeds in the following aspects:

  — Approximately 30%, or HK$1,377 million, will be used to support the technical development and capacity enhancement for structural parts for the next-generation foldable screens and related smart devices accessories, with the majority of such proceeds used on purchasing relevant equipment for research and development as well as manufacturing. We intend to achieve enhanced strength, durability, impact resistance and stain resistance for our structural parts, through innovation in technologies such as UTG and design of precision structural of related metal parts, thereby driving the progression of technical standards and elevating user experience. By increasing our production capacity in China, we aim to ensure robust support for the mass production of middle and high-end foldable smartphones for our customers and improve our market share in foldable screens. According to Frost & Sullivan, the global shipment of foldable smartphones is expected to grow rapidly from 23.8 million units in 2024 to 69.7 million units in 2029, with a CAGR of 24.0%. The estimated allocation of capital investment is approximately 10% for construction and 90% for equipment procurement. We expect the related production to ramp up in 2027.

— Approximately 8%, or HK$367 million, will be used to develop exterior structural parts and related products with distinct functions on smart vehicles, covering vehicle bodies, in-vehicle systems and domain control areas, with the majority of such proceeds used on equipment. This endeavor seeks to refine the technological and functional elements of interior and exterior automotive parts. The application of multi-functional glass is developing rapidly as users' demands for driving and rider experiences increase. Structural parts and related products for side windows and sunroofs will provide a variety of intelligent and functional services, such as heat insulation, color-changing sunshade, water repellency, anti-fog, image display and others. This requires manufacturers like us to achieve new technological development and breakthroughs in materials and processing. According to Frost & Sullivan, the global sales volume of smart vehicles is expected to increase from 73.2 million units in 2025 to 92.1 million units in 2029, with a CAGR of 5.9% from 2025 to 2029. The estimated allocation of capital investment is approximately 20% for construction and 80% for equipment procurement. We expect the related production to ramp up in 2026.

— Approximately 5%, or HK$229 million, will be used for production capacity support and the research and development of intelligent robots, with the majority of such proceeds used on research and development. In particular, we plan to set up relevant laboratories, recruit qualified personnel and build production lines with both self-developed and purchased equipment. This will enhance our capabilities in and production capacity for structural parts such as the joints, dexterous hands, trunk shells and masks of intelligent robots joint modules as well as complete device assembly, enabling us to deliver relevant products and services to our customers on a large scale. According to Frost & Sullivan, the global market size of intelligent robots is expected to reach US$123.9 billion by 2029 from US$60.2 billion in 2024. The estimated allocation of capital investment is approximately 20% for construction and 80% for equipment procurement. We expect the related production to ramp up in 2027.

— Approximately 5%, or HK$229 million, will be used to expand our production capacity, primarily by purchasing equipment, for augmented, virtual and mixed reality glasses, as well as various intelligent wearable devices, encompassing both production of structural parts and complete device assembly. Leveraging our top-tier smart manufacturing system, we will ramp up the production and delivery of smart glasses. By investing in research and development, we will promote advancements in lightweight materials and energy-saving solutions, accelerating the transition of the industry from testing technologies to bringing them to market. The estimated allocation of capital investment is 100% to equipment procurement. We expect the related production to ramp up in 2027.

- Approximately 28%, or HK$1,285 million, will be used to expand our overseas presence, increase our production capacity overseas and enhance our overseas delivery capabilities to better serve our customers. Specifically, we will set up production lines in Vietnam and Thailand for our structural parts for smart devices, including smartphones and computers products, as well as smart vehicles and cockpit products. This will enable us to have a more diversified customer base and meet their growing demands, so as to solidify our overseas leadership position. We expect our new productions lines in Thailand to commence operations towards the end of 2025 and ramp up production in 2026, and the estimated allocation of capital investment is approximately 20% for construction and 80% for equipment procurement. The Thailand production lines will be primarily used for smart vehicles and cockpit products. We expect our new production lines in Vietnam to commence operations in phases towards the end of 2025 and ramp up in 2026, and the estimated allocation of capital investment is approximately 30% for construction and 70% for equipment procurement.

- Approximately 14%, or HK$643 million, will be used to advance our vertical integration in smart manufacturing, including enhancing our capabilities along our vertically integrated industry value chain and promoting the development of "smart manufacturing factories". Specifically, we plan to use the proceeds in the following aspects:

  — Approximately 6%, or HK$275 million, will be used to set up complete device assembly lines for consumer electronics, smart wearables and smart retail devices, with the majority of such proceeds used on equipment. We will also invest in the research and development as well as manufacturing of advanced smart retail devices to promote technological advancements in payment solutions and digital price tag displays. The estimated allocation of capital investment is approximately 30% for construction and 70% for equipment procurement. We expect the related production to ramp up in 2026.

  — Approximately 8%, or HK$367 million, will be used to promote the development of "smart manufacturing factories". This encompasses research and development as well as manufacturing of automated industrial systems and intelligent machinery, alongside widespread use of industrial robots such as six-axis robots, vision inspection robots for automated optical inspection, autonomous transport robots and advanced multifunctional robots. The estimated allocation of capital investment is 100% for equipment procurement. We expect the related production to ramp up in 2026. Such investments will further our smart manufacturing initiatives without increasing our production capacity. We will improve conventional manufacturing processes by incorporating industrial internet technologies and unified software solutions for better adaptability, bolstering intelligent factory management, and continuously improving a cutting-edge manufacturing framework that prioritizes efficiency and is powered by data management.

- Approximately 10%, or HK$459 million, will be used for working capital and other general corporate purposes.

The aggregate annual production capacity of the above projects is expected to reach approximately 142 million pieces per year.

These investments are expected to significantly enhance our smart manufacturing capabilities, production capacity, products and overall operational efficiency.

In terms of financial impact, the planned investments are closely aligned with our core business focus and historical margin profile. They are expected to generate favorable economic returns and support our sustainable growth. However, as with most capacity expansion initiatives, there will be a time lag before the projects begin to ramp up and start to contribute materially to revenue and profit. As such, it is possible that certain financial indicators, such as earnings per share, may fluctuate briefly during the ramp-up period. As we implement and ramp up these investments gradually, we expect to see steady improvements in our profitability and overall business performance. We also expect this Global Offering to enhance our capital position, with positive impacts on our asset-to-liability ratio and our net assets, resulting in a more optimal capital structure that will strengthen our resilience and enhance our long-term competitiveness.

In the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the range of the Offer Price stated in this Prospectus, the net proceeds from the Global Offering will be allocated to the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.

In preparation of the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Hong Kong Listing Rules provides that a new applicant for listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules further provides that the requirement in Rule 8.12 of the Hong Kong Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

The Company's business operations are primarily located in the PRC and most of the Company's assets are located in the PRC. Our executive Directors ordinarily reside in the PRC, as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's substantial operations are located. As such, the Company does not and, in the foreseeable future, will not be able to comply with the requirements of Rule 8.12 of the Hong Kong Listing Rules for sufficient management presence in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Hong Kong Listing Rules, provided that the Company implements the following arrangements:

(i) the Company has appointed Ms. Chau and Ms. YU Wing Sze as the authorized representatives of the Company (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will serve as the Company's principal channel of communication with the Hong Kong Stock Exchange. They can be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. The contact details of the Authorized Representatives have been provided to the Hong Kong Stock Exchange;

(ii) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period. In addition, each Director has provided her/his contact details, including office phone numbers, mobile phone numbers (if any) and email addresses, to the Authorized Representatives and to the Hong Kong Stock Exchange, so that each of the Authorized Representatives and the Hong Kong Stock Exchange would be able to contact all the Directors (including the independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact the Directors;

(iii) the Company has appointed Gram Capital Limited as its Compliance Advisor for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the Company's financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier. The Company's Compliance Advisor will act as the Company's additional and alternative channel of communication with the Hong Kong Stock Exchange, and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange; and

(iv) the Company has appointed designated staff members as the responsible communication officers at our headquarters to oversee regular communication with the Authorized Representatives and the Company's professional advisors in Hong Kong, including our legal advisors and the Compliance Advisor, keep abreast of any correspondence and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors, streamlining communication between the Hong Kong Stock Exchange and the Company following the Listing.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Pursuant to Note 2 to Rule 3.28 of the Hong Kong Listing Rules, in assessing "relevant experience," the Hong Kong Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he played;

(ii) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and

(iv) professional qualifications in other jurisdictions.

The Company has appointed Mr. Jiang Nan as one of the joint company secretaries of the Company. Mr. Jiang Nan joined the Group in September 2021. He currently also holds the position of the board secretary to the Company. See "Directors, Supervisors and Senior Management" for further biographical details of Mr. Jiang Nan. Although Mr. Jiang Nan does not possess the qualifications set out in Rule 3.28 of the Hong Kong Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Mr. Jiang Nan as its joint company secretary who is familiar with the Group's internal operation and management and possesses professional knowledge and experience in handling corporate governance and compliance, legal affairs and public relationship related matters. The Company has also appointed Ms. YU Wing Sze to act as the other joint company secretary to assist Mr. Jiang Nan in discharging the duties of a company secretary of the Company. Ms. YU Wing Sze is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Rule 3.28 of the Hong Kong Listing Rules to act as a joint company secretary of the Company. See "Directors, Supervisors and Senior Management" for further biographical details of Ms. YU Wing Sze.

Since Mr. Jiang Nan does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years since the Listing Date on the following conditions: (i) Mr. Jiang Nan must be assisted by Ms. YU Wing Sze who possesses the qualifications or experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Hong Kong Listing Rules by the Company.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

(i) in preparation of the application of the Listing, Mr. Jiang Nan has attended training on the respective obligations of the Directors, Supervisors, senior managements and the Company under the relevant Hong Kong laws and the Hong Kong Listing Rules organised by the Hong Kong legal advisors to the Company;

(ii) Ms. YU Wing Sze will work closely with Mr. Jiang Nan to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Mr. Jiang Nan in acquiring the relevant experience as required under the Hong Kong Listing Rules for an initial period of three years from the Listing Date, a period which should be sufficient for Mr. Jiang Nan to acquire the relevant experience as required under the Hong Kong Listing Rules;

(iii) the Company will ensure that Mr. Jiang Nan continues to have access to the relevant training and support in relation to the Hong Kong Listing Rules and the duties required for a company secretary of an issuer listed on the Hong Kong Stock Exchange. Furthermore, both Mr. Jiang Nan and Ms. YU Wing Sze will seek advice from the Company's Hong Kong legal and other professional advisors as and when required. Mr. Jiang Nan also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and

(iv) at the end of the three-year period, the qualifications and experience of Mr. Jiang Nan and the need for on-going assistance of Ms. YU Wing Sze will be further evaluated by the Company. The Company will then endeavour to demonstrate to the Hong Kong Stock Exchange's satisfaction that Mr. Jiang Nan, having had the benefit of the assistance of Ms. YU Wing Sze for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Hong Kong Listing Rules will not be necessary. The Company understands that the Hong Kong Stock Exchange may revoke the waiver if Ms. YU Wing Sze ceases to provide assistance to Mr. Jiang Nan during the three-year period.

Prior to the expiry of the three-year period, the Company will liaise with the Hong Kong Stock Exchange to enable it to assess whether Mr. Jiang Nan has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF STRICT COMPLIANCE WITH PRACTICE NOTE 15 AND THE THREE-YEAR RESTRICTION ON SPIN-OFFS

Paragraph 3(b) of Practice Note 15 of the Hong Kong Listing Rules (the "**PN15**") provides that the Listing Committee would not normally consider a spin-off application within three years of the date of listing of the issuer with regard to proposals submitted by issuers to effect the separate listing on the Hong Kong Stock Exchange or elsewhere of assets or business wholly or partly within their existing groups, given the original listing of the issuer will have been approved on the basis of the issuer's portfolio of businesses at the time of listing, and that the expectation of investors at that time would have been that the issuer would continue to develop those businesses (the "**Three-year Spin-off Restriction**").

Lens Taizhou was established through acquisition by the Group of two companies in 2020. For details, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition and Establishment of Lens Taizhou" of this Prospectus. As of the Latest Practicable Date, Lens Taizhou was engaged in the production and sales of the Group's metal products, primarily metal mid-frames and other small metal parts. As disclosed in this Prospectus, the Group's metal mid-frames are crafted with precision to accommodate various device specifications, ensuring structural integrity and design aesthetics. The Group has comprehensive surface treatment capabilities for its metal products, such as automatic three-dimensional polishing, super-hard physical vapor deposition coating, automated anodizing and various metal surface treatments.

Considering that (i) the materials required for the manufacturing of, and the production process for, the metal products are different from those for the Group's other structural parts and functional modules, such as glass products, and (ii) Lens Taizhou was established through acquisition and integration, Lens Taizhou has been operated as an independent business unit as of the Latest Practicable Date with separate management team, many of whom do not overlap with those of other companies in the Group.

Since the establishment of Lens Taizhou by the Group and through years of development, Lens Taizhou has become one of the largest manufactures of metal structural parts for consumer electronics in the PRC as of December 31, 2024, according to Frost & Sullivan. As of December 31, 2024, the total assets of Lens Taizhou was approximately RMB16,336.4 million prepared under the PRC GAAP, representing approximately 20.2% of the total assets of the Group as of December 31, 2024 prepared under the PRC GAAP. For the year ended December 31, 2024, the revenue and net profits of Lens Taizhou prepared under the PRC GAAP reached approximately RMB10,211.1 million and RMB410.3 million, respectively. If Lens Taizhou were to become an independent listed company, it will enable Lens Taizhou to enhance its corporate profile, thereby increasing its ability to attract strategic investors.

Having considered, among others, the size of Lens Taizhou as illustrated above and its clear delineation with the Company's other businesses in terms of product offerings, manufacturing process and management, the Company wishes to retain the possibility to spin off Lens Taizhou within three years after the Listing (the "**Proposed Spin-off**"). As of the Latest Practicable Date, the Company did not have any detailed plan in relation to the Proposed Spin-off, including the timetable and the listing venue. The remaining group will continue to operate the Company's other businesses after the Proposed Spin-off.

The Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the Three-year Spin-off Restriction under paragraph 3(b) of PN15 on the following grounds:

(a) **Full compliance with PN15:** except for the Three-year Spin-off Restriction, the Proposed Spin-off will be in full compliance with all other applicable requirements under the Hong Kong Listing Rules, including but not limited to (i) the requirement for the retained group to retain a sufficient level of operations and sufficient assets to support its separate listing status, (ii) a clear delineation between the businesses of the retained group and the spun-off group, (iii) independence of the spun-off group in terms of directorship and management, administration, business operation, financing and treasury function, and (iv) announcement or shareholders' approval procedures, as applicable, at the time of spin-off. The Company will demonstrate such compliance if the Proposed Spin-off materializes.

(b) **No material impact on the Group's overall performance:** as disclosed above, total assets of Lens Taizhou as of December 31, 2024 were RMB16,336.4 million, accounting for approximately 20.2% of total assets of the Group as of December 31, 2024, and revenue and net profits of Lens Taizhou for the year ended December 31, 2024 were approximately RMB10,211.1 million and RMB410.3 million, respectively, accounting for approximately 14.6% and 11.2% of those of the Group for the year ended December 31, 2024. Giving the size of operation of the Gorup, the Group will still retain a substantial proportion of business operation upon completion of the Proposed Spin-off and the remaining group is still expected to satisfy the profits test under Rule 8.05(1) of the Hong Kong Listing Rules. In addition, the business of Lens Taizhou is clearly delineated with the other businesses in terms of product offerings, manufacturing process and management. As such, the Proposed Spin-off will not have any material adverse impact to operations of remaining businesses of the Group.

(c) **In line with Shareholders' interests:** the Company believes that the Proposed Spin-off could better reflect the value of Lens Taizhou on its own merits and increase its operational and financial transparency, through which investors would be able to appraise and assess the performance and potential of Lens Taizhou separately and distinctly from those of the remaining businesses of the Group. The value of Lens Taizhou is expected to be enhanced through the Proposed Spin-off given that a listing will enhance its profile and enable it to directly and independently access both equity and debt capital markets. In addition, the Proposed Spin-off will facilitate the Company to structure dedicated equity incentive schemes for the management of Lens Taizhou, particularly those were retained by the Group upon completion of the acquisition. As such, it is in the interest of the Shareholders and the Company as a whole to conduct the Proposed Spin-off.

(d) **No material adverse effect on the expectation of the investors at the time of Listing:** upon the Proposed Spin-off, the investors can expect to continue to benefit from the growth of Lens Taizhou by way of preferential offering and Lens Taizhou is expected to continue to be a subsidiary of the Group. Also, as elaborated above, the impact for the Proposed Spin-off on the overall business performance and financial positions is expected to be insignificant to the Group as a whole. At the time of Listing, considering that the Company does not have any concrete plan on the timetable, listing venue and offering size of the Proposed Spin-off, there should be minimal impact on the Global Offering resulting from the expectation of investors on the Proposed Spin-off.

(e) **Safeguards in place to protect Shareholders' interests:** The following safeguards will be in place to protect the Shareholders' interest:

- the Directors owe fiduciary duties to the Company, including the duty to act in good faith and in the best interest of the Shareholders. As such, the Directors will only pursue the Proposed Spin-off if there are clear commercial benefits for both the Company and Lens Taizhou. The Directors will not direct the Company to conduct the Proposed Spin-off if they believe that it will have an adverse impact on the interests of the Company and the Shareholders as a whole;

- in the event that the waiver from strict compliance with Three-year Spin-off Restriction is granted, it will not dispense with the requirement to obtain the approval from the Hong Kong Stock Exchange for the Proposed Spin-off, which will be evaluated with reference to the facts prevailing at the time of submission of the spin-off application. The Proposed Spin-off will remain subject to the other requirements of PN15, including that the Company will satisfy applicable listing eligibility requirements on a standalone basis;

- sufficient information will be provided to the Shareholders to assess the impact of the Proposed Spin-off. In particular, details of this waiver will be disclosed in the Prospectus, and the Company will also announce in accordance with the Hong Kong Listing Rules the details of the Proposed Spin-off when it materializes. In addition, the Company will update its plan and status of the Proposed Spin-off in its annual and interim reports after the Listing, so that the Shareholders will obtain periodic updates on the progress of the Proposed Spin-off;

- after the Listing, the Company will follow the relevant disclosure requirement and approval procedures pursuant to the applicable requirements under the Hong Kong Listing Rules and applicable PRC laws and regulations, including the Shareholders' approval pursuant to Rules for the Spin-off of Listed Companies (For Trial Implementation) (《上市公司分拆規則(試行)》); and

(f) **Robust disclosures of Lens Taizhou and the Proposed Spin-off:** details of Lens Taizhou, including its financial information relating to revenue and net profits for the year ended December 31, 2024, and the Proposed Spin-off will be disclosed in the Prospectus in addition to those information which have already been disclosed in the Prospectus.

The Stock Exchange has granted the Company a waiver from strict compliance with the Three-year Spin-off Restriction under paragraph 3(b) of PN15, subject to the following conditions:

(a) disclosures of this waiver will be made in the Prospectus;

(b) details of Lens Taizhou, including its principal scope of businesses and its revenue and net profits for the year ended December 31, 2024, will be disclosed in the Prospectus;

(c) the Company will announce the details of the Proposed Spin-off in accordance with the Hong Kong Listing Rules when it materializes;

(d) the Company will update the status of the Proposed Spin-off in its annual and interim reports within three years after the Listing;

(e) the Company will comply with the applicable requirements under the Hong Kong Listing Rules, including but not limited to Chapters 14 and 14A of the Hong Kong Listing Rules with respect to the Proposed Spin-off; and

(f) the Proposed Spin-off will be subject to the requirements of PN15 (other than paragraph 3(b) thereof), including that the Company will satisfy the applicable listing eligibility requirements on a standalone basis.

WAIVER IN RESPECT OF ACQUISITION AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Hong Kong Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

After the Track Record Period and up to the Latest Practicable Date, the Group has proposed to acquire 5% of the equity interest in Xiangtan Hongda Vacuum Technology Company Limited (湘潭宏大真空技術股份有限公司, "**Xiangtan Hongda**") held by Mr. Huang Guoxing (黃國興) at a consideration of RMB50 million (the "**Acquisition**"). The consideration was determined after arm's length negotiations with reference to market dynamics and mutually agreed valuation. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Mr. Huang Guoxing and other ultimate beneficial owners of Xiangtan Hongda as of the Latest Practicable Date is an Independent Third Party.

Xiangtan Hongda is primarily engaged in research and development, production and sales of vacuum coating equipment. As of the Latest Practicable Date, the Company had no equity interest in Xiangtan Hongda. Upon completion of the Acquisition, Xiangtan Hongda will be held as to 5% by the Company and will not become a subsidiary of the Company.

The Directors believe that the Acquisition will create synergy effect between the businesses of the Company and Xiangtan Hongda and therefore optimize the Company's business development. Accordingly, the Directors believe that the Acquisition, if consummated, will be fair and reasonable and in the interests of the Shareholders as a whole. The consideration for the Acquisition, if consummated, will be satisfied by the Group's own source of funds rather than the net proceeds from the Global Offering.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Acquisition on the following grounds:

The percentage ratios of the Acquisition are less than 5% by reference to the most recent fiscal year of the Track Record Period

The applicable percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for the Acquisition are less than 5% by reference to the financial year ended December 31, 2024. Accordingly, the Company does not expect the Acquisition to result in any significant changes to its financial position since December 31, 2024, and all information that is reasonably necessary for potential investors to make an informed assessment of the activities or financial position of the Group has been included in this Prospectus. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

The historical financial information of Xiangtan Hongda is not available and would be unduly burdensome to obtain or prepare

The Company confirms that Xiangtan Hongda does not have available historical financial information which is readily available for disclosure in this Prospectus in accordance with the Hong Kong Listing Rules given that Xiangtan Hongda, as a PRC-incorporated company, ordinarily prepares its financial statements in accordance with PRC GAAP while the Company's consolidated financial statements as disclosed in this Prospectus are prepared based on IFRS Accounting Standards. See "Accountants' Report — Historical Financial Information of the Group — Preparation of Historical Financial Information" in Appendix I to this Prospectus. In addition, it would require considerable time and resources for the Company and its reporting accountants to fully familiarize themselves with the management accounting policies of Xiangtan Hongda and compile the necessary financial information and supporting documents for disclosure in this Prospectus. As of the Latest Practicable Date, the Company has no access to the books or records of Xiangtan Hongda for conducting an audit given that the Company will not, as a result of or immediately following the completion of the Acquisition, have control over Xiangtan Hongtan, nor will the Company be in a position to consolidate the financials of Xiangtan Hongda. As such, the Company believes that it would be impractical and unduly burdensome for the Company within the tight timeframe to disclose the audited financial information of Xiangtan Hongda as required under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules.

In addition, having considered the Acquisition to be immaterial and that the Company does not expect the Acquisition to have any material effect on its business, financial condition or operations, the Company believes that (i) it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of Xiangtan Hongda during the Track Record Period in this Prospectus, and (ii) the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

Ordinary and usual course of business

Xiangtan Hongda is engaged in business activities complementary with and closely related to the existing business of the Company. The Company has conducted acquisitions and minority investments during the Track Record Period. As a result, the Company is of the view that conducting the Acquisition is within its ordinary and usual course of business.

Alternative disclosure of the Acquisition in this Prospectus

The Company has disclosed alternative information about the Acquisition in this Prospectus. Such information includes those which would be required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules that the Directors consider to be material, including, for example, descriptions of Xiangtan Hongda's principal business activities, the consideration amounts, and a statement as to whether the counterparty is an Independent Third Party. Since the applicable percentage ratios of the Acquisition are less than 5% by reference to the most recent fiscal year of the Track Record Period, the Company believes that the current disclosure is adequate for potential investors to form an informed assessment of the Company.

WAIVER IN RESPECT OF CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

Subject to the Stock Exchange granting the waiver described below, the Hong Kong Public Offering and the International Offering will initially account for 11.0% and 89.0% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Paragraph 4.2 of Practice Note 18 to the Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

(a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 35 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 47,206,400 Offer Shares, representing approximately 18.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised);

(b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 35 times or more but less than 70 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 65,564,200 Offer Shares, representing approximately 25.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised); and

(c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 70 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 118,015,600 Offer Shares, representing approximately 45.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators would have discretion to allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. On the other hand, if the Hong Kong Public Offering is not fully subscribed, the unsubscribed Offer Shares under the Hong Kong Public Offering may be reallocated to the International Offering. Please refer to the paragraphs headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback" for more details.

WAIVER IN RESPECT OF MINIMUM PUBLIC FLOAT OF H SHARES

Rule 8.08(1)(a) and (b) (as amended by Rule 19A.13A) of the Hong Kong Listing Rules states that there must be an open market in the securities for which listing is sought. This will normally mean that: (a) at least 25% of the issuer's total number of issued shares (excluding treasury shares) must at all times be held by the public; (b) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Hong Kong Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares (excluding treasury shares), having an expected market capitalization at the time of listing of not less than HK$125,000,000. Rule 19A.13A further provides that Rule 8.08 of the Listing Rules is amended by adding the following provision to sub-paragraph (1)(b): Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK$125,000,000.

Based on the minimum Offer Price of HK$17.38 and assuming no exercise of the Offer Size Adjustment Option and the Over-allotment Option, we expected that the market capitalization of our H Shares will exceed the minimum expected market capitalization of HK$125,000,000 required by Rules 8.08(1)(b) and 19A.13A of the Hong Kong Listing Rules. We have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise its discretion under Rule 8.08(1)(b) of the Hong Kong Listing Rules, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1)(b) and Rule 19A.13A of the Hong Kong Listing Rules to allow the minimum percentage of the H Shares of the Company to be held by the public from time to time shall be no less than 5.00%, or such higher percentage upon the completion of any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, of the Company's total issued share capital (excluding treasury Shares), subject to the following:

(i) our Company will comply with the public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules where at least 25% of the Company's total number of issued shares (A Shares and H Shares in aggregate, excluding treasury shares) must be held by the public from time to time;

(ii) our Company will announce the percentage of H Shares held by the public immediately after the completion of the Global Offering (before any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option) and upon any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option;

(iii) our Company will confirm sufficiency of public float under Rule 8.08(1)(a) of the Hong Kong Listing Rules in successive annual reports after the Listing; and

(iv) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the 5.0% minimum public float of H Shares upon completion of the Global Offering (or such higher percentage upon the completion of any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option).

In the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, the Directors will take appropriate steps to ensure the minimum percentage of public float prescribed by the Hong Kong Stock Exchange is complied with.

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Hong Kong Listing Rules requires that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of the issuer either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are fulfilled. It is provided in Rule 10.03(1) of the Hong Kong Listing Rules that no securities may be offered to existing shareholders on a preferential basis and no preferential treatment may be given to them in the allocation of the securities; and in Rule 10.03(2) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) must be achieved.

Paragraph 5(2) of Appendix F1 to the Hong Kong Listing Rules provides that no allocations will be permitted to the existing shareholders of the applicant or their close associates, whether in their own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled. Chapter 4.15 of the Guide provides that the Hong Kong Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Hong Kong Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Prior to the Listing, our Company's share capital comprises entirely A Shares listed on the Shenzhen Stock Exchange. We have a large and widely dispersed public A Share shareholder base.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 5(2) of Appendix F1 to the Hong Kong Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the total number of A Shares in issue of our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the "**Existing Minority Shareholders**"), subject to the conditions as follows:

(i) each Existing Minority Shareholder to whom our Company may allocate the H Shares in the International Offering holds less than 5% of the total number of A Shares in issue of our Company before Listing;

(ii) each Existing Minority Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(iii) none of the Existing Minority Shareholders has the right to appoint a Director and/or has any other special rights;

(iv) allocation to the Existing Minority Shareholders or their close associates will not affect our ability to satisfy the public float requirement as prescribed by the Hong Kong Stock Exchange under Rule 8.08 of the Hong Kong Listing Rules or otherwise approved by the Hong Kong Stock Exchange;

(v) the Sole Sponsor and Overall Coordinators will confirm to the Hong Kong Stock Exchange that based on (a) the discussions amongst the Company, the Sole Sponsor and the Overall Coordinators; and (b) the confirmations provided to the Hong Kong Stock Exchange by our Company, the Sole Sponsor and the Overall Coordinators (including this confirmation and confirmations (vi) and (vii) mentioned below), and to the best of their knowledge and belief, they have no reason to believe that the Existing Minority Shareholders or their close associates received any preferential treatment, either as cornerstone investors or as placees by virtue of their relationship with our Company, other than, in the case of participation as cornerstone investors, the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and details of allocation to the Existing Minority Shareholders holding more than 1% of the issued share capital of the Company immediately prior to the completion of the Global Offering, and/or their close associates will be disclosed in this Prospectus (for cornerstone investors, if any) and allotment results announcement (for both cornerstone investors and placees) of our Company;

(vi) our Company will confirm to the Hong Kong Stock Exchange in writing that:

(a) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Existing Minority Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority Shareholders or their close associates than those in other cornerstone investment agreements; or

(b) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche; and

(vii) in the case of participation as placees, the Overall Coordinators will confirm to the Hong Kong Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche.

HONG KONG UNDERWRITERS

CLSA Limited

Merrill Lynch (Asia Pacific) Limited

ABCI Securities Company Limited

BOCI Asia Limited

Futu Securities International (Hong Kong) Limited

AVICT Global Asset Management Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 28,848,400 Hong Kong Offer Shares and the International Offering of initially 233,408,400 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Offer Size Adjustment Option and the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this Prospectus (including any additional H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Hong Kong Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(1) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent Authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union, Japan, Singapore, or other jurisdictions relevant to our Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

(d) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or

(e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(f) except with the prior written consent of the Sole Sponsor and the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus, the CSRC Filings, or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or the CSRC Rules or upon any requirement or request of the Stock Exchange and/or the SFC and/or the CSRC; or

(g) the imposition of sanctions or export controls in whatever form, directly or indirectly, on or relevant to any Group company by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(h) any valid demand by creditors for payment or repayment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(i) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or material part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(j) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced by any authority against any member of our Group or any Director, Supervisor or senior management members of our Company as named in this Prospectus; or

(l) any contravention by any Group company or any Director or Supervisor of the Listing Rules or applicable Laws; or

(m) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this Prospectus;

(n) any Director, any Supervisor or any member of senior management of our Company named in this Prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship or supervisorship of a company; or

(o) any Director being removed from office or vacating his/her office;

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(i) has or will or may have a material adverse change, or a material adverse effect, or any development involving a prospective material adverse change or material adverse effect, on the profits, losses, results of operations, assets, liabilities, general affairs, business, management, performance, prospects, shareholders' equity, position or condition (financial or otherwise) of our Group, taken as a whole ("**Material Adverse Effect**");

(ii) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or

(iii) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for the Global Offering to be performed or implemented as envisaged, or for the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the offering documents; or

(iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(a) any statement contained in any of the Hong Kong Public Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding the Underwriters' Information) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission or misstatement in any Global Offering Document; or

(c) any material breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(d) any event, act or omission which gives rise or is likely to give rise to any liability of the Indemnifying Party pursuant to the Hong Kong Underwriting Agreement; or

(e) any material breach of any of the obligations or undertakings imposed upon our Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(f) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or

(g) our Company withdraws this Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(h) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option and the Offer Size Adjustment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(i) any of the experts named in this Prospectus (other than the Sole Sponsor) has withdrawn its consent to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(j) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated.

Undertakings to the Hong Kong Stock Exchange Pursuant to the Hong Kong Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, our Company has undertaken to the Hong Kong Stock Exchange that no further shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the date on which the H Shares of our Company first commence dealing on the Stock Exchange (whether or not such issue of H Shares or securities will be completed within six months from the commencement of dealing), except (a) pursuant to the Global Offering, the Offer Size Adjustment Option and the Over-allotment Option, if any, or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, each of the Controlling Shareholders has undertaken to the Hong Kong Stock Exchange and the Company that, except pursuant to the Global Offering (including the Offer Size Adjustment Option and the Over-allotment Option), he/she/it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the applicable requirement of the Hong Kong Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of the Company in respect of which he/she/it is shown by this Prospectus to be the beneficial owner; and

(b) in the period of six months from the expiry of the First Six-Month Period, either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Hong Kong Listing Rules, each of the Controlling Shareholders has undertaken to the Hong Kong Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges or charges any securities of our Company beneficially owned by him/her/it in favor of an authorized institution (as defined under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan relying on Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and

(b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any securities of our Company that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Hong Kong Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by any of the Controlling Shareholders and subject to the then applicable requirements of the Hong Kong Listing Rules disclose such matters by way of an announcement.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company in respect of our Company

Our Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and/or the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), we will not, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the H Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any H Shares or other securities of our Company, as applicable), or deposit any H Shares or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the H Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

(d) offer to or agree to do any of the foregoing specified in paragraph (a), (b) or (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of H Shares or such other securities, in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First Six Month Period). Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Our Company has agreed and undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it will, comply with the minimum public float requirements specified in the Hong Kong Listing Rules or any waiver granted and not revoked by the Hong Kong Stock Exchange (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the First Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify, among the others, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Except for their obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the Controlling Shareholders, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, up to an aggregate of 39,338,400 H Shares, representing approximately 15.0% of the initial Offer Shares (assuming the Offer Size adjustment Option is not exercised at all), or up to an aggregate of 45,239,200 H Shares, representing approximately 15.0% of the Offer Shares (assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any. Further details are set out in the section headed "Structure of the Global Offering — International Offering — Over-allotment Option" in this Prospectus.

Offer Size Adjustment Option

Our Company is expected to grant to the Overall Coordinators the Offer Size Adjustment Option, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date and will lapse immediately thereafter, whichever is earlier, to require our Company to allot and issue up to an aggregate of 39,338,400 additional Offer Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering at the Offer Price to cover any excess demand in the International Offering. The Offer Size Adjustment Option provides flexibility for the Overall Coordinators to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand. Further details are set out in the section headed "Structure of the Global Offering — International Offering — Offer Size Adjustment Option" in this Prospectus.

Commissions and Expenses

The Capital Market Intermediaries will receive an underwriting commission of 0.5% of the aggregate gross proceeds from the Global Offering (including any proceeds arising from exercise of the Offer Size Adjustment Option and the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees. In addition, our Company may, at our sole and absolute discretion, pay any one or more of Capital Market Intermediaries an incentive fee of an aggregate of up to 0.3% of the gross proceeds from the Global Offering (including any proceeds arising from exercise of the Offer Size Adjustment Option and the Over-allotment Option).

Assuming the incentive fee is paid in full, the fixed fees and discretionary fees payable to the Capital Market Intermediaries represent 62.5% and 37.5% of the aggregate fees payable to the Capital Market Intermediaries in total in connection with the Global Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate underwriting commissions, incentive fee (if any), documentation fee, listing fees, Hong Kong Stock Exchange trading fee and transaction levies, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately HK$73.30 million in total (based on the Offer Price of HK$17.78 per Offer Share, being the mid-point of the indicative Offer Price range and assuming full payment of discretionary fees and the Offer Size Adjustment Option and the Over-allotment Option are not exercised), and are payable by our Company.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Hong Kong Listing Rules.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(1) the Hong Kong Public Offering of initially 28,848,400 H Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" below; and

(2) the International Offering of initially 233,408,400 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option as mentioned below) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs in reliance on Rule 144A or other available exemption from registration under the U.S. Securities Act, as described in the paragraph headed "— the International Offering" below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 5.00% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Offer Size Adjustment Option and the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 5.71% of the enlarged issued share capital of our Company (assuming the Offer Size Adjustment Option is not exercised at all) or approximately 6.51% of the enlarged issued share capital of our Company (assuming the Offer Size Adjustment Option is exercised in full) immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in "— The International Offering — Over-allotment Option" below.

References in this Prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation and Clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 28,848,400 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 11.00% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.55% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in "— Conditions of the Global Offering" below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any allocation) is to be divided into two pools (subject to adjustment of odd lot size): Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 14,424,200 and 14,424,200, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Hong Kong Stock Exchange trading fee payable).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this subsection only, the "price" for the Hong Kong Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Offer Shares from either Pool A or Pool B but not from both pools.

Multiple or suspected multiple applications and any application for more than 14,424,200 Hong Kong Offer Shares (being approximately 50% of the 28,848,400 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Hong Kong Listing Rules. Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of the Offer Shares offered under the Global Offering if the International Offering is fully subscribed or oversubscribed under certain circumstances.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules to the effect as further described below.

28,848,400 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 11.0% of the Offer Shares initially available for subscription under the Global Offering. In the event that the International Offer Shares are fully subscribed or oversubscribed, if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 10 times or more but less than 35 times, (b) 35 times or more but less than 70 times and (c) 70 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 47,206,400 Offer Shares (in the case of (a)), 65,564,200 Offer Shares (in the case of (b)) and 118,015,600 Offer Shares (in the case of (c)), representing approximately 18.0%, 25.0% and 45.0% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their sole discretion consider appropriate.

In addition, the Overall Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering under the condition that (1) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed (irrespective of the number of times); or (2) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 10 times of the number of Shares initially available for subscription under the Hong Kong Public Offering. In such event, the Overall Coordinators have the authority to re-allocate International Offer Shares originally allocated in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide, (1) the number of International Offer Shares re-allocated to the Hong Kong Public Offering should not exceed 28,848,400 Shares, such that the total number of Hong Kong Offer Shares following such reallocation will not exceed 57,696,800 Shares, representing twice of the Offer Shares initially available under the Hong Kong Public Offering; and (2) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$17.38 per Offer Share) stated in this Prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Overall Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the maximum price of HK$18.18 per Offer Share in addition to the brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" below, is less than the maximum price of HK$18.18 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 233,408,400 Offer Shares, representing approximately 89% of the total number of Offer Shares initially available under the Global Offering and approximately 4.45% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised. The International Offering will be offered by us outside of the United States in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or other available exemption from registration under the U.S. Securities Act.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in "— The Hong Kong Public Offering — Reallocation and Clawback" above, the exercise of the Offer Size Adjustment Option and the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 39,338,400 Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option is not exercised) or up to an aggregate of 45,239,200 Offer Shares, representing approximately 15.00% of the Offer Shares available under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price, to cover overallocations in the International Offering, if any. If the Offer Size Adjustment

Option and the Over-allotment Option are exercised in full, the additional Offer Shares to be issued pursuant to the Over-allotment Option will represent approximately 0.85% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Offer Size Adjustment Option and the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

Offer Size Adjustment Option

In order to provide flexibility for the Overall Coordinators to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand, the Company is expected to grant to the Overall Coordinators the Offer Size Adjustment Option, exercisable by the Overall Coordinators at their absolute discretion (for themselves and on behalf of the International Underwriters) on or before the second business day prior to the Listing Date and will lapse immediately thereafter, to require the Company to allot and issue up to an aggregate of 39,338,400 additional Offer Shares (representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering) at the Offer Price to cover any excess demand in the International Offering.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.74% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the full exercise of the Offer Size Adjustment Option.

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Overall Coordinators will take into account a number of factors, including, among other things:

(i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:

   (a) the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and

   (b) the corresponding number of Shares under the Over-allotment Option;

(ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;

(iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole; and

(iv) general market conditions.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option (the "Original Subscribers")	Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option	Number of H Shares issued under the Global Offering after the full exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital held by the Original Subscribers after the full exercise of the Offer Size Adjustment Option
262,256,800	5.00%	301,595,200	4.92%

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "Future Plans and Use of Proceeds" in this Prospectus, on a pro rata basis.

The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm that if the Offer Size Adjustment Option has not been exercised by the Price Determination Date, it will lapse and cannot be exercised at any future date.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date, to the extent permitted by applicable laws of Hong Kong or elsewhere. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Sunday, August 3, 2025, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 39,338,400 H Shares (representing approximately 15.0% of the initial Offer Shares assuming the Offer Size Adjustment Option is not exercised) or up to an aggregate of 45,239,200 H Shares (representing approximately 15.0% of the Offer Shares assuming the Offer Size Adjustment Option is exercised in full), through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid before the Listing Date. Both the size of such cover and the extent to which the Over-Allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-Allotment Option will not be exercised.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover the over-allocation by exercising the Over-allotment Option in full or in part, or by using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Overall Coordinators on the Price Determination Date, which is expected to be on or before Monday, July 7, 2025 and in any event no later than 12:00 noon on Monday, July 7, 2025.

The Offer Price will not be more than HK$18.18 per Offer Share and is expected to be not less than HK$17.38 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the maximum Offer Price of HK$18.18 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015%, and Hong Kong Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,672.68 for one board lot of 200 H Shares.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Hong Kong Stock Exchange at **www.hnlens.com** and **www.hkexnews.hk**, respectively, an announcement, cancel the offer and relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Hong Kong Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)), and complete the requisite associated settlement processes on the FINI platform afresh. The Global Offering must first be canceled and subsequently relaunched on the FINI platform pursuant to the supplemental or new prospectus.

In the absence of any such announcement or supplemental or new prospectus, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide published by the Hong Kong Stock Exchange and paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10.00% of the total number of Offer Shares available under the Global Offering. Subject to the foregoing paragraph, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters).

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this Prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect that we will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(1) the Listing Committee granting the approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the Offer Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(2) the Offer Price having been duly determined between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

(3) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(4) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinators by 12:00 noon on Monday, July 7, 2025, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (**www.hnlens.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

H Share certificates issued in respect of the Hong Kong Offer Shares will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including H Shares which may be issued pursuant to the Offer Size Adjustment Option and the exercise of the Over-allotment Option).

Save as disclosed in the Prospectus, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 9, 2025, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, July 9, 2025.

The H Shares will be traded on the Main Board of the Hong Kong Stock Exchange in board lots of 200 H Shares each. The stock code of the H Shares will be 6613.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.hnlens.com.

The contents of this Prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who can apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **White Form eIPO** service only)*.

Unless permitted by the Hong Kong Listing Rules or a waiver and/or consent has been granted by the Hong Kong Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of any Shares in the Company and/or any of its subsidiaries;
- are a Director or a Supervisor or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Hong Kong Listing Rules) of any of the above;
- a connected person (as defined in the Hong Kong Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; or

- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, June 30, 2025 and end at 12:00 noon on Friday, July 4, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	**www.eipo.com.hk**	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, June 30, 2025, to 11:30 a.m. on Friday, July 4, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, July 4, 2025 Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this Prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this Prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Hong Kong identity card ("**HKID**"); or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Legal entity identifier ("**LEI**") registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a **HKID** number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application Board

lot size :	200 H Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment :	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$18.18 per Offer Share. If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for. By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Hong Kong Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian. If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

Lens Technology Co., Ltd.
(HK$18.18 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		HK$		HK$		HK$
200	3,672.68	3,000	55,090.03	40,000	734,533.81	2,000,000	36,726,690.60
400	7,345.34	4,000	73,453.38	50,000	918,167.26	2,500,000	45,908,363.26
600	11,018.01	5,000	91,816.73	100,000	1,836,334.54	3,000,000	55,090,035.90
800	14,690.67	6,000	110,180.07	150,000	2,754,501.80	4,000,000	73,453,381.20
1,000	18,363.35	7,000	128,543.42	200,000	3,672,669.05	5,000,000	91,816,726.50
1,200	22,036.01	8,000	146,906.77	250,000	4,590,836.33	6,000,000	110,180,071.80
1,400	25,708.69	9,000	165,270.11	500,000	9,181,672.66	8,000,000	146,906,762.40
1,600	29,381.35	10,000	183,633.45	750,000	13,772,508.98	10,000,000	183,633,453.00
1,800	33,054.02	20,000	367,266.91	1,000,000	18,363,345.30	12,000,000	220,360,143.60
2,000	36,726.68	30,000	550,900.37	1,500,000	27,545,017.96	14,424,200(1)	264,876,565.28

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this Prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this Prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this Prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this Prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "- G. Personal Data — 3. Purposes" and "— 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **White Form eIPO** Service Provider or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **White Form eIPO** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

<table>
<tr><th colspan="3">Platform</th><th>Date/Time</th></tr>
<tr><td colspan="4">Applying through the White Form eIPO service or HKSCC EIPO channel:</td></tr>
<tr><td rowspan="2">Website</td><td rowspan="2">The designated results of allocation at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a "search by ID" function.).</td><td>The full list of (i) wholly or partially successful applicants using the White Form eIPO service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the White Form eIPO service at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment).</td><td>24 hours, from 11:00 p.m. on Tuesday, July 8, 2025 to 12:00 midnight on Monday, July 14, 2025 (Hong Kong time)</td></tr>
<tr><td>The Hong Kong Stock Exchange's website at www.hkexnews.hk and our website at www.hnlens.comwhich will provide links to the above mentioned websites of the H Share Registrar.</td><td>No later than 11:00 p.m. on Tuesday, July 8, 2025 (Hong Kong time)</td></tr>
<tr><td>Telephone</td><td colspan="2">+852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar</td><td>between 9:00 a.m. and 6:00 p.m., on Wednesday, July 9, 2025, Thursday, July 10, 2025, Friday, July 11, 2025 and Monday, July 14, 2025 (Hong Kong time)</td></tr>
</table>

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our website at **www.hnlens.com** by no later than 11:00 p.m. on Tuesday, July 8, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Hong Kong Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;

- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

5. If there is money settlement failure for allotted Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Wednesday, July 9, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	**HKSCC EIPO channel**
Despatch/collection of H Share certificate[1]		
For physical share certificates of 1,000,000 or more Offer Shares issued under your own name	**Collection in person:** from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong **Time:** from 9:00 a.m. to 1:00 p.m. on Wednesday, July 9, 2025 (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note:** If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.

[1] Except in the event of a Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Tuesday, July 8, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— *E. Severe Weather Arrangements*" in this section.

	White Form eIPO service	**HKSCC EIPO channel**
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk Date: Tuesday, July 8, 2025	
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, July 9, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**White Form** e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, July 4, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this Prospectus, an announcement will be made and published on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our website at **www.hnlens.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Tuesday, July 8, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Wednesday, July 9, 2025.

If a Severe Weather Signal is hoisted on Tuesday, July 8, 2025, for physical share certificates of less than 1,000,000 Offer Shares issued under your own name, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, July 8, 2025 or on Wednesday, July 9, 2025).

If a Severe Weather Signal is hoisted on Wednesday, July 9, 2025, for physical share certificates of 1,000,000 or more Offer Shares issued under your own name, you may collect your share certificates, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, July 9, 2025 or on Thursday, July 10, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agreed to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the Offer Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Offer Shares and identifying any duplicate applications for the Offer Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Offer Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Offer Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Offer Shares and/or regulators and/or any other purposes to which applicants and holders of the Offer Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors and receiving bank;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;

- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Hong Kong Stock Exchange's administration of the Hong Kong Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this Prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-103, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LENS TECHNOLOGY CO., LTD. 藍思科技股份有限公司 AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Lens Technology Co., Ltd. 藍思科技股份有限公司 (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-103, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-103 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2025 (the "Prospectus") in connection with the proposed global offering of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "Directors") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024, of the Company's financial position as at 31 December 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Revenue	*6*			
Contracts with customers		46,603,225	54,364,061	69,756,758
Leases		95,321	126,673	140,018
Total revenue		46,698,546	54,490,734	69,896,776
Cost of sales		(38,151,630)	(45,998,870)	(59,713,283)
Gross profit		8,546,916	8,491,864	10,183,493
Other income	*7*	678,576	1,017,209	567,024
Reversal of impairment losses (impairment losses recognised) under expected credit loss ("ECL") model, net	*8*	43,962	1,259	(33,859)
Other gains and losses, net	*9*	321,012	218,657	384,380
Selling expenses		(708,849)	(674,057)	(705,599)
Administrative expenses		(3,239,490)	(2,910,299)	(3,368,955)
Research and development expenses		(2,104,976)	(2,316,619)	(2,784,813)
Other expenses		(10,032)	(6,848)	(8,216)
Share of results of investments accounted for using the equity method		3,987	(57,291)	3,899
Finance costs	*10*	(616,216)	(509,986)	(388,438)
Profit before tax		2,914,890	3,253,889	3,848,916
Income tax expense	*11*	(395,069)	(212,062)	(172,061)
Profit for the year	*12*	2,519,821	3,041,827	3,676,855
Other comprehensive income (expense):				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		74,664	9,649	(134,090)
Item that will not be reclassified to profit or loss:				
Fair value gain (loss) on investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI")		11,589	4,711	(20,454)
Total comprehensive income for the year		2,606,074	3,056,187	3,522,311

		Year ended 31 December		
		2022	2023	2024
	Note	RMB'000	RMB'000	RMB'000
Profit for the year attributable to:				
— Owners of the Company		2,448,037	3,021,342	3,623,901
— Non-controlling interests		71,784	20,485	52,954
		2,519,821	3,041,827	3,676,855
Total comprehensive income for the year attributable to:				
— Owners of the Company		2,534,290	3,035,702	3,469,357
— Non-controlling interests		71,784	20,485	52,954
		2,606,074	3,056,187	3,522,311
Earnings per share	*16*			
— Basic (RMB)		0.50	0.61	0.73
— Diluted (RMB)		N/A	0.61	0.73

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

		As at 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*17*	37,294,360	37,089,310	37,809,136
Right-of-use assets	*18*	3,051,857	3,261,047	3,441,157
Investment properties	*19*	954,123	1,020,305	900,777
Intangible assets	*20*	2,184,949	2,017,889	1,822,041
Goodwill	*21*	2,970,144	2,970,144	2,970,144
Investments accounted for using the equity method	*22*	479,537	374,957	325,665
Equity instruments at FVTOCI	*23*	460,021	465,563	445,109
Time deposits	*29*	304,307	314,648	103,697
Deferred tax assets	*24*	1,251,837	1,187,208	1,387,226
Prepayments and other receivables	*28*	783,318	687,994	1,038,314
		49,734,453	49,389,065	50,243,266
Current assets				
Inventories	*26*	6,685,009	6,682,659	7,160,553
Trade and bills receivables	*27*	9,022,460	9,308,444	10,865,736
Bills receivables at FVTOCI	*30*	3,697	112,288	9,779
Prepayments and other receivables	*28*	804,110	1,025,482	1,000,455
Amounts due from related parties	*42*	32,235	29,754	24,873
Financial assets at fair value through profit or loss ("FVTPL")	*25*	355,266	349,665	354,917
Income tax recoverable		22,614	53,391	45,976
Time deposits	*29*	—	—	322,412
Restricted bank deposits	*29*	3,673	25,474	51,276
Bank balances and cash	*29*	11,682,255	10,493,519	10,936,804
		28,611,319	28,080,676	30,772,781
Current liabilities				
Trade and other payables	*31*	12,209,236	13,171,801	16,365,834
Financial liabilities at FVTPL	*25*	—	—	9,620
Amounts due to related parties	*42*	21	94	26
Income tax payable		88,319	178,764	110,787
Borrowings	*32*	9,848,393	5,669,812	6,518,634
Lease liabilities	*33*	13,503	27,726	47,659
Contract liabilities	*34*	7,589	8,119	12,601
		22,167,061	19,056,316	23,065,161
Net current assets		6,444,258	9,024,360	7,707,620
Total assets less current liabilities		56,178,711	58,413,425	57,950,886

		As at 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Loan from a related party	*42*	1,027,632	1,065,146	—
Borrowings	*32*	9,122,890	9,588,264	7,807,931
Lease liabilities	*33*	34,145	20,773	151,529
Provision		1,328	3,592	18,880
Deferred tax liabilities	*24*	765,678	424,869	385,058
Deferred income	*35*	845,795	789,154	741,578
		11,797,468	11,891,798	9,104,976
Net assets		44,381,243	46,521,627	48,845,910
Capital and reserves				
Share capital	*36*	4,973,480	4,983,228	4,982,879
Reserves		39,198,513	41,355,757	43,673,762
Equity attributable to owners of the Company		44,171,993	46,338,985	48,656,641
Non-controlling interests		209,250	182,642	189,269
Total equity		44,381,243	46,521,627	48,845,910

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*17*	9,065,022	8,221,199	8,489,707
Right-of-use assets	*18*	420,387	402,634	730,497
Investment properties	*19*	320,034	305,129	329,815
Intangible assets	*20*	50,586	61,317	52,305
Investments accounted for using the equity method	*22*	421,370	317,987	284,710
Investments in subsidiaries	*44*	31,150,285	34,279,477	34,753,669
Amounts due from subsidiaries	*42*	1,312,927	2,061,863	661,692
Equity instruments at FVTOCI	*23*	439,567	445,109	445,109
Time deposits	*29*	304,307	314,648	103,697
Deferred tax assets	*24*	71,200	52,792	101,059
Prepayments and other receivables	*28*	25,363	52,356	123,749
		43,581,048	46,514,511	46,076,009
Current assets				
Inventories	*26*	2,217,441	1,381,980	1,023,288
Trade and bills receivables	*27*	7,392,543	5,375,735	6,767,472
Prepayments and other receivables	*28*	350,523	530,304	475,558
Amounts due from subsidiaries	*42*	1,790,731	752,094	498,716
Financial assets at FVTPL	*25*	87,153	—	100,000
Income tax recoverable		15,339	—	—
Time deposits	*29*	—	—	322,412
Bank balances and cash	*29*	3,772,088	3,116,182	5,268,284
		15,625,818	11,156,295	14,455,730
Current liabilities				
Trade and other payables	*31*	6,093,761	3,000,975	5,374,209
Financial liabilities at FVTPL	*25*	—	—	3,903
Amounts due to subsidiaries	*42*	2,717,418	2,735,154	2,318,226
Income tax payable		—	104,286	47,248
Borrowings	*32*	2,265,819	2,927,639	2,389,631
Lease liabilities	*33*	8,033	8,304	34,993
Contract liabilities	*34*	—	—	2,013
		11,085,031	8,776,358	10,170,223
Net current assets		4,540,787	2,379,937	4,285,507
Total assets less current liabilities		48,121,835	48,894,448	50,361,516

		As at 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Loans from related parties	*42*	1,327,632	1,365,146	2,051,240
Borrowings	*32*	4,695,460	4,178,064	3,888,168
Lease liabilities	*33*	20,260	11,971	110,707
Deferred tax liabilities	*24*	43,432	28,862	28,250
Deferred income	*35*	65,303	58,248	51,193
		6,152,087	5,642,291	6,129,558
Net assets		41,969,748	43,252,157	44,231,958
Capital and reserves				
Share capital	*36*	4,973,480	4,983,228	4,982,879
Reserves	*36*	36,996,268	38,268,929	39,249,079
Total equity		41,969,748	43,252,157	44,231,958

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury share	Capital reserve	FVTOCI reserve	Translation reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 *(note)*	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	4,973,480	20,536,449	—	163,690	143,783	68,614	1,981,141	14,763,698	42,630,855	168,093	42,798,948
Profit for the year	—	—	—	—	—	—	—	2,448,037	2,448,037	71,784	2,519,821
Other comprehensive income for the year	—	—	—	—	11,589	74,664	—	—	86,253	—	86,253
Total comprehensive income for the year	—	—	—	—	11,589	74,664	—	2,448,037	2,534,290	71,784	2,606,074
Transfer to statutory reserve	—	—	—	—	—	—	208,385	(208,385)	—	—	—
Distribution	—	—	—	—	—	—	—	(493,095)	(493,095)	(30,627)	(523,722)
Repurchase of shares *(Note 36)*	—	—	(499,998)	—	—	—	—	—	(499,998)	—	(499,998)
Transaction costs attributable to repurchase of shares	—	—	(59)	—	—	—	—	—	(59)	—	(59)
At 31 December 2022	4,973,480	20,536,449	(500,057)	163,690	155,372	143,278	2,189,526	16,510,255	44,171,993	209,250	44,381,243
Profit for the year	—	—	—	—	—	—	—	3,021,342	3,021,342	20,485	3,041,827
Other comprehensive income for the year	—	—	—	—	4,711	9,649	—	—	14,360	—	14,360
Total comprehensive income for the year	—	—	—	—	4,711	9,649	—	3,021,342	3,035,702	20,485	3,056,187
Transfer to statutory reserve	—	—	—	—	—	—	214,723	(214,723)	—	—	—
Distribution	—	—	—	—	—	—	—	(986,190)	(986,190)	(47,093)	(1,033,283)
Issue of restricted shares under restricted A-share incentive scheme (the "Restricted A-share Scheme")	9,748	52,055	—	—	—	—	—	—	61,803	—	61,803
Recognition of equity-settled share-based payments	—	—	—	55,677	—	—	—	—	55,677	—	55,677
At 31 December 2023	4,983,228	20,588,504	(500,057)	219,367	160,083	152,927	2,404,249	18,330,684	46,338,985	182,642	46,521,627
Profit for the year	—	—	—	—	—	—	—	3,623,901	3,623,901	52,954	3,676,855
Other comprehensive expense for the year	—	—	—	—	(20,454)	(134,090)	—	—	(154,544)	—	(154,544)
Total comprehensive (expense) income for the year	—	—	—	—	(20,454)	(134,090)	—	3,623,901	3,469,357	52,954	3,522,311
Transfer to statutory reserve	—	—	—	—	—	—	216,021	(216,021)	—	—	—
Distribution	—	—	—	—	—	—	—	(1,482,163)	(1,482,163)	(46,327)	(1,528,490)
Recognition of equity-settled share-based payments	—	—	—	219,603	—	—	—	—	219,603	—	219,603
Repurchase and cancellation of restricted shares under Restricted A-share Scheme	(349)	(1,805)	—	—	—	—	—	—	(2,154)	—	(2,154)
Exercise of restricted shares under Restricted A-share Scheme	—	26,814	220,038	(133,839)	—	—	—	—	113,013	—	113,013
Derecognition of investment in equity instruments at FVTOCI upon liquidation of the investee	—	—	—	—	20,454	—	—	(20,454)	—	—	—
At 31 December 2024	4,982,879	20,613,513	(280,019)	305,131	160,083	18,837	2,620,270	20,235,947	48,656,641	189,269	48,845,910

Note: It represents the statutory reserve of the Company in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, PRC entity is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the relevant entity.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit for the year	2,519,821	3,041,827	3,676,855
Adjustments for:			
Taxation	395,069	212,062	172,061
Share of results of investments accounted for using the equity method	(3,987)	57,291	(3,899)
Depreciation of property, plant and equipment	4,340,696	4,632,953	4,770,849
Depreciation of right-of-use assets	96,941	96,477	115,217
Depreciation of investment properties	44,241	52,934	56,260
Amortisation of intangible assets	202,411	208,168	210,244
(Reversal of impairment losses) impairment losses recognised under ECL model, net	(43,962)	(1,259)	33,859
Loss on disposal of property, plant and equipment	119,874	37,047	16,776
Loss on disposal of intangible assets	—	257	61
Net gain from changes in fair value of financial assets/liabilities at FVTPL	(208,904)	(195,897)	(207,985)
Release of deferred income	(58,497)	(60,679)	(61,826)
Gain from termination of a lease contract	(43)	—	—
Share-based payment expense	—	54,260	161,375
Finance costs	616,216	509,986	388,438
Interest income	(147,893)	(218,288)	(254,979)
(Reversal of write-down) write-down of inventories	(442,288)	(99,018)	47,859
Impairment losses on property, plant and equipment	273,077	73,242	226,942
Net foreign exchange gains	(231,526)	(59,455)	(193,232)
Operating cash flows before movements in working capital	7,471,246	8,341,908	9,154,875
Placement of restricted bank deposits	(2,925)	(21,801)	(25,802)
Increase in provision	312	2,264	15,288
(Increase) decrease in inventories	(105,420)	101,368	(525,753)
Decrease (increase) in trade and bills receivables	1,449,987	(272,948)	(1,511,293)
Decrease (increase) in bills receivables at FVTOCI	90,227	(108,591)	102,509
Decrease (increase) in prepayments and other receivables	485,555	18,491	(97,428)
(Decrease) increase in trade and other payables	(217,072)	1,454,980	3,928,419
Increase in deferred income	19,964	4,038	14,250
(Decrease) increase in contract liabilities	(525)	530	4,482
Cash generated from operations	9,191,349	9,520,239	11,059,547
Income tax paid	(154,402)	(427,988)	(414,224)
Interest received	143,586	207,947	243,518
Net cash from operating activities	9,180,533	9,300,198	10,888,841

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets/ derivatives at FVTPL	8,702,341	1,387,040	1,932,012
Dividends received from investments accounted for using the equity method	140,349	46,641	39,601
Proceeds from disposal of property, plant and equipment	80,517	36,331	49,223
Repayment from related parties	25,302	2,455	4,850
Proceeds on disposal of investments accounted for using the equity method	2,900	—	14,537
Repayment of deposits for project performance	—	—	100,000
Upfront payments for leasehold land	—	(277,654)	(118,320)
Payments of deposits for project performance	—	(250,000)	—
Purchase of intangible assets	(28,078)	(41,382)	(14,501)
Investments accounted for using the equity method	(33,500)	—	(299)
Placement of time deposits	(300,000)	—	(100,000)
Purchase of property, plant and equipment	(6,824,316)	(5,085,273)	(6,237,734)
Purchase of financial assets/derivatives at FVTPL	(7,342,210)	(1,185,542)	(1,719,659)
Net cash used in investing activities	(5,576,695)	(5,367,384)	(6,050,290)
FINANCING ACTIVITIES			
New borrowings raised	17,584,193	7,533,650	5,120,211
Advance from related parties	—	73	—
Proceeds from issue of restricted shares	—	61,803	—
Exercise of restricted shares	—	—	113,013
Transaction costs attributable to repurchase of shares	(59)	—	—
Repayment to related parties	(439)	—	(68)
Repurchase and cancellation of restricted shares	—	—	(2,154)
Interest paid for lease liabilities	(1,817)	(1,450)	(4,022)
Repayment of lease liabilities	(30,309)	(27,359)	(26,558)
Dividends paid to non-controlling shareholders of subsidiaries	(30,627)	(47,093)	(46,327)
Interest paid for loan from a related party	(63,812)	—	(66,603)
Repayment of loan from a related party	(343,400)	—	(1,000,000)
Dividends paid to the shareholders of the Company	(493,095)	(986,190)	(1,482,163)
Payment on repurchase of shares	(499,998)	—	—
Interest paid for borrowings	(558,748)	(434,010)	(398,355)
Repayment of borrowings	(17,978,205)	(11,236,336)	(6,661,379)
Net cash used in financing activities	(2,416,316)	(5,136,912)	(4,454,405)
Net increase (decrease) in cash and cash equivalents	1,187,522	(1,204,098)	384,146
Effect of foreign exchange rate changes	278,394	15,362	59,139
Cash and cash equivalents at the beginning of the year	10,216,339	11,682,255	10,493,519
Cash and cash equivalents at the end of the year	11,682,255	10,493,519	10,936,804

NOTES TO THE FINANCIAL INFORMATION

1. INFORMATION

The Company was incorporated in the PRC as a joint stock company with limited liability. In March 2015, the Company was listed on the Shenzhen Stock Exchange (stock code: 300433). The Company's immediate and ultimate holding company is Lens Technology (HK) Co., Ltd. The Company is ultimately controlled by Ms. Chau Kwan Fei and Mr. Cheng Chun Lung ("Mr. Cheng"), spouse of Ms. Chau Kwan Fei, who act in concert with each other. Ms. Chau Kwan Fei is also the Chair and an executive director of the Company, and Mr. Cheng is the Vice-Chair and an executive director of the Company. Lens Technology (HK) Co., Ltd., Ms. Chau Kwan Fei and Mr. Cheng together are referred to the Controlling Shareholders. The addresses of the registered office and principal place of business of the Company are the same as the registered office in the PRC and the headquarter in the PRC as stated in the section headed "Corporate Information" of the Prospectus.

The Group is principally engaged in the businesses of research and development, design, manufacturing and sales of various structural parts, functional modules and others, such as complete device assembly for consumer electronics, smart vehicles and other emerging areas throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 44.

The statutory consolidated financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprises in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users of the Historical Financial Information. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on 1 January 2024 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements which, the directors of the Company anticipate, the impact will not be material.

Except as described above, the Directors anticipate that the application of the amendments to IFRS Accounting Standards will have no material impact on the Group's financial position and performance in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent the present ownership interests entitling the non-controlling interest to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Lease" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases for staff quarters and warehouses that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any initial direct cost incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statements of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs, other than those directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Employees in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payment

Equity-settled share-based payment transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (capital reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital reserve.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium.

When shares granted are vested, the amount previously recognised in capital reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to lease liabilities and the related assets separately.

The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings, machinery and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is recognised as an expense in the period in which it is incurred where no internally-generated intangible asset can be recognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Impairment on property, plant and equipment, right-of-use assets, investment property and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment property and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, investment property and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and bills receivables at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9 "Financial Instruments"

The Group performs impairment assessment under ECL model on financial assets (including trade and bills receivables, bills receivables at FVTOCI, other receivables, amounts due from related parties, time deposits, restricted bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and credit-impaired and collectively for the remaining debtors using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Trade receivables of the Group with significant balances and credit-impaired are assessed for ECL individually. The Group uses a practical expedient in estimating ECL on trade receivables, which are not assessed individually, using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Trade receivables of the Group with significant balances and credit-impaired are assessed for ECL individually. Except as those trade receivables, lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account. For bills receivables are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these bills receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties, loan from a related party and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Deferred tax asset

As at 31 December 2022, 2023 and 2024, a deferred tax asset of RMB531,028,000, RMB665,545,000, and RMB824,043,000, respectively, in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statements of financial position. No deferred tax asset has been recognised on the tax losses of RMB3,105,107,000, RMB3,099,773,000, and RMB2,296,299,000, respectively, for certain subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Net realisable value of inventories

As at 31 December 2022, 2023 and 2024, the carrying amount of the Group's inventories is RMB6,685,009,000, RMB6,682,659,000, and RMB7,160,553,000, respectively. During the years ended 31 December 2022 and 2023, a reversal of write-down of inventories of RMB442,288,000, RMB99,018,000 was recognised or in profit or loss, respectively. During the year ended 31 December 2024, a write-down of inventories of RMB47,859,000 was recognised or in profit or loss.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The Group assesses the net realisable value of inventories as well as the amount of write-down of inventory provision at the end of each reporting period, which involves significant judgement on determination of the estimated selling prices, costs to completion and costs necessary to make the sale.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2022, 2023 and 2024, the carrying amounts of goodwill was RMB2,970,144,000, RMB2,970,144,000 and RMB2,970,144,000, respectively. Details of the calculation of recoverable amounts are disclosed in Note 21.

Provision of ECL for trade receivables

Trade receivables of the Group with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 41.

6. REVENUE AND SEGMENT INFORMATION

(i) Revenue

The following is an analysis of the Group's revenue from major end use products and services:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Smartphones and computers	38,213,811	44,900,632	57,754,169
Smart vehicles and cockpits	3,583,820	4,998,464	5,934,795
Intelligent head-mounted displays and smart wearables	3,538,691	3,103,753	3,488,408
Others smart devices	171,817	164,872	1,408,378
Scraps and materials	447,868	451,831	426,465
Processing fee	571,446	652,969	635,804
Others	75,772	91,540	108,739
Revenue from contracts with customers	46,603,225	54,364,061	69,756,758
Leases	95,321	126,673	140,018
Total	46,698,546	54,490,734	69,896,776

Geographical information

The Group's operations are located in the PRC (country of domicile), the United States of America (the "U.S."), Vietnam, Mexico and Japan.

Information about the Group's revenue from external customers is presented based on delivery destination or the shipping destination on customs declaration.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Offshore			
— Special supervision territory in China *(note)*	28,896,418	24,822,418	27,496,661
— Vietnam	4,871,324	5,420,199	4,882,063
— Asia (excluding Mainland China and Vietnam)	2,811,336	4,187,813	6,079,024
— North America	1,544,346	2,008,840	2,036,548
— Others	143,019	367,288	484,087
	38,266,443	36,806,558	40,978,383
Mainland China (excluding special supervision territory) *(note)*	8,432,103	17,684,176	28,918,393
	46,698,546	54,490,734	69,896,776

Note: During the years ended 31 December 2022, 2023 and 2024, the amount of Group's total revenue from Mainland China (country of domicile), represented by domestic and special supervision territory within the PRC (excluding Hong Kong, Macao and Taiwan) is RMB37,328,521,000, RMB42,506,594,000, and RMB56,415,054,000, respectively.

Timing of revenue from contracts with customers recognition

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on the receipt of products by customers.

Processing fee is recognised at the point in time when the processing has been completed and the control of the processed product is transferred to customers.

The Group requires an advance payment or grants the customers a credit period from 30 days to 120 days based on the assessed credit worthiness of the customers. A contract liability represents the Group's obligation to transfer goods or services for which the Group has received consideration from the customer.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

(iv) Leases

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
For operating leases:			
Lease payments that are fixed	95,321	126,673	140,018

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with non-cancellable lease terms of between 5 to 15 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. Lease payments are usually adjusted every year to reflect market rentals. None of the leases includes variable lease payments.

(v) Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus on the overall results and financial position of the Group, therefore no other discrete financial information is provided other than the Group's results and financial position as a whole. The Group has only one single operating and reportable segment and only entity-wide disclosures are presented.

Geographical information

The details of the Group's revenue from external customers by geographical markets of the products presented based on delivery destination or the shipping destination on customs declaration are set out in Note 6(i). Information about the Group's non-current assets is presented based on the geographical location of the assets.

The Group's non-current assets (excluding deferred tax assets and financial assets) of RMB43,312,814,000, RMB42,494,649,000 and RMB42,649,416,000 are located in the PRC as at 31 December 2022, 2023 and 2024, respectively. The remaining non-current assets are located in the U.S., Vietnam, Mexico and Japan, with each jurisdiction's individual non-current assets constituting less than 10% to the Group's non-current assets.

(vi) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follow:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Customer A *(note i)*	33,136,151	31,512,267	34,566,472
Customer B *(notes i & ii)*	N/A	8,472,733	16,328,058

Notes:

(i) The customer is a group of companies under the same holding company.

(ii) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2022.

7. OTHER INCOME

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Government grants			
— related to expense items *(note)*	434,037	698,327	163,015
— related to assets *(Note 35)*	58,497	60,679	61,826
	492,534	759,006	224,841
Interest income	147,893	218,288	254,979
Compensation income	17,458	20,828	32,567
Others	20,691	19,087	54,637
	678,576	1,017,209	567,024

Note: The amount mainly represents various subsidies received from the PRC government authorities for the purpose of motivating the business development of the Group. There were no unfulfilled conditions or contingencies relating to these government grants.

8. REVERSAL OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES RECOGNISED) UNDER ECL MODEL, NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment losses reversed (recognised) on:			
— Trade and bills receivables	53,444	(2,242)	(15,600)
— Other receivables	(9,227)	3,527	(18,228)
— Amounts due from related parties	(255)	(26)	(31)
	43,962	1,259	(33,859)

Details of impairment assessment are set out in Note 41.

9. OTHER GAINS AND LOSSES, NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net foreign exchange gains	231,526	59,455	193,232
Net gain from changes in fair value of financial assets/liabilities at FVTPL	208,904	195,897	207,985
Loss on disposal of property, plant and equipment and intangible assets	(119,874)	(37,304)	(16,837)
Others	456	609	—
	321,012	218,657	384,380

10. FINANCE COSTS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on borrowings	569,573	471,022	382,959
Interest on loan from a related party *(Note 42)*	44,826	37,514	1,457
Interest on lease liabilities	1,817	1,450	4,022
Total borrowing costs	616,216	509,986	388,438

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Current tax:			
— PRC Enterprise Income Tax	287,583	388,490	291,434
— Hong Kong	55,864	42,278	9,264
— Vietnam	33,719	48,075	43,011
— U.S.	213	299	816
— Other jurisdictions	—	88	215
	377,379	479,230	344,740
Under provision in prior years:			
— PRC Enterprise Income Tax	2,928	8,426	8,922
— Hong Kong	(7)	—	—
	2,921	8,426	8,922
Deferred tax *(Note 24)*	14,769	(275,594)	(181,601)
	395,069	212,062	172,061

PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25%.

The Company and certain of its PRC subsidiaries are accredited as High New Tech Enterprises during the Track Record Period and are subject to preferential tax rate of 15% during the respective accredited period in the Track Record Period.

Pursuant to relevant laws and regulations in the PRC, several subsidiaries are eligible as a Small Low-profit Enterprise (小型微利企業) and are subject to preferential tax treatments during the Track Record Period.

From 1 January 2022 to 31 December 2022, for Small Low-profit Enterprises, the annual taxable income not exceeding RMB1.0 million was reduced to 12.5% and taxed at a rate of 20%. From 1 January 2023 to 31 December 2024, for Small Low-profit Enterprises, the annual taxable income not exceeding RMB3.0 million was reduced to 25% and taxed at a rate of 20%.

Hong Kong

The Company's subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

Vietnam

The Company's subsidiary domiciled in Vietnam is subject to a corporate income tax rate of 20%. According to the policies promulgated by the local policy, all eligible enterprises are subsequently entitled to two-year income tax exemptions followed by four years' 50% reduction of the statutory income tax rates, starting from their first profit making year. The Company's Vietnam subsidiary is qualified as an eligible enterprise and was entitled to the two years' exemption from income tax followed by four years of 50% tax reduction with effect from 2020 and entitled to a preferential income tax rate of 10% during the Track Record Period.

U.S.

Pursuant to the applicable U.S. federal and state income tax laws, the U.S. subsidiaries have provided income taxes on their federal and state taxable income at the 21% U.S. federal statutory corporate income tax rate and states statutory corporate tax rates of up to 8.84% throughout the Track Record Period.

Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	2,914,890	3,253,889	3,848,916
Tax at the preferential tax rate of 15%	437,234	488,083	577,337
Tax effect of expenses not deductible for tax purposes	117,952	12,277	23,074
Effect of different tax rates of the subsidiaries	99,754	102,037	92,298
Tax effect of income not taxable for tax purpose	(1,880)	(402)	(54,648)
Utilisation of tax losses previously not recognised	(27,579)	(60,189)	(134,897)
Tax effect of deductible temporary differences and tax losses not recognised	141,163	39,487	15,185
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate *(note i)*	—	(89,628)	—
Additional deduction of research and development expenses *(note ii)*	(312,605)	(279,804)	(351,320)
Additional deduction of acquisition of equipment *(note iii)*	(56,586)	—	—
Under provision in respect of prior years	2,921	8,426	8,922
Others	(5,305)	(8,225)	(3,890)
	395,069	212,062	172,061

Notes:

(i) A PRC subsidiary applied High New Tech Enterprises in 2023 and enjoys preferential tax rate of 15% for the years ended 31 December 2023 and 2024.

(ii) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from 1 January 2022 to 30 September 2022 and for the period from 1 October 2022 to 31 December 2024, respectively.

(iii) The State Taxation Administration of the PRC announced in September 2022 that enterprises accredited as "High New Tech Enterprises" would be entitled to claim 100% of the purchase price for equipment and appliances newly purchased during the period from 1 October 2022 to 31 December 2022 as tax deductible expenses and 100% additional deduction for the year ended 31 December 2022.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Directors' and supervisors' emoluments *(Note 13)*	11,300	11,400	12,520
Other staffs costs (excluding directors' and supervisors' emoluments)			
— Salaries and other benefit, including share-based payment expenses	12,183,302	11,039,693	12,590,852
— Retirement benefits scheme contributions	869,038	779,575	871,074
Total staff costs	13,063,640	11,830,668	13,474,446
Capitalised in inventories	(10,766,033)	(9,264,719)	(10,482,249)
	2,297,607	2,565,949	2,992,197
Depreciation of property, plant and equipment	4,340,696	4,632,953	4,770,849
Depreciation of investment properties	44,241	52,934	56,260
Depreciation of right-of-use assets	96,941	96,477	115,217
Amortisation of intangible assets	202,411	208,168	210,244
Total depreciation and amortisation	4,684,289	4,990,532	5,152,570
Capitalised in inventories	(3,564,349)	(3,880,871)	(4,043,350)
	1,119,940	1,109,661	1,109,220
Auditor's remuneration	2,000	2,400	2,900
Impairment losses recognised on property, plant and equipment, included in administrative expenses	273,077	73,242	226,942
Other expenses			
— Donation	10,032	6,848	8,216
Cost of inventories recognised as an expense	38,272,351	45,698,876	59,385,583
Excluding: (reversal of write-down) write-down of inventories	(442,288)	(99,018)	47,859

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows:

	Fees	Salaries, bonus and other allowances *(note i)*	Share-based payment	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2022					
Executive directors:					
Ms. Chau Kwan Fei	—	4,984	—	16	5,000
Mr. Cheng Chun Lung	—	2,984	—	16	3,000
Mr. Rao Qiaobing	—	892	—	8	900
Independent non-executive directors:					
Mr. Tang Guoping *(note ii)*	100	—	—	—	100
Ms. Wan Wei	100	—	—	—	100
Mr. Liu Yue	100	—	—	—	100
Mr. Peng Diefeng	100	—	—	—	100
Supervisors:					
Mr. Kuang Hongfeng	—	692	—	8	700
Mr. Tang Jun	—	492	—	8	500
Ms. Zhou Xinyi	—	792	—	8	800
	400	10,836	—	64	11,300

	Fees	Salaries, bonus and other allowances *(note i)*	Share-based payment	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2023					
Executive directors:					
Ms. Chau Kwan Fei	—	4,984	—	16	5,000
Mr. Cheng Chun Lung	—	2,984	—	16	3,000
Mr. Rao Qiaobing	—	780	112	8	900
Independent non-executive directors:					
Mr. Tang Guoping *(note ii)*	50	—	—	—	50
Mr. Yang Songbai*(note iii)*	50	—	—	—	50
Ms. Wan Wei	100	—	—	—	100
Mr. Liu Yue	100	—	—	—	100
Mr. Peng Diefeng	100	—	—	—	100
Supervisors:					
Mr. Kuang Hongfeng	—	792	—	8	800
Mr. Tang Jun	—	492	—	8	500
Ms. Zhou Xinyi	—	792	—	8	800
	400	10,824	112	64	11,400

	Fees	Salaries, bonus and other allowances *(note i)*	Share-based payment	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2024					
Executive directors:					
Ms. Chau Kwan Fei	—	4,984	—	16	5,000
Mr. Cheng Chun Lung	—	2,984	—	16	3,000
Mr. Rao Qiaobing	—	530	462	8	1,000
Independent non-executive directors:					
Mr. Yang Songbai *(note iii & iv)*	130	—	—	—	130
Ms. Wan Wei	130	—	—	—	130
Mr. Liu Yue	130	—	—	—	130
Mr. Peng Diefeng *(note iv)*	130	—	—	—	130
Supervisors:					
Mr. Kuang Hongfeng *(note iv)*	—	992	—	8	1,000
Mr. Tang Jun	—	992	—	8	1,000
Ms. Zhou Xinyi	—	992	—	8	1,000
	520	11,474	462	64	12,520

Notes:

(i) The discretionary bonus is determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

(ii) Mr. Tang Guoping resigned as an independent non-executive director of the Company on 31 July 2023.

(iii) Mr. Yang Songbai was appointed as an independent non-executive director of the Company on 18 October 2023.

(iv) Mr. Yang Songbai and Mr. Peng Diefeng resigned as an independent non-executive director of the Company on 21 January 2025. Mr. Kuang Hongfeng resigned as a supervisor of the Company on 21 January 2025.

(v) Mr. Tian Hong and Mr.Xie Zhiming were appointed as an independent non-executive director of the Company on 21 January 2025. Mr. Chen Xiaoqun was appointed as a supervisor of the Company on 21 January 2025.

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Group and the Company during the Track Record Period.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The supervisors' emoluments shown above were for their services as supervisors of the Company.

During the Track Record Period, certain directors were granted restricted shares, in respect of their services to the Group under the Restricted A-share Scheme of the Company. Details of the share-based payment are set out in note 38 to the Historical Financial Information.

During the Track Record Period, there have been no arrangement under which a director or a supervisor waived or agreed to waive any remuneration.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included four, five and five directors and supervisors during the years ended 31 December 2022, 2023 and 2024, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining one, nil and nil highest paid individual during the years ended 31 December 2022, 2023 and 2024, respectively, are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries and other benefits, including share-based payment expenses	522	—	—
Discretionary bonus	270	—	—
Retirement benefit scheme contributions	8	—	—
	800	—	—

The number of the highest paid employees who are not the directors or supervisors whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2022	2023	2024
	No. of employees	No. of employees	No. of employees
Nil to Hong Kong dollar ("HK$") 1,000,000	1	—	—

No emoluments had been paid by the Group to any of the directors or the supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dividend for ordinary shareholders of the Company	493,095	986,190	1,482,163

During the year ended 31 December 2022, the Company declared and paid cash dividend of RMB0.10 per ordinary share, in aggregate of RMB493,095,000, to ordinary shareholders of the Company.

During the year ended 31 December 2023, the Company declared and paid cash dividend of RMB0.20 per ordinary share, in aggregate of RMB986,190,000, to ordinary shareholders of the Company.

During the year ended 31 December 2024, the Company declared and paid cash dividend of RMB0.30 per ordinary share, in aggregate of RMB1,482,163,000, to ordinary shareholders of the Company.

Subsequent to the end of the Track Record Period, a final dividend in respect of the year ended 31 December 2024 of RMB0.40 per ordinary share, in aggregate of RMB1,983,582,000, was approved by the shareholders of the Company at the general meeting on 18 April 2025.

16. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share, as applicable, attributable to the owners of the Company is based on the following data:

	Year ended 31 December		
	2022	2023	2024
Earnings (RMB'000):			
Profit for the year attributable to owners of the Company	2,448,037	3,021,342	3,623,901
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note)*	4,942,628	4,930,952	4,936,803
Effect of dilutive potential ordinary shares: Restricted A-share Scheme	N/A	2,910	11,783
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,942,628	4,933,862	4,948,586

Note: Treasury shares and restricted shares subject to repurchase were excluded in calculating the weighted average number of ordinary shares of the purpose of basic earnings per share.

No diluted earnings per share for the year ended 31 December 2022 were presented as there were no potential dilutive ordinary shares in issue for the year.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2022	15,614,696	32,395,581	561,505	3,159,338	4,685,582	2,320,426	58,737,128
Additions	924	3,625,097	11,262	688,865	433,564	2,592,859	7,352,571
Transfers	2,669,960	516,030	95	24,815	243,733	(3,454,633)	—
Transfers to investment properties *(Note 19)*	(92,892)	—	—	—	—	(224,507)	(317,399)
Disposals	(10,323)	(935,506)	(1,632)	(115,019)	(58,689)	(28,051)	(1,149,220)
Exchange adjustments	32,943	13,620	177	495	678	—	47,913
At 31 December 2022	18,215,308	35,614,822	571,407	3,758,494	5,304,868	1,206,094	64,670,993
Additions	18,637	1,993,186	7,364	440,185	238,641	2,004,379	4,702,392
Transfers	1,256,709	370,912	790	200,141	441,253	(2,269,805)	—
Transfers to investment properties *(Note 19)*	(83,330)	—	—	—	—	(39,729)	(123,059)
Disposals	(77)	(716,172)	(2,281)	(33,721)	(57,271)	(8,800)	(818,322)
Exchange adjustments	(6,962)	(3,594)	25	(100)	(121)	—	(10,752)
At 31 December 2023	19,400,285	37,259,154	577,305	4,364,999	5,927,370	892,139	68,421,252
Additions	3,220	2,796,601	10,081	544,431	310,920	2,117,094	5,782,347
Transfers	794,269	597,765	21	58,437	162,286	(1,612,778)	—
Transfers from investment properties *(Note 19)*	125,371	—	—	—	—	—	125,371
Disposals	(10,131)	(791,634)	(10,068)	(64,356)	(33,334)	(10,091)	(919,614)
Exchange adjustments	(23,719)	(38,762)	951	(3,951)	(1,937)	—	(67,418)
At 31 December 2024	20,289,295	39,823,124	578,290	4,899,560	6,365,305	1,386,364	73,341,938

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION							
At 1 January 2022	3,244,934	15,042,618	138,760	1,758,735	3,207,505	—	23,392,552
Provided for the year	793,668	2,547,921	29,432	450,130	519,545	—	4,340,696
Transfers to investment properties *(Note 19)*	(46,969)	—	—	—	—	—	(46,969)
Eliminated on disposals	(2,245)	(675,447)	(1,144)	(78,151)	(46,164)	—	(803,151)
Exchange adjustments	5,039	3,644	110	252	511	—	9,556
At 31 December 2022	3,994,427	16,918,736	167,158	2,130,966	3,681,397	—	26,892,684
Provided for the year	678,645	2,599,214	27,318	557,369	770,407	—	4,632,953
Transfers to investment properties *(Note 19)*	(3,943)	—	—	—	—	—	(3,943)
Eliminated on disposals	(38)	(528,772)	(2,080)	(29,053)	(47,794)	—	(607,737)
Exchange adjustments	(1,268)	(726)	13	69	(87)	—	(1,999)
At 31 December 2023	4,667,823	18,988,452	192,409	2,659,351	4,403,923	—	30,911,958
Provided for the year	945,502	2,847,027	27,875	447,202	503,243	—	4,770,849
Transfers from investment properties *(Note 19)*	69,310	—	—	—	—	—	69,310
Eliminated on disposals	(6,673)	(583,359)	(9,120)	(58,309)	(29,046)	—	(686,507)
Exchange adjustments	(5,252)	(6,204)	(6)	(672)	(492)	—	(12,626)
At 31 December 2024	5,670,710	21,245,916	211,158	3,047,572	4,877,628	—	35,052,984
IMPAIRMENT							
At 1 January 2022	—	304,889	15	7,627	2,680	41,339	356,550
Provided for the year	—	244,488	—	8,565	1,008	19,016	273,077
Eliminated on disposals	—	(118,575)	—	(3,034)	(56)	(24,013)	(145,678)
At 31 December 2022	—	430,802	15	13,158	3,632	36,342	483,949
Provided for the year	—	50,536	93	8,076	216	14,321	73,242
Eliminated on disposals	—	(127,301)	(1)	(1,642)	(533)	(7,730)	(137,207)
At 31 December 2023	—	354,037	107	19,592	3,315	42,933	419,984
Provided for the year	—	184,307	101	3,224	5,367	33,943	226,942
Eliminated on disposals	—	(151,506)	(190)	(4,964)	(547)	(9,901)	(167,108)
At 31 December 2024	—	386,838	18	17,852	8,135	66,975	479,818
CARRYING VALUES							
At 31 December 2022	14,220,881	18,265,284	404,234	1,614,370	1,619,839	1,169,752	37,294,360
At 31 December 2023	14,732,462	17,916,665	384,789	1,686,056	1,520,132	849,206	37,089,310
At 31 December 2024	14,618,585	18,190,370	367,114	1,834,136	1,479,542	1,319,389	37,809,136

The Company

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2022	4,463,926	9,139,090	21,469	1,157,718	1,991,127	29,187	16,802,517
Additions	—	789,584	441	175,021	60,594	163,905	1,189,545
Transfers	54,533	26,974	—	101	93,889	(175,497)	—
Transfers to investment properties *(Note 19)*	(204,928)	—	—	—	—	(298)	(205,226)
Disposals	(1,159)	(864,575)	(41)	(62,524)	(47,862)	—	(976,161)
At 31 December 2022	4,312,372	9,091,073	21,869	1,270,316	2,097,748	17,297	16,810,675
Additions	—	332,754	254	51,689	5,857	146,007	536,561
Transfers	11,073	70,581	19	522	23,334	(105,529)	—
Transfers to investment properties *(Note 19)*	—	—	—	—	—	(655)	(655)
Disposals	(77)	(312,476)	(677)	(44,869)	(23,856)	—	(381,955)
At 31 December 2023	4,323,368	9,181,932	21,465	1,277,658	2,103,083	57,120	16,964,626
Additions	136,317	747,408	1,546	75,984	60,918	563,057	1,585,230
Transfers	80,305	47,713	—	8,631	74,258	(210,907)	—
Transfers to investment properties *(Note 19)*	—	—	—	—	—	(42,439)	(42,439)
Disposals	—	(379,965)	(5,631)	(60,634)	(20,424)	—	(466,654)
At 31 December 2024	4,539,990	9,597,088	17,380	1,301,639	2,217,835	366,831	18,040,763

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION							
At 1 January 2022	1,141,480	3,698,059	17,426	668,778	1,373,035	—	6,898,778
Provided for the year	228,887	679,712	767	174,561	195,710	—	1,279,637
Transfers to investment properties *(Note 19)*	(14,482)	—	—	—	—	—	(14,482)
Eliminated on disposals	(550)	(416,036)	(4)	(44,516)	(30,264)	—	(491,370)
At 31 December 2022	1,355,335	3,961,735	18,189	798,823	1,538,481	—	7,672,563
Provided for the year	206,729	706,168	649	138,775	155,454	—	1,207,775
Eliminated on disposals	(38)	(164,979)	(586)	(13,596)	(21,358)	—	(200,557)
At 31 December 2023	1,562,026	4,502,924	18,252	924,002	1,672,577	—	8,679,781
Provided for the year	216,243	739,528	572	88,042	97,893	—	1,142,278
Eliminated on disposals	—	(241,190)	(5,044)	(50,459)	(18,093)	—	(314,786)
At 31 December 2024	1,778,269	5,001,262	13,780	961,585	1,752,377	—	9,507,273
IMPAIRMENT							
At 1 January 2022	—	56,701	—	4,287	134	—	61,122
Provided for the year	—	47,935	—	387	30	—	48,352
Eliminated on disposals	—	(34,121)	—	(2,250)	(13)	—	(36,384)
At 31 December 2022	—	70,515	—	2,424	151	—	73,090
Provided for the year	—	223	—	565	23	—	811
Eliminated on disposals	—	(10,251)	—	—	(4)	—	(10,255)
At 31 December 2023	—	60,487	—	2,989	170	—	63,646
Provided for the year	—	30,952	—	2,773	3,379	—	37,104
Eliminated on disposals	—	(55,012)	—	(1,821)	(134)	—	(56,967)
At 31 December 2024	—	36,427	—	3,941	3,415	—	43,783
CARRYING VALUES							
At 31 December 2022	2,957,037	5,058,823	3,680	469,069	559,116	17,297	9,065,022
At 31 December 2023	2,761,342	4,618,521	3,213	350,667	430,336	57,120	8,221,199
At 31 December 2024	2,761,721	4,559,399	3,600	336,113	462,043	366,831	8,489,707

The Group's and the Company's property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Transfers to, or from, investment property are made when, and only when, there is a change in use, evidenced by (i) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (ii) end of owner-occupation, for a transfer from owner-occupied property to investment property.

The above items of property, plant and equipment except for construction in progress are depreciated on a straight-line basis over the useful lives as follows:

Buildings	20 years
Machinery and equipment	10 years
Motor vehicles	3 to 25 years
Electronic equipment	5 years
Office and other equipment	3 to 10 years

The Group is in the process of obtaining the property ownership certificates of buildings with carrying amounts of RMB3,055,226,000, RMB568,642,000, and RMB207,479,000 as at 31 December 2022, 2023 and 2024, respectively.

Impairment Assessment:

Management of the Group concluded there was indication for impairment when an equipment is not expected to be used in the operations, this is normally when the cost of upgrading or maintaining the equipment outweighed its use. The assessment is performed on individual asset base. Impairment amounted to RMB273,077,000, RMB73,242,000 and RMB226,942,000 are recognised during the years ended 31 December 2022, 2023 and 2024, respectively.

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2022			
Carrying amounts	3,000,639	51,218	3,051,857
As at 31 December 2023			
Carrying amounts	3,209,458	51,589	3,261,047
As at 31 December 2024			
Carrying amounts	3,252,462	188,695	3,441,157
For the year ended 31 December 2022			
Depreciation charge	67,494	29,447	96,941
For the year ended 31 December 2023			
Depreciation charge	68,638	27,839	96,477
For the year ended 31 December 2024			
Depreciation charge	75,076	40,141	115,217

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	11,725	26,853	80,846
Total cash outflow for leases	43,851	333,316	229,746
Addition to right-of-use assets	25,194	305,864	303,393

The Company

	Leasehold land	Leased properties	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2022			
Carrying amounts	387,743	32,644	420,387
As at 31 December 2023			
Carrying amounts	378,279	24,355	402,634
As at 31 December 2024			
Carrying amounts	593,306	137,191	730,497
For the year ended 31 December 2022			
Depreciation charge	9,691	6,685	16,376
For the year ended 31 December 2023			
Depreciation charge	9,464	8,289	17,753
For the year ended 31 December 2024			
Depreciation charge	13,742	18,161	31,903

The Group and the Company lease plant and staff quarters for its operations. Lease terms are negotiated by the Group and the Company on an individual basis and contain a wide range of different terms and conditions. The terms are fixed with various period, from 1 to 10 years. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company apply the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarters and warehouses. As at 31 December 2022, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, the Group and the Company own several office buildings and industrial buildings. The industrial buildings are where its manufacturing facilities are primarily located. The Group and the Company are the registered owners of these property interests, including underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately, for which the Group and the Company have obtained the land use right certificates. The leasehold lands are depreciated on a straight-line basis over the term of the lease from 40 to 50 years.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

The Group

	Buildings	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
COST			
As at 1 January 2022	645,235	139,482	784,717
Transfers from property, plant and equipment *(Note 17)*	317,399	—	317,399
Transfer from right-of-use assets	—	81,679	81,679
As at 31 December 2022	962,634	221,161	1,183,795
Transfers from property, plant and equipment *(Note 17)*	123,059	—	123,059
As at 31 December 2023	1,085,693	221,161	1,306,854
Transfers to property, plant and equipment *(Note 17)*	(125,371)	—	(125,371)
Transfer to right-of-use assets	—	(11,085)	(11,085)
As at 31 December 2024	960,322	210,076	1,170,398
DEPRECIATION			
As at 1 January 2022	116,533	16,350	132,883
Charge for the year	38,637	5,604	44,241
Transfers from property, plant and equipment *(Note 17)*	46,969	—	46,969
Transfer from right-of-use assets	—	5,579	5,579
As at 31 December 2022	202,139	27,533	229,672
Charge for the year	48,603	4,331	52,934
Transfers from property, plant and equipment *(Note 17)*	3,943	—	3,943
As at 31 December 2023	254,685	31,864	286,549
Charge for the year	51,619	4,641	56,260
Transfers to property, plant and equipment *(Note 17)*	(69,310)	—	(69,310)
Transfer to right-of-use assets	—	(3,878)	(3,878)
As at 31 December 2024	236,994	32,627	269,621
CARRYING VALUES			
At 31 December 2022	760,495	193,628	954,123
At 31 December 2023	831,008	189,297	1,020,305
At 31 December 2024	723,328	177,449	900,777

The Company

	Buildings	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
COST			
As at 1 January 2022	108,956	20,009	128,965
Transfers from property, plant and equipment *(Note 17)*	205,226	—	205,226
Transfer from right-of-use assets	—	33,959	33,959
As at 31 December 2022	314,182	53,968	368,150
Transfers from property, plant and equipment *(Note 17)*	655	—	655
As at 31 December 2023	314,837	53,968	368,805
Transfers from property, plant and equipment *(Note 17)*	42,439	—	42,439
As at 31 December 2024	357,276	53,968	411,244
DEPRECIATION			
As at 1 January 2022	18,950	1,764	20,714
Charge for the year	10,453	853	11,306
Transfers from property, plant and equipment *(Note 17)*	14,482	—	14,482
Transfer from right-of-use assets	—	1,614	1,614
As at 31 December 2022	43,885	4,231	48,116
Charge for the year	14,481	1,079	15,560
As at 31 December 2023	58,366	5,310	63,676
Charge for the year	16,674	1,079	17,753
As at 31 December 2024	75,040	6,389	81,429
CARRYING VALUES			
At 31 December 2022	270,297	49,737	320,034
At 31 December 2023	256,471	48,658	305,129
At 31 December 2024	282,236	47,579	329,815

The above investment properties are depreciated on a straight-line basis on the following bases:

Buildings	20 years
Leasehold lands	40–50 years

The Group leases out office units, a factory and commercial property units under operating leases with rentals payable monthly. The leases typically run for an initial period of 5 to 15 years, with unilateral rights to extend the lease beyond initial period held by lessees only. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	1,637,980	1,550,920	1,246,400	275,873	262,527	289,173
Leasehold lands	361,080	362,100	332,690	58,466	58,986	58,637
	1,999,060	1,913,020	1,579,090	334,339	321,513	347,810

The fair value has been arrived at based on a valuation carried out by an independent qualified professional valuer not connected with the Group.

The fair value was determined based on the income approach or the cost approach based on location of the buildings and leasehold lands, whereby the income approach takes into account the projected future earnings of the subject of valuation and then converts the future earnings into value by using an appropriate rate of compensation or capitalisation rate to obtain the value of the subject of valuation; the cost approach takes into account the replacement or reconstruction cost of the subject of valuation at the time of valuation and depreciation, and subtracts depreciation from the replacement cost or reconstruction cost to obtain the value of the subject of valuation. The fair value of the Group's investment property as at 31 December 2022, 2023 and 2024 is grouped into Level 3 of fair value measurement. There has been no change from the valuation technique used in the Track Record Period.

20. INTANGIBLE ASSETS

The Group

	Software	Proprietary technology	Customer relationships	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
As at 1 January 2022	134,660	472,030	1,994,430	13,453	2,614,573
Additions	23,043	—	—	5,035	28,078
Disposals	(7,218)	—	—	—	(7,218)
As at 31 December 2022	150,485	472,030	1,994,430	18,488	2,635,433
Additions	25,583	—	—	15,799	41,382
Disposals	—	—	—	(521)	(521)
Exchange adjustments	(19)	—	—	—	(19)
As at 31 December 2023	176,049	472,030	1,994,430	33,766	2,676,275
Additions	14,501	—	—	—	14,501
Disposals	—	—	—	(138)	(138)
Exchange adjustments	(62)	—	—	—	(62)
As at 31 December 2024	190,488	472,030	1,994,430	33,628	2,690,576

	Software	Proprietary technology	Customer relationships	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
AMORTISATION					
As at 1 January 2022	66,866	47,203	132,962	8,260	255,291
Charge for the year	19,370	47,203	132,962	2,876	202,411
Disposals	(7,218)	—	—	—	(7,218)
As at 31 December 2022	79,018	94,406	265,924	11,136	450,484
Charge for the year	12,159	47,203	132,962	15,844	208,168
Disposals	—	—	—	(264)	(264)
Exchange adjustments	(2)	—	—	—	(2)
As at 31 December 2023	91,175	141,609	398,886	26,716	658,386
Charge for the year	25,368	47,203	132,962	4,711	210,244
Disposals	—	—	—	(77)	(77)
Exchange adjustments	(18)	—	—	—	(18)
As at 31 December 2024	116,525	188,812	531,848	31,350	868,535
CARRYING VALUES					
At 31 December 2022	71,467	377,624	1,728,506	7,352	2,184,949
At 31 December 2023	84,874	330,421	1,595,544	7,050	2,017,889
At 31 December 2024	73,963	283,218	1,462,582	2,278	1,822,041

All of the Group's proprietary technology and customer relationships were purchased as part of a business combination in prior years.

The Company

	Software	Others	Total
	RMB'000	RMB'000	RMB'000
COST			
As at 1 January 2022	82,093	3,725	85,818
Additions	13,470	—	13,470
As at 31 December 2022	95,563	3,725	99,288
Additions	20,980	—	20,980
As at 31 December 2023	116,543	3,725	120,268
Additions	2,664	—	2,664
As at 31 December 2024	119,207	3,725	122,932
DEPRECIATION			
As at 1 January 2022	37,793	1,781	39,574
Charge for the year	8,169	959	9,128
As at 31 December 2022	45,962	2,740	48,702
Charge for the year	9,264	985	10,249
As at 31 December 2023	55,226	3,725	58,951
Charge for the year	11,676	—	11,676
As at 31 December 2024	66,902	3,725	70,627
CARRYING VALUES			
At 31 December 2022	49,601	985	50,586
At 31 December 2023	61,317	—	61,317
At 31 December 2024	52,305	—	52,305

The above items of intangible assets are amortised on a straight-line basis at the following estimated useful lives:

Software	3–10 years
Proprietary technology	10 years
Customer relationships *(note)*	15 years
Others	10 years

Note: The useful life of customer relationships has been estimated based on management's expectation of their beneficial life in conjunction with past collaborations and with reference to comparable companies and industry experience.

21. GOODWILL

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Group			
COST AND CARRYING VALUES			
As at 1 January and 31 December	2,970,144	2,970,144	2,970,144

Goodwill acquired in a business combination of Lens Taizhou (as defined in note 42) in the year ended 31 December 2020 is tested for impairment annually. For the purposes of impairment testing, goodwill has been allocated to CGU, comprising the assets and liabilities that generate cash flows together with the related goodwill (the "Taizhou CGU").

The recoverable amount of Taizhou CGU has been determined based on value in use calculations. The value in use calculation is based on cash flow projections with reference to financial budgets approved by management covering a five-year period, and a pre-tax discount rate of 10.9%,10.7% and 10.6% at 31 December 2022, 2023 and 2024. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 0%, 0% and 0% at 31 December 2022, 2023 and 2024. Expected cash inflows/outflows, which include estimations of growth rates of business volume, unit price and cost of sales, have been determined based on past performance and management's expectations of the market development. The discount rate used reflects the cost of capital of Taizhou CGU and the industry specific factors.

The Group engages an independent qualified valuer, Beijing Zhonglin Assets Appraisal Co., Ltd. to assess the growth rates and discount rates used in the value in use calculation.

During the year ended 31 December 2022, 2023 and 2024, management of the Group determines that there is no impairment of the Taizhou CGU as the recoverable amount exceeds its carrying amount by RMB259,893,000, RMB362,829,000, and RMB 554,112,000, respectively. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the Taizhou CGU to exceed the recoverable amount determined. If the pre-tax discount rate was changed to 11.1%, 11.0%, and 11.1%, respectively, while other parameters remain constant, the recoverable amount of Taizhou CGU would equal its carrying amount.

22. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investment	337,115	337,115	317,100	282,315	282,315	282,300
Share of post-acquisition profit, net of dividends received	142,422	37,842	8,565	139,055	35,672	2,410
	479,537	374,957	325,665	421,370	317,987	284,710

Details of each of the Group's investments accounted for using the equity method at the end of each reporting period are as follows:

The Group

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Dongguan Yutong Precision Technology Co., Ltd. ("Dongguan Yutong") 東莞市裕同精密科技有限公司 *(note i)*	The PRC	40.00	40.00	N/A	40.00	40.00	N/A	Computer, communications and other electronic equipment manufacturing
Dongguan Yuya Technology Co., Ltd. ("Dongguan Yuya") 東莞市裕雅科技有限公司	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Computer, communications and other electronic equipment manufacturing
Hunan Huajiang Education Consulting Co., Ltd. ("Hunan Huajiang") (湖南華匠教育諮詢有限公司) *(note i)*	The PRC	49.00	49.00	N/A	49.00	49.00	N/A	Education
Hunan Juhong Technology Co., Ltd. ("Hunan Juhong") 湖南鉅宏科技有限公司	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Professional and technical services
Ningxia Xinjingsheng Electronic Materials Co., Ltd. ("Ningxia Xinjingsheng") 寧夏鑫晶盛電子材料有限公司	The PRC	49.00	49.00	49.00	49.00	49.00	49.00	Computer, communications and other electronic equipment manufacturing
Shenzhen Guoxin Lens No.1 Investment Fund Partnership Enterprise (Limited Partnership) ("Shenzhen Guoxin Lens No.1 Investment") 深圳市國信藍思壹號投資基金合夥企業(有限合夥) *(note ii)*	The PRC	60.61	60.61	60.61	28.57	28.57	28.57	Investment

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Changsha Sinocera New Material Co., Ltd. ("Changsha Sinocera") 長沙國瓷新材料有限公司	The PRC	49.00	49.00	49.00	49.00	49.00	49.00	Research and experimental development
Changsha Ruihong Technology Co., Ltd. ("Changsha Ruihong") 長沙睿鴻科技有限公司)	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Research and experimental development
Changsha Intelligent Robot Research Institute Co., Ltd. ("Changsha Intelligent Robot") 長沙智慧型機器人研究院有限公司	The PRC	20.00	20.00	20.00	20.00	20.00	20.00	Research and experimental development
Zibo Jincheng New Materials Co., Ltd. ("Zibo Jincheng") 淄博金成新材料有限公司	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Chemical raw materials and chemical products manufacturing

The Company

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Hunan Huajiang *(note i)*	The PRC	49.00	49.00	N/A	49.00	49.00	N/A	Education
Hunan Juhong	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Professional and technical services
Ningxia Xinjingsheng	The PRC	49.00	49.00	49.00	49.00	49.00	49.00	Computer, communications and other electronic equipment manufacturing
Shenzhen Guoxin Lens No.1 Investment *(note ii)*	The PRC	60.61	60.61	60.61	28.57	28.57	28.57	Investment
Changsha Ruihong	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Research and experimental development

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Changsha Intelligent Robot	The PRC	20.00	20.00	20.00	20.00	20.00	20.00	Research and experimental development
Zibo Jincheng	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Chemical raw materials and chemical products manufacturing

Notes:

(i) During the year ended 31 December 2024, this company was disposed of or de-registered.

(ii) The entity is an investment partnership. The Group holds 60.61% of the issued partnership share of the entity. Pursuant to the limited partnership agreement, the Group has the right to appoint two out of seven members of the investment committee and all investment resolutions need to be passed and to be confirmed by six out of seven members of the investment committee. The directors of the Company considered that the Group has significant influence over the entity.

The directors of the Company considered that all investments accounted for using the equity method are not individually material.

Aggregate information of investments accounted for using the equity method that are not individually material

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Group's share of profit (loss) and total comprehensive income (expense) for the year	3,987	(57,291)	3,899
Aggregate carrying amount of the Group's interests in these investees	479,537	374,957	325,665

23. EQUITY INSTRUMENTS AT FVTOCI

	The Group			The Company		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity instruments *(note)*	460,021	465,563	445,109	439,567	445,109	445,109

Note: These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments as accounted for FVTOCI as they believe that recognising short-term fair value fluctuations in these instruments in profit or loss would not be consistent with the Group's strategy of holding these instruments for long-term purposes and realising their performance potential in the long run.

Details of the fair value hierarchy and major assumptions used in valuation for the financial assets are set out in Note 41.

24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	1,251,837	1,187,208	1,387,226	71,200	52,792	101,059
Deferred tax liabilities	(765,678)	(424,869)	(385,058)	(43,432)	(28,862)	(28,250)
	486,159	762,339	1,002,168	27,768	23,930	72,809

The Group

	Provision for impairment of assets	Depreciation of fixed assets	Unrealised profit on internal transactions	Deferred income	Tax losses	Share-based payment	Increase in fair value of consolidated assets not under common control	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	236,065	425,914	97,027	94,465	455,195	—	(776,454)	(29,239)	502,973
(Charge) credit to profit or loss	(52,259)	(131,418)	22,539	(497)	75,833	—	66,368	4,665	(14,769)
Charge to other comprehensive income	—	—	—	—	—	—	—	(2,045)	(2,045)
At 31 December 2022	183,806	294,496	119,566	93,968	531,028	—	(710,086)	(26,619)	486,159
(Charge) credit to profit or loss	(43,419)	(126,945)	(19,149)	(5,413)	134,517	7,069	323,317	5,617	275,594
Charged to other comprehensive income	—	—	—	—	—	—	—	(831)	(831)
Credit to equity for the year	—	—	—	—	—	1,417	—	—	1,417
At 31 December 2023	140,387	167,551	100,417	88,555	665,545	8,486	(386,769)	(21,833)	762,339
Credit (charge) to profit or loss	21,477	(32,353)	4,995	(4,093)	158,498	(25,201)	31,536	26,742	181,601
Credit to equity for the year	—	—	—	—	—	58,228	—	—	58,228
At 31 December 2024	161,864	135,198	105,412	84,462	824,043	41,513	(355,233)	4,909	1,002,168

The Company

	Provision for impairment of assets	Depreciation of fixed assets	Deferred income	Share-based payment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	75,061	21,553	10,854	—	(26,162)	81,306
(Charge) credit to profit or loss	(31,956)	(23,841)	(1,059)	—	5,363	(51,493)
Charge to other comprehensive income	—	—	—	—	(2,045)	(2,045)
At 31 December 2022	43,105	(2,288)	9,795	—	(22,844)	27,768
(Charge) credit to profit or loss	(17,236)	6,464	(1,058)	2,949	5,283	(3,598)
Charge to other comprehensive income	—	—	—	—	(831)	(831)
Credit to equity for the year	—	—	—	591	—	591
At 31 December 2023	25,869	4,176	8,737	3,540	(18,392)	23,930
Credit (charge) to profit or loss	18,301	3,369	(1,058)	(12,040)	10,783	19,355
Credit to equity for the year	—	—	—	29,524	—	29,524
At 31 December 2024	44,170	7,545	7,679	21,024	(7,609)	72,809

No deferred tax asset has been recognised on deductible temporary differences of RMB1,024,600,000, RMB1,056,272,000 and RMB963,512,000, as at 31 December 2022, 2023 and 2024, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Group has unused tax losses of RMB6,072,863,000, RMB7,536,739,000 and RMB7,789,918,000 available for offset against future profits as at 31 December 2022, 2023 and 2024, respectively. Deferred tax asset has been recognised in respect of RMB2,967,756,000, RMB4,436,966,000 and RMB5,493,619,000 of such losses and no deferred tax asset has been recognised on remaining RMB3,105,107,000, RMB3,099,773,000 and RMB2,296,299,000 as at 31 December 2022, 2023 and 2024, respectively, due to the unpredictability of future profit streams. The unrecognised tax losses with expiry dates are disclosed in the following table.

	The Group		
	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
2023	391,269	—	—
2024	551,384	448,333	—
2025	403,385	402,848	237,471
2026	659,402	657,989	494,053
2027	325,384	512,511	456,110
2028	—	80,779	80,345
2029	103,541	103,541	131,003
2031	282,483	282,483	282,483
2032	388,259	444,988	444,988
2033	—	166,301	166,301
2034	—	—	113
Indefinitely	—	—	3,432
	3,105,107	3,099,773	2,296,299

25. FINANCIAL ASSETS (LIABILITIES) AT FVTPL

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits	201,604	301,091	354,917	—	—	100,000
Deliverable forwards	153,662	48,574	(9,620)	87,153	—	(3,903)
	355,266	349,665	345,297	87,153	—	96,097
Analysed for reporting purposes as:						
Financial assets at FVTPL	355,266	349,665	354,917	87,153	—	100,000
Financial liabilities at FVTPL	—	—	(9,620)	—	—	(3,903)

The structured deposits are classified as current as the management expects to realise these financial assets within twelve months after each reporting period.

The Group has the deliverable forwards outstanding as at the end of each reporting period. They are marked to market with the resulting gain or loss taken to profit or loss.

Details of the fair value hierarchy and major assumptions used in valuation for the financial assets are set out in Note 41.

26. INVENTORIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	1,312,565	958,587	1,151,628	295,608	164,615	139,249
Work in progress	1,646,929	1,836,533	1,938,450	534,112	344,594	268,301
Finished goods	2,701,904	3,150,286	3,286,086	1,254,426	875,388	729,810
Goods in transit	1,296,412	982,358	1,029,114	307,794	72,348	81,129
Consumables and others	229,714	158,392	206,631	26,695	18,427	23,753
	7,187,524	7,086,156	7,611,909	2,418,635	1,475,372	1,242,242
Less: provision	(502,515)	(403,497)	(451,356)	(201,194)	(93,392)	(218,954)
	6,685,009	6,682,659	7,160,553	2,217,441	1,381,980	1,023,288

27. TRADE AND BILLS RECEIVABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables *(note)*	9,153,534	9,436,891	11,006,529	7,394,643	5,377,022	6,768,615
Bills receivables	1,392	6,167	7,519	—	—	—
Less: allowance for ECL	(132,466)	(134,614)	(148,312)	(2,100)	(1,287)	(1,143)
	9,022,460	9,308,444	10,865,736	7,392,543	5,375,735	6,767,472

Note: As at the years ended 31 December 2022, 2023 and 2024, the amount of Company's total trade receivables from the subsidiaries is RMB7,391,605,000, RMB5,368,278,000, and RMB6,767,472,000, respectively. Details of the trade receivables for goods sold to the subsidiaries of the Company are set out in Note 42.

As at 1 January 2022, the carrying amount of trade and bills receivables net of allowance for ECL from contracts with customers of the Group and the Company amounted to RMB9,723,721,000 and RMB8,766,763,000, respectively.

Ageing of trade receivables is prepared based on the invoice date, which approximated the respective revenue recognition dates, as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Not past due	8,673,984	8,995,893	10,610,390	7,390,984	5,374,801	6,767,367
Past due:						
0–90 days	429,868	397,664	363,411	4	—	—
91–180 days	21,054	17,646	9,396	7	—	—
181–365 days	21,423	12,453	4,236	1,839	—	—
Over 1 year	7,205	13,235	19,096	1,809	2,221	1,248
	9,153,534	9,436,891	11,006,529	7,394,643	5,377,022	6,768,615

The normal credit term to the customers ranged between 30 days to 120 days.

As at 31 December 2022, 2023 and 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB479,550,000, RMB440,998,000 and RMB396,139,000 which are past due and with aggregate carrying amount of RMB49,682,000, RMB43,334,000 and RMB32,728,000 are past due 90 days or more.

Out of the balances that are past due 90 days or more, RMB46,137,000, RMB39,751,000 and RMB29,404,000 is not considered as in default due to the historical and expected subsequent repayment from the debtors and the remaining trade receivables past due 90 days or more amounting to RMB3,545,000, RMB3,583,000 and RMB3,324,000 has become credit-impaired. The Group does not hold any collateral over these balances.

Details of the impairment assessment of trade and bills receivables are set out in Note 41.

28. PREPAYMENTS AND OTHER RECEIVABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Value-added tax recoverable	389,766	296,627	344,998	78,329	25,290	51,080
Prepayments for property, plant and equipment	783,318	673,682	1,020,338	25,363	52,356	123,749
Prepayments for materials and others	60,129	126,382	174,304	13,459	14,001	47,974
Refundable deposits for land use rights	200,000	200,000	200,000	200,000	200,000	200,000
Refundable deposits for project performance	—	250,000	150,000	—	250,000	150,000
Rental and other deposits	46,713	38,444	48,213	29,113	20,511	20,491
Dividend receivable	—	648	—	—	648	—
Other receivables	140,603	151,120	141,181	40,604	33,988	36,599
	1,620,529	1,736,903	2,079,034	386,868	596,794	629,893
Less: allowance for ECL	(33,101)	(23,427)	(40,265)	(10,982)	(14,134)	(30,586)
	1,587,428	1,713,476	2,038,769	375,886	582,660	599,307
Analysed for reporting purposes as:						
Current assets	804,110	1,025,482	1,000,455	350,523	530,304	475,558
Non-current assets	783,318	687,994	1,038,314	25,363	52,356	123,749
	1,587,428	1,713,476	2,038,769	375,886	582,660	599,307

Details of impairment assessment of other receivables are set out in Note 41.

29. TIME DEPOSITS/RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The ranges of interest rates on the time deposits, restricted bank deposits and bank balances are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	%	%	%	%	%	%
Fixed-rate time deposits	3.40–5.50	3.40–6.00	2.55–3.40	3.40–5.50	3.40–6.00	2.55–3.40
Fixed-rate/variable-rate restricted bank deposits	0.01–4.32	0.01–1.90	0.01–2.10	0.01–2.10	0.01–1.90	0.01–1.35
Variable-rate bank balances	0.00–5.67	0.00–5.50	0.00–5.55	0.00–5.67	0.00–5.50	0.00–5.55

As at 31 December 2022, 2023 and 2024, the Group's restricted bank deposits amounting to nil, nil and RMB41,500,000, respectively, were frozen due to an ongoing litigation case involving immaterial claims. The remaining restricted bank deposits were required to be retained as collateral to meet warranty obligations.

Details of impairment assessment of time deposits, restricted bank deposits and bank balances are set out in Note 41.

30. BILLS RECEIVABLES AT FVTOCI

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bills receivables at FVTOCI	3,697	112,288	9,779

As at 1 January 2022, bills receivables at FVTOCI from contracts with customers amounted to RMB93,924,000.

The balance represents bills receivables held by the Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The bills receivables had a maturity of within six months at the end of each reporting period. The bills receivables are measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group believes that the bills receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the bills receivables are minimal due to its short-term nature.

In addition, the Group has discounted certain bills receivables to banks and endorsed certain bills receivables to its suppliers to settle its payables. The directors of the Company consider the probabilities on default of the discounted or endorsed bills receivables are limited and the Group has derecognised the full carrying amount of these bills receivables and the associated trade and other payables when the bills receivables are endorsed or discounted. Details of the transferred trade and bills receivables are set out in Note 41(d).

The ageing analysis of the bills receivables at FVTOCI based on the invoice date is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
0–180 days	3,697	112,288	9,779

31. TRADE AND OTHER PAYABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	6,950,751	7,829,164	10,388,566	4,622,145	1,704,298	3,518,279
Bills payables	—	13,012	91,623	—	320,000	—
	6,950,751	7,842,176	10,480,189	4,622,145	2,024,298	3,518,279
Accrued staff cost	1,479,944	1,327,597	1,532,142	614,287	516,362	580,112
Construction payables	3,179,412	3,290,317	3,616,325	642,170	285,212	1,074,250
Other accrued charges	335,474	305,873	306,028	167,366	125,253	127,051
Other tax payables	140,269	248,432	267,313	14,915	21,769	38,697
Deposits received	90,732	137,415	86,499	26,666	21,760	21,735
Others	32,654	19,991	77,338	6,212	6,321	14,085
	12,209,236	13,171,801	16,365,834	6,093,761	3,000,975	5,374,209

The following is the ageing analysis of trade payables based on the date of goods and services received at the end of each reporting period:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	6,950,751	7,829,164	10,388,566	4,622,145	1,704,298	3,518,279

The credit period on purchases of goods and services of the Group and Company is within 120 days. All the bills payable with maturity within one year.

32. BORROWINGS

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured bank loans						
— Variable-rate	13,570,329	10,534,391	10,889,990	5,040,279	5,385,534	5,145,041
— Fixed-rate	5,400,954	4,723,685	3,436,575	1,921,000	1,720,169	1,132,758
	18,971,283	15,258,076	14,326,565	6,961,279	7,105,703	6,277,799
The carrying amounts of the above borrowings are repayable*:						
— Within one year	9,848,393	5,669,812	6,518,634	2,265,819	2,927,639	2,389,631
— Within a period of more than one year but not exceeding two years	4,451,040	5,903,733	4,640,250	2,952,589	1,958,464	3,888,168
— Within a period of more than two years but not exceeding five years	4,671,850	3,684,531	3,097,525	1,742,871	2,219,600	—
— Over five years	—	—	70,156	—	—	—
	18,971,283	15,258,076	14,326,565	6,961,279	7,105,703	6,277,799
Less: amounts due within one year shown under current liabilities	(9,848,393)	(5,669,812)	(6,518,634)	(2,265,819)	(2,927,639)	(2,389,631)
Amounts shown under non-current liabilities	9,122,890	9,588,264	7,807,931	4,695,460	4,178,064	3,888,168

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's variable-rate bank borrowings carry interest at Loan Prime Rate ("LPR") adjusted by floating up or down a certain percentage. The interest rate is reset at regular intervals, ranging from 1 to 12 months.

The range of effective interest rates (which are also equal to contracted interest rates) on the borrowings is as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	%	%	%	%	%	%
Effective interest rate:						
Fixed-rate borrowings	1.48–3.40	1.20–3.35	1.35–2.80	1.50–3.40	1.20–3.35	1.45–2.60
Variable-rate borrowings	2.70–6.12	2.30–3.20	2.20–3.15	2.70–3.69	2.30–3.20	2.30–2.75

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollars ("US$")	3,155,893	—	—	—	—	—

33. LEASE LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:						
Within one year	13,503	27,726	47,659	8,033	8,304	34,993
Within a period of more than one year but not more than two years	13,257	13,521	32,142	8,289	8,601	15,509
Within a period of more than two years but not more than five years	20,888	7,252	62,760	11,971	3,370	38,571
Over five years	—	—	56,627	—	—	56,627
	47,648	48,499	199,188	28,293	20,275	145,700
Less: amount due for settlement within 12 months shown under current liabilities	(13,503)	(27,726)	(47,659)	(8,033)	(8,304)	(34,993)
Amount due for settlement after 12 months shown under non-current liabilities	34,145	20,773	151,529	20,260	11,971	110,707

The weighted average incremental borrowing rates applied to lease liabilities is 2.08%–3.85% per annum during the Track Record Period.

34. CONTRACT LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods	7,589	8,119	12,601	—	—	2,013

As at 1 January 2022, the Group's and the Company's contract liabilities amounted to RMB8,114,000 and nil, respectively.

Revenue recognised during each reporting period with performance obligation satisfied includes the entire amount of contract liability at the beginning of the relevant period.

35. DEFERRED INCOME

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning	884,328	845,795	789,154	72,358	65,303	58,248
Additions	19,964	4,038	14,250	—	—	—
Released to other income	(58,497)	(60,679)	(61,826)	(7,055)	(7,055)	(7,055)
Balance at the end	845,795	789,154	741,578	65,303	58,248	51,193

Deferred income consists of government grants provided by the relevant PRC government authorities for the purposes of financing the purchase of plant and machinery. The amounts are recognised as income to match with related expenses or on systematic basis over the useful lives of the relevant assets starting from the completion of inspection by the related government authorities.

36. SHARE CAPITAL

	Number of shares	Share capital
		RMB'000
Ordinary shares of RMB1 each		
Registered, issued and fully paid		
At 1 January 2022 and 31 December 2022	4,973,479,998	4,973,480
Issue of restricted shares under Restricted A-share Scheme *(note)*	9,747,983	9,748
At 31 December 2023	4,983,227,981	4,983,228
Repurchase and cancellation of restricted shares under Restricted A-share Scheme *(note)*	(348,710)	(349)
At 31 December 2024	4,982,879,271	4,982,879

Note: On 8 October 2023, the Company issued 9,747,983 restricted shares under Restricted A-share Scheme at the subscription price of RMB6.34 per share. The net amount received by the Company amounted to RMB61,803,000.

For the year ended 31 December 2024, the Company repurchased and cancelled of 348,710 restricted shares under Restricted A-share Scheme with an aggregate consideration of RMB2,154,000 paid.

During the year ended 31 December 2024, 4,694,782 restricted shares under Restricted A-share Scheme were released upon satisfaction of the vesting conditions. As at 31 December 2024, 4,704,491 restricted shares remained outstanding.

Details of Restricted A-share Scheme are set out in Note 38.

During the Track Record Period, the Company repurchased its own ordinary shares through the Shenzhen Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of RMB1 each	Price per share Highest	Price per share Lowest	Aggregated consideration paid
		RMB	RMB	RMB'000
January 2022	1,352,200	20.50	20.23	27,557
February 2022	11,365,793	20.50	14.84	172,615
March 2022	3,208,300	20.50	11.79	40,434
April 2022	26,601,600	20.50	9.09	259,392
	42,527,893			499,998

During the year ended 31 December 2022, the Company repurchased 42,527,893 of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of RMB499,998,000 paid.

Pursuant to the Restricted A-share Scheme, the Company transferred 18,710,726 restricted shares previously granted to incentive recipients with a deduction from the treasury shares of RMB220,038,000 during the year ended 31 December 2024.

At 31 December 2022, 2023 and 2024, the Company had outstanding treasury shares of 42,527,893, 42,527,893 and 23,817,167 shares.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Track Record Period.

Reserves of the Company

Below table sets out the details of the reserves of the Company:

	Share premium	Treasury share	Capital reserve	FVTOCI reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	20,679,513	—	163,190	143,783	1,981,141	12,926,533	35,894,160
Profit for the year	—	—	—	—	—	2,083,671	2,083,671
Fair value change on investments in equity instruments at FVTOCI	—	—	—	11,589	—	—	11,589
Total comprehensive income for the year	—	—	—	11,589	—	2,083,671	2,095,260
Transfer to statutory reserve	—	—	—	—	208,385	(208,385)	—
Distribution	—	—	—	—	—	(493,095)	(493,095)
Repurchase of shares	—	(499,998)	—	—	—	—	(499,998)
Transaction costs attributable to repurchase of shares	—	(59)	—	—	—	—	(59)
At 31 December 2022	20,679,513	(500,057)	163,190	155,372	2,189,526	14,308,724	36,996,268
Profit for the year	—	—	—	—	—	2,147,234	2,147,234
Fair value change on investments in equity instruments at FVTOCI	—	—	—	4,711	—	—	4,711
Total comprehensive income for the year	—	—	—	4,711	—	2,147,234	2,151,945
Transfer to statutory reserve	—	—	—	—	214,723	(214,723)	—
Distribution	—	—	—	—	—	(986,190)	(986,190)
Issue of restricted shares under Restricted A-share Scheme	52,055	—	—	—	—	—	52,055
Recognition of equity-settled share-based payments	—	—	54,851	—	—	—	54,851
At 31 December 2023	20,731,568	(500,057)	218,041	160,083	2,404,249	15,255,045	38,268,929
Profit for the year	—	—	—	—	—	2,160,207	2,160,207
Total comprehensive income for the year	—	—	—	—	—	2,160,207	2,160,207
Transfer to statutory reserve	—	—	—	—	216,021	(216,021)	—
Distribution	—	—	—	—	—	(1,482,163)	(1,482,163)
Repurchase and cancellation of restricted shares under Restricted A-share Scheme	(1,805)	—	—	—	—	—	(1,805)
Exercise of restricted shares under Restricted A-share Scheme	26,814	220,038	(133,839)	—	—	—	113,013
Recognition of equity-settled share-based payments	—	—	190,898	—	—	—	190,898
At 31 December 2024	20,756,577	(280,019)	275,100	160,083	2,620,270	15,717,068	39,249,079

37. CAPITAL COMMITMENTS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Capital expenditure contracted for but not provided for in the Historical Financial Information — Property, plant and equipment	820,472	1,352,626	2,217,417

38. SHARE-BASED PAYMENT

On 18 August 2023, the Company has adopted Restricted A-share Scheme, pursuant to which the Company granted restricted shares to eligible participants include, but not limited to the Group's directors, senior management and other employees.

The Company granted both Type I and Type II restricted shares. Type I restricted shares under the Restricted A-share Scheme are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancellation on repurchase; Type II restricted shares under the Restricted A-share Scheme are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing.

The particulars of the Type I and Type II restricted shares are as follows:

(a) Type I restricted shares

Type I restricted shares refers to ordinary shares issued to the participants with certain restrictions stipulated under the Restricted A-share Scheme. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company and were required to pay the purchase price upon accepting the Type I restricted shares.

Type I restricted shares shall be locked up immediately upon grant. The release of the restriction of the restricted shares granted to the participants shall be subject to performance conditions and a lock-up period of 12 months and 24 months after the date of registration. The restricted shares held by the participants shall be unlocked in two tranches in the proportions of 50% and 50% of the total number of the restricted shares granted upon the expiry of each lock-up period. The restriction on the restricted share would only be released upon both the performance condition of the Group and the performance condition of the individuals are met.

If the either of the performance conditions are not met, the Company will automatically repurchase the Type I restricted shares from the employee at purchase price. The total consideration paid by the participants are recognised as liabilities and will only be reversed by portion to other reserve when the shares are vested each year.

On 22 September 2023 (the date of grant), the board of directors approved 10,631,973 Type I restricted shares to 2,754 eligible participants and the grant price was RMB6.34 per share. Except for 282 participants (who were granted a total of 883,990 Type I restricted shares) who voluntarily decided not to participate in the reserved grant, 2,472 participants had accepted and subscribed for a total of 9,747,983 restricted shares granted to them under the Restricted A-share Scheme.

The grant date fair value of the restricted shares was RMB5.80, which was determined based on the difference between the grant date closing price of the Company's A Share and the subscription price of the restricted shares. The grant date closing price of the Company's A Shares was RMB12.14.

Set out below are details of the movements of the outstanding restricted shares of Type I restricted shares throughout the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
Outstanding at the beginning of the year	—	—	9,710,783
Granted during the year	—	9,747,983	—
Lapsed during the year	—	(37,200)	(371,210)
Released during the year	—	—	(4,694,782)
Outstanding at the end of the year	—	9,710,783	4,644,791

(b) Type II restricted shares

Type II restricted shares refers to the ordinary shares that participants could be subscribed upon the satisfaction of both the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. Upon the satisfaction of the Group's and individuals' performance conditions under the Restricted A-share Scheme, the participants of Type II restricted shares have the right to subscribe ordinary shares which were repurchased by the Company through its dedicated repurchase account.

Type II restricted shares shall be vested over a two-year period, with 50% and 50% of total shares vesting on each anniversary date after the vesting commencement date upon the satisfaction of the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. The shares before the participants' subscription do not give the participants the right to obtain dividends or the right to vote at the shareholders' meeting.

On 22 September 2023 (the date of grant), the board of directors approved 42,527,893 Type II restricted shares to 2,754 eligible participants and the exercise price was RMB6.34 per share.

Set out below are details of the movements of the outstanding restricted shares of Type II restricted shares throughout the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
Outstanding at the beginning of the year	—	—	38,843,133
Granted during the year	—	42,527,893	—
Exercised during the year	—	—	(18,710,726)
Forfeited during the year	—	(3,684,760)	(1,546,040)
Outstanding at the end of the year	—	38,843,133	18,586,367
Exercisable at the end of the year	—	—	—

In respect of the Type II restricted shares exercised for the year ended 31 December 2024, the weighted average share price at the dates of exercise was RMB16.22.

The fair value of the equity-settled equity incentive granted on the grant date of RMB5.7 is estimated using the Black-Scholes option pricing model, in combination with the terms and conditions of the equity incentive granted. The following table lists the inputs to the model used:

	Type II restricted shares
Share price	RMB12.14
Exercise price *(note)*	RMB6.34
Expected volatility	17.78%
Expected life	2 years
Risk-free rate	1.50%
Expected dividend yield	1.63%

Note: The exercise price of Type II restricted shares may be adjusted in case of any allotments of shares, payments of share dividends or other similar changes in the Company's share capital. The exercise price on the grant date of Type II restricted shares was RMB6.34 per share. Pursuant to resolutions passed on 25 September 2024, the exercise price is adjusted to RMB6.04 due to the payments of share dividends.

For the year ended 31 December 2022, 2023 and 2024, the Group recognised the total expense of nil, RMB54,260,000 and RMB161,375,000, respectively, in relation to Restricted A-share Scheme.

39. RETIREMENT BENEFIT SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group has joined the MPF Scheme which is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and the employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Under the MPF Scheme, there will not be any forfeited contribution available to reduce the contribution payable by the Group.

The Group participates in a defined contribution plan managed by the Vietnam government whereby the Group is required to make contributions to the plan. The applicable rates are 17.5% of total contractual salaries for the employer's portion of social and health insurance in Vietnam. The Group has no obligation for the payment of retirement benefits other than the contributions described above. The Group's contributions vest fully with the employees when contributed into the plan.

The Group also operates a number of defined contribution schemes in other overseas locations. Arrangements for these staff retirement benefits vary from country to country and are made in accordance with local regulations and custom.

The total retirement benefits scheme contributions to those plans recognised as employee benefit charged to profit or loss and capitalised as inventories, amounting to RMB869,102,000, RMB779,639,000 and RMB871,138,000 for each of the three years ended 31 December 2022, 2023 and 2024, respectively, representing contributions paid to the retirement benefits scheme by the Group.

40. CAPITAL RISK MANAGEMENT

The Group and the Company manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group and the Company consists of net debt, which includes the borrowings and lease liabilities disclosed in Notes 32 and 33, respectively, net of bank balances and cash and equity attributable to the owners of the Company, mainly comprising issued share capital, share premium, reserves and retained profits.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Amortised cost	21,399,145	20,788,624	22,803,927	14,831,331	12,111,535	13,998,777
Equity instruments at FVTOCI	460,021	465,563	445,109	439,567	445,109	445,109
Financial assets at FVTPL	355,266	349,665	354,917	87,153	—	100,000
Bills receivables at FVTOCI	3,697	112,288	9,779	—	—	—
	22,218,129	21,716,140	23,613,732	15,358,051	12,556,644	14,543,886
Financial liabilities						
Amortised cost	30,587,959	27,919,088	28,892,970	16,470,888	13,668,847	15,402,665
Financial liabilities at FVTPL	—	—	9,620	—	—	3,903
	30,587,959	27,919,088	28,902,590	16,470,888	13,668,847	15,406,568

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, time deposits, amounts due from related parties, restricted bank deposits, bank balances and cash, equity instruments at FVTOCI, financial assets at FVTPL, bills receivables at FVTOCI, trade and other payables, financial liabilities at FVTPL, amounts due to related parties, loan from a related party and borrowings. The Company's major financial instruments include trade and bills receivables, amounts due from subsidiaries, other receivables, time deposits, bank balances and cash, equity instruments at FVTOCI, financial assets at FVTPL, trade and other payables, financial liabilities at FVTPL, amounts due to subsidiaries, loans from related parties and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) *Currency risk*

Certain Group entities have sales and purchases/bank balances/borrowings denominated in US$, Japanese Yen ("JPY"), HK$ and Euro ("EUR"), other than their functional currencies.

The carrying amounts of the Group's and the Company's foreign currencies denominated monetary assets and liabilities at the end of each reporting period are as follows:

The Group

	Assets		
	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
US$	11,712,196	9,937,749	12,544,082
JPY	73,734	36,742	36,522
HK$	35,296	19,859	63,726
EUR	112,632	305,851	246,707
	11,933,858	10,300,201	12,891,037

	Liabilities		
	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
US$	5,380,256	3,055,386	3,154,403
JPY	109,006	93,563	91,870
HK$	6,655	2,777	1,062
EUR	2,083	3,633	311
	5,498,000	3,155,359	3,247,646

The Company

	Assets		
	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US$	9,227,100	6,756,902	9,704,315
JPY	24,982	709	665
	9,252,082	6,757,611	9,704,980

	Liabilities		
	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US$	1,394,323	266,317	966,860
JPY	338,831	78,454	83,139
HK$	621	217	—
EUR	292	—	—
	1,734,067	344,988	1,049,999

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in RMB against US$10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding US$ denominate monetary items and adjusts their translation at the end of each reporting period for a 10% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where RMB strengthen 10% against US$. For a 10% weakening of RMB against US$, there would be an equal and opposite impact on the post-tax profit and the amounts below would be positive.

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US$	(551,216)	(586,872)	(854,868)	(665,786)	(551,700)	(742,684)

During the Track Record Period, the currency exposure of RMB against currencies other than US$ is immaterial, and accordingly, no sensitivity analysis is disclosed.

In relation to deliverable forwards:

If the relevant exchange rate had been 5% depreciation/appreciation of RMB against US$ and all other variables were held constant, the Group's profit after taxation for the year would increase/decrease by approximately RMB6,531,000, RMB2,028,000 and RMB409,000 as at 31 December 2022, 2023 and 2024, respectively.

(ii) *Interest risk*

The Group and the Company are exposed to fair value interest rate risk in relation to restricted bank deposits (see Note 29), fixed-rate bank borrowings (see Note 32 for details of these borrowings), loan from a related party/related parties (see Note 42) and lease liabilities (see Note 33 for details). The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 29 for details). Furthermore, the Group and the Company is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 32 for details). The cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances of the Group and the Company and fluctuation on LPR on the Group's and the Company's variable-rate bank borrowings. The Group aims at keeping borrowings at a combination of fixed and variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and economic outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by RMB57,674,000, RMB44,771,000 and RMB46,282,000 for the years ended 31 December, 2022, 2023 and 2024, respectively, and the Company's post-tax profit for the year would decrease/increase by RMB21,421,000, RMB22,889,000 and RMB21,866,000 for the years ended 31 December, 2022, 2023 and 2024, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade and bills receivables, bills receivables at FVTOCI, restricted bank deposits, bank balances, time deposits, other receivables and amounts due from related parties/subsidiaries. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers and bills receivables

In order to minimise the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's and the Company's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical markets is mainly in Asia, which accounted for 96%, 96% and 96% of the total trade receivables as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 64%, 54% and 48% of the total trade receivables was due from the Group's largest customer as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 80%, 71% and 72% of the total trade receivables was due from the Group's five largest customers as at 31 December 2022, 2023 and 2024, respectively.

The Company's concentration of credit risk by geographical markets is mainly in Asia, which accounted for 100%, 100%and 100% of the total trade receivables as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 94%, 93% and 95% of the total trade receivables was due from the Company's largest customer as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 99%, 99% and 99% of the total trade receivables was due from the Group's five largest customers as at 31 December 2022, 2023 and 2024, respectively.

For trade receivables, the Group and the Company has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balances. Details of the quantitative disclosures are set out below in this note.

For bills receivables, the Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. Based on the average loss rates, the lifetime ECL on bills receivables is considered to be insignificant and therefore no loss allowance was recognised.

Bills receivables at FVTOCI

Bills receivables at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the end of each reporting period.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group and the Company provided impairment based on 12m ECL. Details of the quantitative disclosures are set out below in this note.

Restricted bank deposits/time deposits/bank balances

Credit risk on restricted bank deposits/time deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group and the Company assessed 12m ECL for time deposits/restricted bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on time deposits/restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

The Group

As at 31 December 2022

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Debt instruments at FVTOCI					
Bills receivables at FVTOCI	*note i*	12m ECL	N/A	3,697	—
Financial assets at amortised cost					
Time deposits	AAA/BBB+ *note i*	12m ECL	N/A	304,307	—
Bank balances	AAA/BBB+ *note i*	12m ECL	N/A	11,682,255	—
Restricted bank deposits	AAA/BBB+ *note i*	12m ECL	N/A	3,673	—
Trade receivables	*note ii*	Lifetime ECL (not credit-impaired)	1.41	9,149,989	128,921
		Lifetime ECL (credit-impaired)	100.00	3,545	3,545
Bills receivables	*note i*	12m ECL	N/A	1,392	—
Other receivables	*note iii*	12m ECL (not credit-impaired)	1.01	357,113	3,589
		Lifetime ECL (credit-impaired)	97.71	30,203	29,512
Amounts due from related parties	*note iii*	12m ECL (not credit-impaired)	1.01	32,563	328
				21,565,040	165,895

As at 31 December 2023

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Debt instruments at FVTOCI					
Bills receivables at FVTOCI	*note i*	12m ECL	N/A	112,288	—
Financial assets at amortised cost					
Time deposits	AAA/BBB+ *note i*	12m ECL	N/A	314,648	—
Bank balances	AAA/BBB+ *note i*	12m ECL	N/A	10,493,519	—
Restricted bank deposits	AAA/BBB+ *note i*	12m ECL	N/A	25,474	—
Trade receivables	*note ii*	Lifetime ECL (not credit-impaired)	1.39	9,433,308	131,015
		Lifetime ECL (credit-impaired)	100.00	3,583	3,583
Bills receivables	*note i*	12m ECL	0.26	6,167	16
Other receivables	*note iii*	12m ECL (not credit-impaired)	0.97	621,884	6,039
		Lifetime ECL (credit-impaired)	94.87	18,328	17,388
Amounts due from related parties	*note iii*	12m ECL (not credit-impaired)	1.00	30,056	302
				20,946,967	158,343

As at 31 December 2024

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Debt instruments at FVTOCI					
Bills receivables at FVTOCI	*note i*	12m ECL	N/A	9,779	—
Financial assets at amortised cost					
Time deposits	AAA/BBB+ *note i*	12m ECL	N/A	426,109	—
Bank balances	AAA/BBB+ *note i*	12m ECL	N/A	10,936,804	—
Restricted bank deposits	AAA/BBB+ *note i*	12m ECL	N/A	51,276	—
Trade receivables	*note ii*	Lifetime ECL (not credit-impaired)	1.32	11,003,205	144,984
		Lifetime ECL (credit-impaired)	100.00	3,324	3,324
Bills receivables	*note i*	12m ECL	0.05	7,519	4
Other receivables	*note iii*	12m ECL (not credit-impaired)	0.95	503,466	4,760
		Lifetime ECL (credit-impaired)	98.82	35,928	35,505
Amounts due from related parties	*note iii*	12m ECL (not credit-impaired)	1.08	25,144	271
				22,992,775	188,848

The Company

As at 31 December 2022

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Financial assets at amortised cost					
Time deposits	AAA/BBB+ *note i*	12m ECL	N/A	304,307	—
Bank balances	AAA/BBB+ *note i*	12m ECL	N/A	3,772,088	—
Amounts due from subsidiaries	*note iii*	12m ECL	N/A	3,103,658	—
Trade receivables	*note ii*	Lifetime ECL (not credit-impaired)	0.03	7,394,643	2,100
Other receivables	*note iii*	12m ECL (not credit-impaired)	0.98	260,766	2,567
		Lifetime ECL (credit-impaired)	94.01	8,951	8,415
				14,844,413	13,082

As at 31 December 2023

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Financial assets at amortised cost					
Time deposits	AAA/BBB+ *note i*	12m ECL	N/A	314,648	—
Bank balances	AAA/BBB+ *note i*	12m ECL	N/A	3,116,182	—
Amounts due from subsidiaries	*note iii*	12m ECL	N/A	2,813,957	—
Trade receivables	*note ii*	Lifetime ECL (not credit-impaired)	0.02	5,377,022	1,287
Other receivables	*note iii*	12m ECL (not credit-impaired)	0.99	495,290	4,921
		Lifetime ECL (credit-impaired)	93.47	9,857	9,213
				12,126,956	15,421

As at 31 December 2024

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Financial assets at amortised cost					
Time deposits	AAA/BBB+ *note i*	12m ECL	N/A	426,109	—
Bank balances	AAA/BBB+ *note i*	12m ECL	N/A	5,268,284	—
Amounts due from subsidiaries	*note iii*	12m ECL	N/A	1,160,408	—
Trade receivables	*note ii*	Lifetime ECL (not credit-impaired)	0.02	6,768,615	1,143
Other receivables	*note iii*	12m ECL (not credit-impaired)	1.00	380,016	3,801
		Lifetime ECL (credit-impaired)	98.93	27,074	26,785
				14,030,506	31,729

Notes:

(i) The counterparties are reputable banks with high credit ratings and the risk of default is limited.

(ii) For trade receivables, the Group and the Company applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for receivables from debtors with significant balances or credit-impaired, which are assessed individually, the Group and the Company determine the ECL on the remaining trade receivables on a collective basis using provision matrix, grouped by the ageing of the trade receivables. As part of the Group's credit risk management, the Group uses the ageing of the trade receivables to assess the impairment for its trade receivables in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group's trade receivables at amortised cost with significant balances or credit-impaired with gross carrying amounts of RMB7,798,784,000, RMB7,308,817,000 and RMB8,443,358,000 as at 31 December 2022, 2023 and 2024, respectively, were assessed individually. The remaining trade receivables are assessed based on provision matrix, and the impairment losses recognised were insignificant.

The estimated loss rates used in the provision matrix are estimated based on historical credit loss experience of debtors taking into consideration the historical default rates and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Company's trade receivables are mainly from the subsidiaries, as disclosed in Note 42. Both the receivables from subsidiaries and the trade receivables that are credit-impaired are assessed individually.

The following table shows the movement in lifetime ECL that has been recognised for trade and bills receivables under the simplified approach.

The Group

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	170,708	14,812	185,520
Impairment loss (reversed) recognised, net	(53,629)	185	(53,444)
Transfer	11,451	(11,451)	—
Exchange adjustments	391	(1)	390
As at 31 December 2022	128,921	3,545	132,466
Impairment loss recognised, net	2,205	37	2,242
Write-off	(3)	—	(3)
Exchange adjustments	(92)	1	(91)
As at 31 December 2023	131,031	3,583	134,614
Impairment loss recognised (reversed), net	15,859	(259)	15,600
Write-off	(1,557)	—	(1,557)
Exchange adjustments	(345)	—	(345)
As at 31 December 2024	144,988	3,324	148,312

The Company

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	1,725	—	1,725
Impairment loss recognised, net	375	—	375
As at 31 December 2022	2,100	—	2,100
Impairment loss reversed, net	(813)	—	(813)
As at 31 December 2023	1,287	—	1,287
Impairment loss reversed, net	(144)	—	(144)
As at 31 December 2024	1,143	—	1,143

(iii) For the purposes of internal credit risk management, the ECL on other receivables of the Group and the Company, as well as the non-trade amounts due from subsidiaries of the Company, is assessed individually.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintains a level of bank balances and cash deemed adequate by the management to finance the operations of the Group and the Company, and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings, if necessary.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of and financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of each reporting period.

In addition, the following tables detail the Group's and the Company's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's and the Company's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

The Group

	Weighted average effective interest rate	On demand/ less than 1 year	1 year to 3 years	over 3 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022						
Borrowings	3.45	10,262,104	9,330,107	105,712	19,697,923	18,971,283
Trade and other payables	N/A	10,589,023	—	—	10,589,023	10,589,023
Lease liabilities	3.61	14,880	31,707	4,512	51,099	47,648
Amounts due to related parties	N/A	21	—	—	21	21
Loan from a related party	3.65	—	1,222,203	—	1,222,203	1,027,632
		20,866,028	10,584,017	110,224	31,560,269	30,635,607
As at 31 December 2023						
Borrowings	2.62	6,016,343	9,457,023	369,336	15,842,702	15,258,076
Trade and other payables	N/A	11,595,772	—	—	11,595,772	11,595,772
Lease liabilities	3.27	28,912	21,020	363	50,295	48,499
Amounts due to related parties	N/A	94	—	—	94	94
Loan from a related party	3.45	—	1,113,040	—	1,113,040	1,065,146
		17,641,121	10,591,083	369,699	28,601,903	27,967,587
As at 31 December 2024						
Non-derivative financial liabilities						
Borrowings	2.36	6,793,531	7,925,326	70,413	14,789,270	14,326,565
Trade and other payables	N/A	14,566,379	—	—	14,566,379	14,566,379
Lease liabilities	2.80	52,223	61,666	103,808	217,697	199,188
Amounts due to related parties	N/A	26	—	—	26	26
		21,412,159	7,986,992	174,221	29,573,372	29,092,158
Derivatives — net settlement						
Financial liabilities at FVTPL	N/A	9,620	—	—	9,620	9,620

The Company

	Weighted average effective interest rate	On demand/ less than 1 year	1 year to 3 years	over 3 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022						
Borrowings	3.05	2,307,366	4,849,698	—	7,157,064	6,961,279
Trade and other payables	N/A	5,464,559	—	—	5,464,559	5,464,559
Amounts due to subsidiaries	N/A	2,717,418	—	—	2,717,418	2,717,418
Lease liabilities	3.55	8,881	17,763	3,427	30,071	28,293
Loans from related parties	3.65	—	1,522,203	—	1,522,203	1,327,632
		10,498,224	6,389,664	3,427	16,891,315	16,499,181
As at 31 December 2023						
Borrowings	2.75	3,107,622	4,284,976	—	7,392,598	7,105,703
Trade and other payables	N/A	2,462,844	—	—	2,462,844	2,462,844
Amounts due to subsidiaries	N/A	2,735,154	—	—	2,735,154	2,735,154
Lease liabilities	3.55	8,881	12,308	—	21,189	20,275
Loans from related parties	3.45	—	1,413,040	—	1,413,040	1,365,146
		8,314,501	5,710,324	—	14,024,825	13,689,122
As at 31 December 2024						
Non-derivative financial liabilities						
Borrowings	2.40	2,521,579	3,983,556	—	6,505,135	6,277,799
Trade and other payables	N/A	4,755,400	—	—	4,755,400	4,755,400
Amounts due to subsidiaries	N/A	2,318,226	—	—	2,318,226	2,318,226
Lease liabilities	2.83	38,375	33,295	89,690	161,360	145,700
Loans from related parties	2.10	—	2,059,144	—	2,059,144	2,051,240
		9,633,580	6,075,995	89,690	15,799,265	15,548,365
Derivatives — net settlement						
Financial liabilities at FVTPL	N/A	3,903	—	—	3,903	3,903

(c) Fair value measurements of financial instruments

Fair value of the Group's and the Company's financial instruments measured at fair value on a recurring basis

Some of the Group's and the Company's financial instruments are measured at fair value at the end of each reporting period. The following tables give information about how the fair values of these financial instruments are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation technique and inputs used:

Financial assets/ (liabilities)	As at 31 December			Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input
	2022	2023	2024			
	RMB'000	RMB'000	RMB'000			
Bills receivables at FVTOCI	3,697	112,288	9,779	Level 2	Discounted cash flow Risk-adjusted discount rate and cash flow are key inputs	N/A
Deliverable forwards	153,662	48,574	(9,620)	Level 2	Discounted cash flow were estimated based on the applicable forward foreign exchange rates	N/A
Structured deposits	201,604	301,091	354,917	Level 2	income approach — The discounted cash flow method was used to estimate the interest from the underlying bank deposits	N/A
Equity instruments at FVTOCI . . .	460,021	465,563	445,109	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher the fair value.

A change in the unobservable input would not change the fair value of the relevant financial instrument significantly, no sensitivity analysis is disclosed.

The Company

Set out below is the information about how the fair values of the Company's financial instruments that are measured at fair value are determined, including the valuation technique and inputs used:

Financial assets/ (liabilities)	As at 31 December 2022	2023	2024	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input
	RMB'000	RMB'000	RMB'000			
Deliverable forwards	87,153	—	(3,903)	Level 2	Discounted cash flow were estimated based on the applicable forward foreign exchange rates	N/A
Structured deposits	—	—	100,000	Level 2	income approach — The discounted cash flow method was used to estimate the interest from the underlying bank deposits	N/A
Equity instruments at FVTOCI . . .	439,567	445,109	445,109	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher fair value.

A reasonably possible change in the unobservable input would not change the fair value of the relevant financial instrument significantly, therefore no sensitivity analysis is disclosed.

There were no transfers between the fair value hierarchy levels during the Track Record Period.

Fair value of financial instruments that are recorded at amortised cost

The management consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

Reconciliation of Level 3 fair value measurements

The following table presents the changes in level 3 financial instruments during the Track Record Period:

	Equity instruments at FVTOCI
	RMB'000
At 1 January 2022	446,387
Fair value changes through other comprehensive income	13,634
At 31 December 2022	460,021
Fair value changes through other comprehensive income	5,542
At 31 December 2023	465,563
Fair value changes through other comprehensive income, net of reclassification adjustment to retained profits	(20,454)
At 31 December 2024	445,109

(d) Transferred financial assets that are derecognised in their entirety but have continuing involvement

As of 31 December 2022, 2023 and 2024, the Group has derecognised the bills receivables endorsed to its suppliers amounting to nil , nil and RMB1,440,000, respectively. If the bills cannot be accepted at maturity, the relevant banks or suppliers have the right to require the Group to pay off the outstanding balance. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company consider the probabilities on default of the discounted or endorsed bills receivables are limited and the Group has derecognised the full carrying amount of these bills receivables and the associated trade and other payables when the bills receivables are endorsed or discounted.

42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party and/or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are under control or joint control by the same party. Members of key management of the Group and their close family members are also considered as related parties.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the years ended 31 December 2022, 2023 and 2024, respectively.

(a) Related parties and relationship

The Group

During the reporting period, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of Related Parties	Relationship
Ms. Chau Kwan Fei	Controlling Shareholder
Lens Technology (HK) Co., Limited 藍思科技(香港)有限公司	Holding Company
Changsha Intelligent Robot	Associate
Changsha Sinocera	Associate
Hunan Juhong	Associate
Dongguan Yuya	Associate
Dongguan Yutong	Associate
Zibo Jincheng	Associate
Changsha Ruihong	Associate
Ningxia Xinjingsheng	Associate
Hunan Hualian Special Yuanhua Co., Ltd. ("Hunan Hualian Special Yuanhua") 湖南華聯特種陶瓷有限公司	A related company controlled by non-controlling shareholder
Hunan Hualian Torch Porcelain Insulator & Electrical Apparatus Co., Ltd ("Hunan Hualian Torch") 湖南華聯火炬電瓷電器有限公司	A related company controlled by non-controlling shareholder
HAWEMA Werkzeugschleifmaschinen GmbH	A related company controlled by Ms. Chau Kwan Fei
Hunan Miaomiao Shopping Commercial Co., Ltd ("Hunan Miaomiao") 湖南妙妙購商業有限公司	A related company controlled by a close member of Ms. Chau Kwan Fei
Ms. Zhou Xinyi 周新益	Supervisor
Mr. Jiang Weiping 蔣衛平	A close family member of Ms. Chau Kwan Fei
Ms. Zhou Yihui 周藝輝	A close family member of Ms. Chau Kwan Fei
Changsha Maijing Technology Co., Ltd ("Changsha Maijing") 長沙麥睛科技股份有限公司	Associate of a related company controlled by Ms. Chau Kwan Fei
Shenzhen Nanke Jia'an Robot Technology Co., Ltd ("Shenzhen Nanke Jia'an") 深圳市南科佳安機器人科技有限公司	Associate of a related company controlled by Ms. Chau Kwan Fei

The Group and the Company entered into the following transactions/balances with the related parties:

(b) Transactions with related parties

(i) ***Purchase***

The Group

	Year ended 31 December		
Name of related party	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Hunan Juhong	360,086	237,928	375,272
Zibo Jincheng	213,192	158,240	138,207
Dongguan Yutong	149,945	164,751	136,518
Dongguan Yuya	84,325	63,845	13,596
Ningxia Xinjingsheng	82,316	112,237	322,542
Changsha Maijing	31,374	46,734	86,174
Changsha Sinocera	19,054	28,918	42,509
Changsha Ruihong	3,303	11,024	20,364
Hunan Hualian Special Yuanhua	2,992	6	—
Hunan Hualian Torch	843	988	—
Changsha Intelligent Robot	54	733	2,386
HAWEMA Werkzeugschleifmaschinen GmbH	—	20,630	3,515
Shenzhen Nanke Jia'an	—	143	13,445
	947,484	846,177	1,154,528

(ii) ***Revenue***

The Group

	Year ended 31 December		
Name of related party	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Dongguan Yuya	18,874	6,102	2,761
Dongguan Yutong	5,176	4	2,341
Changsha Maijing	2,541	1,700	8,529
Changsha Sinocera	242	195	229
Hunan Juhong	—	—	294
Shenzhen Nanke Jia'an	—	—	8
Ms. Zhou Yihui	—	—	47
	26,833	8,001	14,209

(iii) *Rental income*

The Group

Name of related party	**Year ended 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Dongguan Yutong	17,259	13,008	13,737
Dongguan Yuya	4,312	3,508	3,216
Changsha Sinocera	304	278	279
Hunan Juhong	253	413	422
Ms. Zhou Yihui	37	37	43
Ms. Zhou Xinyi	37	37	—
Changsha Ruihong	6	15	17
Mr. Jiang Weiping	—	73	—
Changsha Maijing	—	180	732
Hunan Miaomiao	—	236	510
Shenzhen Nanke Jia'an	—	31	40
	22,208	17,816	18,996

(iv) *Finance costs — Interest on lease liabilities*

The Group

Name of related party	**Year ended 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Ms. Chau Kwan Fei	25	25	25

(v) *Finance costs — interest on loan from a related party*

Name of related party	**Year ended 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Lens Technology (HK) Co., Limited	44,826	37,514	1,457

(vi) *Expense relating to short-term leases*

The Group

Name of related party	**Year ended 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Hunan Hualian Torch	300	275	275

(c) Related party balances

(i) *Trade and bills receivables*

The Group

	As at 31 December		
Name of related parties	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Dongguan Yuya	10,828	6,380	—
Dongguan Yutong	362	4	2,557
Changsha Maijing	187	638	6,946
Hunan Miaomiao	—	42	—
Hunan Juhong	—	—	329
	11,377	7,064	9,832

The amounts are in trade nature, unsecured, non-interest bearing and aged within one year at the end of each reporting period.

The Company

Name of related parties	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Lens International (HK) Ltd. ("Lens International") 藍思國際(香港)有限公司	6,962,061	5,006,332	6,436,543
Lens Technology (VietNam) Company Limited ("Lens VietNam") 藍思科技(越南)有限公司	218,754	98,759	104,939
Lens Technology (Changsha) Company Limited ("Lens Changsha") 藍思科技(長沙)有限公司	72,679	7,063	26,085
Shenzhen Lens Technology Company Limited ("Lens Shenzhen") 深圳市藍思科技有限公司	63,153	242,748	188,560
Lens Intelligent Control (Changsha) Company Limited ("Lens Intelligent Control") 藍思智控(長沙)有限公司	53,369	6,663	9,790
Lens Precision (Taizhou) Company Limited ("Lens Taizhou") 藍思精密(泰州)有限公司	17,665	143	94
Lens Technology (Dong Guan) Company Limited ("Lens Dongguan") 藍思科技(東莞)有限公司	2,724	3,247	983
Lens Technology (Xiangtan) Company Limited ("Lens Xiangtan") 藍思科技(湘潭)有限公司	1,090	3,235	393
Lens Intelligent Robot (Changsha) Company Limited ("Lens Intelligent Robot") 藍思智能機器人(長沙)有限公司	46	68	—
Changsha Lens New Material Company Limited ("Changsha Lens New Material") 長沙藍思新材料有限公司	29	1	5
Shenzhen Lens Intelligence Robot Company Limited ("Shenzhen Lens Intelligence Robot") 深圳藍思智能機器人有限公司	23	—	27
Lens System Integration Company Limited ("Lens System Integration") 藍思系統集成有限公司	12	19	53
	7,391,605	5,368,278	6,767,472

The amounts are in trade nature, unsecured, non-interest bearing. Details of ageing of these trade receivables are set out in Note 27.

(ii) ***Amounts due from related parties***

The Group

Name of related parties	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dongguan Yuya	17,494	17,021	16,700
Dongguan Yutong	14,439	12,300	7,707
Ms. Chau Kwan Fei	159	161	165
Changsha Sinocera	115	119	117
Hunan Juhong	26	153	64
Changsha Ruihong	2	—	2
Ms. Zhou Yihui	—	—	4
Hunan Miaomiao	—	—	85
Shenzhen Nanke Jia'an	—	—	29
	32,235	29,754	24,873

Except for RMB8,123,000, RMB5,642,000 and RMB781,000 as at 31 December 2022, 2023 and 2024, respectively, which are rental and other deposits, unsecured and repayable according to the mutually agreed terms of payment, the remaining amounts are non-trade in nature, unsecured, interest-free and repayable on demand. As at 30 April 2025, the above non-trade amount had been fully settled.

Maximum amounts due from a director

Name of a director	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Ms. Chau Kwan Fei	159	161	165

(iii) ***Prepayments for property, plant and equipment***

The Group

Name of related parties	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Juhong	25,624	27,503	27,930
Changsha Maijing	6,231	9,985	6,433
Changsha Ruihong	3,697	—	839
HAWEMA Werkzeugschleifmaschinen GmbH	—	4,338	4,801
	35,552	41,826	40,003

The Company

Name of related parties	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens System Integration	3,909	—	—
Hunan Blue Crystal Photovoltaic Technology Company Limited ("Hunan Blue Crystal Photovoltaic") 湖南藍晶光伏科技有限公司	—	20,000	—
	3,909	20,000	—

The amounts are in non-trade nature, unsecured, non-interest bearing and the property, plant and equipment will be delivered to the respective entities in accordance with the terms of respective agreements. As at 30 April 2025, the amount of RMB21,874,000 had been transferred to property, plant and equipment and the remaining amount will be transferred to property, plant and equipment before 31 July 2025 as represented by directors of the Company.

(iv) ***Amounts due from subsidiaries***

The Company

Name of related parties	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens Taizhou	1,373,422	1,086,709	222,723
Lens Dongguan	535,159	400,685	187,517
Lens Intelligent Control	463,455	31,601	23,716
Lens Xiangtan	255,115	1,009,000	447,205
Lens One Technology (Dong Guan) Company Limited ("Lens One Technology (Dong Guan)") 藍思旺科技(東莞)有限公司	168,317	168,317	100,000
Lens Precision (Dongguan) Company Limited ("Lens Precision (Dongguan)") 藍思精密(東莞)有限公司	126,000	—	—
Lens Changsha	105,579	75,946	105,901
Lens Technology (Kunshan) Company Limited ("Lens Technology (Kunshan)") 藍思科技(昆山)有限公司	43,432	28,700	28,700
Lens VietNam	17,834	374	32,399
Liuyang Panzhi Consulting Company Limited ("Liuyang Panzhi") 瀏陽磐智諮詢有限公司	9,000	9,000	9,000
Shenzhen Lens Wang Supply Chain Management Company Limited ("Shenzhen Lens Wang") 深圳市藍思旺供應鏈管理有限公司	3,273	—	—
Changsha Lens New Material	1,145	1,587	1,382
Lens Intelligent Robot	1,133	1,819	1,646
Lens System Integration	580	—	—
Changsha Yong'an New Materials Company Limited ("Changsha Yong'an New Materials") 長沙永安新材料有限公司	214	219	219
	3,103,658	2,813,957	1,160,408
Analysed for reporting purposes as:			
Current assets	1,790,731	752,094	498,716
Non-current assets	1,312,927	2,061,863	661,692
	3,103,658	2,813,957	1,160,408

The amount is non-trade in nature, unsecured, interest-free and repayable according to the mutually agreed terms of payment.

(v) ***Trade and other payables***

The Group

Name of related parties	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Juhong	97,349	63,676	117,217
Zibo Jincheng	76,629	61,557	57,002
Dongguan Yutong	49,528	66,221	27,016
Dongguan Yuya	22,367	19,882	8,649
Changsha Maijing	11,074	24,022	38,242
Changsha Sinocera	5,315	4,134	11,027
Hunan Hualian Torch	103	25	25
Changsha Ruihong	708	2,144	6,815
Hunan Hualian Special Yuanhua	407	422	295
Changsha Intelligent Robot	36	566	2,280
Ningxia Xinjingsheng	—	29,672	138,423
Shenzhen Nanke Jia'an	—	143	4,579
	263,516	272,464	411,570

The Company

Name of related parties	As at 31 December 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Lens Hualian Precious Ceramics Company Limited ("Lens Hualian") 湖南藍思華聯精瓷有限公司	260	—	—
Hunan Lens New Energy Company Limited 湖南藍思新能源有限公司	—	—	3
Lens International	1,478,666	170,377	866,072
Lens Taizhou	174,727	16,456	194
Lens Dongguan	961	1,391	427
Lens Xiangtan	—	88,513	75,006
Lens Changsha	1,484,137	86,338	748,991
Lens System Integration	—	3,333	3,051
Lens Intelligent Control	343,464	235,312	624,376
Lens Intelligent Robot	111,678	66,881	217,070
Shenzhen Lens Wang	370,081	371,231	1
Shenzhen Lens System Integration Company Limited ("Shenzhen Lens System") 深圳市藍思系統集成有限公司	768	7,112	5,195
Changsha Lens New Material	85,994	99,998	178,667
Changsha Yong'an New Materials	48,169	63,161	66,124
Hunan Blue Crystal Photovoltaic	—	—	312,679
Lens Technology Japan Co., Ltd	—	—	484
	4,098,905	1,210,103	3,098,340

The amounts are trade in nature, unsecured, interest-free and repayable within 120 days.

(vi) ***Amounts due to related parties***

The Group

Name of related party	**As at 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Hunan Juhong	20	20	20
Dongguan Yutong	—	68	—
Changsha Ruihong	1	1	1
Shenzhen Nanke Jia'an	—	5	5
	21	94	26

Except for RMB21,000, RMB26,000 and RMB26,000 as at 31 December 2022, 2023 and 2024, respectively, which are rental and other deposits, unsecured and repayable according to the mutually agreed terms of payment, the remaining amounts are non-trade in nature, unsecured, interest-free and repayable on demand. As at 30 April 2025, the above non-trade amounts had been fully settled.

(vii) ***Loan from a related party/related parties***

The Group

Name of related party	**As at 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Lens Technology (HK) Co., Limited *(note)*	1,027,632	1,065,146	—

The Company

Name of related parties	**As at 31 December**		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Lens Technology (HK) Co., Limited *(note)*	1,027,632	1,065,146	—
Lens Technology (Changsha)	300,000	300,000	1,800,000
Lens Intelligent Control	—	—	251,240
	1,327,632	1,365,146	2,051,240
The carrying amounts of the above loans are repayable:			
— Within a period of more than one year but not exceeding two years	300,000	1,365,146	—
— Within a period of more than two years but not exceeding five years	1,027,632	—	2,051,240
	1,327,632	1,365,146	2,051,240

Note: The amounts as at 31 December 2022 and 2023 were unsecured and repayable in 2025 pursuant to the loan agreement. The amounts bore interest at LPR. The loan was fully settled during the year ended 31 December 2024.

(viii) ***Contract liabilities***

The Group

	As at 31 December		
Name of related parties	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Changsha Maijing	2,578	3,142	1,216
Shenzhen Nanke Jia'an	—	1	1
	2,578	3,143	1,217

The amounts are trade in nature, unsecured and non-interest bearing.

(ix) ***Amounts due to subsidiaries***

The Company

	As at 31 December		
Name of related party	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Lens Changsha	2,594,283	2,595,080	2,100,150
Lens International	65,331	65,330	65,231
Lens Taizhou	41,902	45,364	40,827
Lens Xiangtan	6,280	24,753	109,287
Shenzhen Lens Intelligence Robot	5,092	214	—
Lens Intelligent Control	2,235	3,959	2,277
Shenzhen Lens System	2,295	454	454
	2,717,418	2,735,154	2,318,226

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

(x) ***Lease liabilities***

The Group

	As at 31 December		
Name of related party	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Ms. Chau Kwan Fei	916	924	955

The amounts are non-trade in nature and represent leasing of office and repayable as per the lease contracts. The lease contracts will be mature until June 2026 and the Group intends not to renew or extend the lease before the expiration of the lease.

(d) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group during the Track Record Period is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	9,802	10,319	11,702
Discretionary bonus	4,794	5,044	5,714
Retirement benefit scheme contributions	104	112	104
	14,700	15,475	17,520

The remuneration of directors, supervisors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Loan from a related party	Lease liabilities	Amounts due to related parties	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	18,075,738	1,390,018	54,839	460	—	19,521,055
Financing cash flows	(952,760)	(407,212)	(32,126)	(439)	(523,722)	(1,916,259)
Dividends declared	—	—	—	—	523,722	523,722
New leases entered	—	—	25,194	—	—	25,194
Early termination of lease	—	—	(2,076)	—	—	(2,076)
Non-cash transactions *(note)*	720,793	—	—	—	—	720,793
Exchange adjustments	557,939	—	—	—	—	557,939
Interest expenses	569,573	44,826	1,817	—	—	616,216
At 31 December 2022	18,971,283	1,027,632	47,648	21	—	20,046,584
Financing cash flows	(4,136,696)	—	(28,809)	73	(1,033,283)	(5,198,715)
Dividends declared	—	—	—	—	1,033,283	1,033,283
New leases entered	—	—	28,210	—	—	28,210
Exchange adjustments	(47,533)	—	—	—	—	(47,533)
Interest expenses	471,022	37,514	1,450	—	—	509,986
At 31 December 2023	15,258,076	1,065,146	48,499	94	—	16,371,815
Financing cash flows	(1,939,523)	(1,066,603)	(30,580)	(68)	(1,528,490)	(4,565,264)
Dividends declared	—	—	—	—	1,528,490	1,528,490
New leases entered	—	—	177,866	—	—	177,866
Early termination of lease	—	—	(619)	—	—	(619)
Non-cash transactions *(note)*	625,740	—	—	—	—	625,740
Exchange adjustments	(687)	—	—	—	—	(687)
Interest expenses	382,959	1,457	4,022	—	—	388,438
At 31 December 2024	14,326,565	—	199,188	26	—	14,525,779

Note: The amount represents the drawdown of borrowings used for direct settlement of the Group's obligations to its suppliers, as agreed upon between the other financial institution and the Group.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	31,150,285	34,279,477	34,753,669

General information of subsidiaries

Name of subsidiaries	Place of incorporation/ registration and operation	Registered capital	Proportion of effective ownership interest held by Company — Directly — At 31 December 2022	2023	2024	Date of report	Indirectly — At 31 December 2022	2023	2024	Date of report	Principal activities
			%	%	%	%	%	%	%	%	
Lens International *(notes i)*	Hong Kong 5 November 2010	USD 1,437,194,600	100.00	100.00	100.00	100.00	—	—	—	—	Trade and investment
Lens Technology (Kunshan) *(note ii)*	The PRC 31 December 2006	USD 25,000,000	75.00	75.00	75.00	75.00	25.00	25.00	25.00	25.00	Manufacturing and sales of consumer electronics
Lens One Technology (Shenzhen) Company Limited 藍思旺科技(深圳)有限公司 *(note ii)*	The PRC 19 April 2006	HK$ 120,000,000	75.00	75.00	75.00	75.00	25.00	25.00	25.00	25.00	Manufacturing and sales of consumer electronics
Lens Shenzhen *(note ii)*	The PRC 18 September 2003	RMB 50,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of products and research and development
Lens Changsha *(note ii)*	The PRC 26 January 2011	USD 3,103,032,466	75.00	75.00	84.34	84.34	25.00	25.00	15.66	15.66	R&D, production and sales of window protection screens smart wearables and smart vehicle cockpits
Lens Hualian *(note ii)*	The PRC 13 June 2012	RMB 20,000,000	—	—	—	—	51.00	51.00	51.00	51.00	Manufacturing and Sales of consumer electronics
Lens Xiangtan *(note ii)*	The PRC 23 July 2012	RMB 3,464,852,719	61.79	61.79	57.33	57.33	38.21	38.21	42.67	42.67	R&D, production, assembly and sales of electronic products and spare parts business
Lens Technology, Inc. *(note iv)*	U.S. 9 January 2015	USD 1,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Trading
Lens Intelligent Robot *(note ii)*	The PRC 22 July 2016	RMB 100,000,000	60.00	60.00	60.00	60.00	—	—	—	—	R&D of intelligent equipment and robot
Lens One Technology (Dong Guan) *(note ii)*	The PRC 16 January 2012	USD 60,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Manufacturing and sales of consumer electronics
Lens Dongguan *(note ii)*	The PRC 6 July 2010	RMB 3,225,987,115	100.00	100.00	100.00	100.00	—	—	—	—	R&D, production and sales of window protection screens
Lens Precision (Dongguan) *(note ii)*	The PRC 24 February 2017	RMB 1,060,666,700	100.00	100.00	100.00	100.00	—	—	—	—	Manufacturing and sales of consumer electronics
Lens Intelligent Control *(note ii)*	The PRC 18 March 2017	RMB 826,112,640	75.00	38.34	33.24	33.24	25.00	61.66	66.76	66.76	Manufacture of electronic components

Name of subsidiaries	Place of incorporation/ registration and operation	Registered capital	Proportion of effective ownership interest held by Company								Principal activities
			Directly				Indirectly				
			At 31 December			Date of report	At 31 December			Date of report	
			2022	2023	2024		2022	2023	2024		
			%	%	%	%	%	%	%	%	
Lens Viet Nam *(note iii)*	VIET NAM 12 June 2017	USD 360,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Production of electronic components and maintenance of electronic and optical equipment
Liuyang Panzhi *(note ii)*	The PRC 28 October 2018	RMB 8,000,000	100.00	100.00	100.00	100.00	—	—	—	—	Business service industry
Changsha Lens New Material *(note ii)*	The PRC 10 October 2018	RMB 100,000,000	100.00	100.00	100.00	100.00	—	—	—	—	Sales of consumer electronics
Lens System Integration *(note ii)*. .	The PRC 22 March 2019	RMB 110,116,718	100.00	100.00	100.00	100.00	—	—	—	—	Provision of information system R&D and integration services, including the industrial Internet
Changsha Yong'an New Materials *(note ii)*	The PRC 25 September 2019	RMB 10,000,000	51.00	51.00	51.00	51.00	—	—	—	—	Sales of consumer electronics
Lens Taizhou *(note ii)*	The PRC 3 May 2016	RMB 4,611,397,559	—	—	2.17	2.17	100.00	100.00	97.83	97.83	R&D, manufacture and sales of aluminum, magnesium and other new alloy materials for mid-frames and related components of consumer electronics
Hunan Lens New Energy Company Limited 湖南藍思新能源有限公司 *(note ii)*	The PRC 28 October 2021	RMB 1,000,000,000	100.00	100.00	100.00	100.00	—	—	—	—	Sales of consumer electronics
Shenzhen Lens Wang *(note ii)* . . .	The PRC 17 June 2022	RMB 100,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Supply chain management
Shenzhen Lens System *(note ii)*	The PRC 5 May 2022	RMB 5,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
Shenzhen Lens Intelligent Manufacturing Technology Company Limited 深圳藍思智造科技有限公司 *(note vi)*	The PRC 26 April 2022	RMB 2,000,000	—	—	—	—	100.00	100.00	100.00	N/A	Sales of consumer electronics
Shenzhen Lens Intelligence Robot *(note ii)*	The PRC 18 August 2022	RMB 100,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
MOSS TECHNOLOGY, S.A.DE C.V. *(note iv)*	Mexico 4 May 2022	MXN 50,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
Lens One Technology (Guangxi) Company Limited 藍思旺科技(廣西)有限公司 *(note iv)*	The PRC 31 May 2022	USD 2,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
Hunan Blue Crystal Photovoltaic *(note ii)*	The PRC 10 April 2023	RMB 50,000,000	—	—	—	—	N/A	100.00	100.00	100.00	Sales of consumer electronics
LENS Technology Japan Co., Ltd *(notes iv & v)*	Japan 26 September 2022	JPY 88,880,000	—	—	—	—	N/A	100.00	100.00	100.00	Sales of consumer electronics
Fortiter Technology Pte Ltd	Singapore 18 April 2024	SGD10,000	—	—	—	—	N/A	N/A	100.00	100.00	Sales of consumer electronics
Fortiter Technology	Thailand 28 May 2024	THB 505,000,000	—	—	—	—	N/A	N/A	98.06	98.06	Sales of consumer electronics

* *For identification purpose only*

Notes:

(i) The statutory financial statements of this subsidiary for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards and were audited by Morison Heng CPA Limited, certified public accountants registered in the Hong Kong.

(ii) The statutory financial statements of the subsidiaries for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(iii) The statutory financial statements of this subsidiary for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles generally accepted in the Vietnam were audited by Ernst & Young.

(iv) No statutory financial statements have been prepared for these entities since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

(v) This subsidiary was acquired in 2023.

(vi) This subsidiary was deregistered in May 2025. The statutory financial statements of this subsidiary for the years ended 31 December 2022 and 2023 were prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted 31 December, as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

The directors of the Company considered that carrying amounts of non-controlling interests as at 31 December 2022, 2023 and 2024 is individually insignificant to the Group and no detailed financial information of non-wholly owned subsidiaries is disclosed.

45. EVENT AFTER THE END OF THE REPORTING PERIOD

Except as disclosed in note 15 of the Historical Financial Information, the Group has no other significant event after the end of the Track Record Period.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2024.

The following is the text of a report set out on pages IA-1 to IA-2, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out on pages IA-3 to IA-28 is the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2025 and does not form part of the Accountant's Report from the reporting accountant, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for information purpose only.

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF LENS TECHNOLOGY CO., LTD. 藍思科技股份有限公司

Introduction

We have reviewed the condensed consolidated financial statements of Lens Technology Co., Ltd. 藍思科技股份有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages IA-3 to IA-28, which comprise the condensed consolidated statement of financial position as of 31 March 2025, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months then ended, and notes to the condensed consolidated financial statements. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months ended 31 March 2024 and the relevant notes to the condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 March	
		2025	**2024**
		RMB'000	**RMB'000**
		(Unaudited)	**(Unaudited)**
Revenue	5		
Contracts with customers		17,026,690	15,460,491
Leases		36,510	37,784
Total revenue		17,063,200	15,498,275
Cost of sales		(15,079,181)	(13,850,837)
Gross profit		1,984,019	1,647,438
Other income	6	106,782	151,858
Reversal of impairment losses under expected credit loss ("ECL") model, net	7	24,439	10,200
Other gains and losses, net	8	123,818	37,226
Selling expenses		(149,116)	(157,133)
Administrative expenses		(780,477)	(762,961)
Research and development expenses		(791,408)	(574,622)
Other expenses		(114)	(102)
Share of results of investments accounted for using the equity method		2,257	(3,833)
Listing expenses		(978)	—
Finance costs	9	(79,865)	(102,480)
Profit before tax		439,357	245,591
Income tax credit	10	14,583	70,127
Profit for the period	11	453,940	315,718
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(700)	(22,178)
Item that will not be reclassified to profit or loss:			
Fair value gain on investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI")		2,765	—
Total comprehensive income for the period		456,005	293,540

		Three months ended 31 March	
		2025	**2024**
	Note	**RMB'000** **(Unaudited)**	**RMB'000** **(Unaudited)**
Profit for the period attributable to:			
— Owners of the Company		428,885	309,202
— Non-controlling interests		25,055	6,516
		453,940	315,718
Total comprehensive income for the period attributable to:			
— Owners of the Company		430,950	287,024
— Non-controlling interests		25,055	6,516
		456,005	293,540
Earnings per share	*13*		
— Basic (RMB)		0.09	0.06
— Diluted (RMB)		0.09	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*14*	38,237,196	37,809,136
Right-of-use assets	*14*	3,441,621	3,441,157
Investment properties		888,276	900,777
Intangible assets	*14*	1,771,012	1,822,041
Goodwill		2,970,144	2,970,144
Investments accounted for using the equity method		334,168	325,665
Equity instruments at FVTOCI		483,159	445,109
Time deposits		101,728	103,697
Deferred tax assets	*15*	1,422,271	1,387,226
Prepayments and other receivables	*19*	1,711,147	1,038,314
		51,360,722	50,243,266
Current assets			
Inventories	*17*	6,443,610	7,160,553
Trade and bills receivables	*18*	8,767,788	10,865,736
Bills receivables at FVTOCI		27,345	9,779
Prepayments and other receivables	*19*	1,081,144	1,000,455
Amounts due from related parties	*26*	918	24,873
Financial assets at fair value through profit or loss ("FVTPL")	*16*	1,086,599	354,917
Income tax recoverable		81,682	45,976
Time deposits		327,568	322,412
Restricted bank deposits		50,533	51,276
Bank balances and cash		9,914,183	10,936,804
		27,781,370	30,772,781
Current liabilities			
Trade and other payables	*20*	14,647,574	16,365,834
Financial liabilities at FVTPL	*16*	4,976	9,620
Amounts due to related parties	*26*	26	26
Income tax payable		14,690	110,787
Borrowings	*21*	6,689,243	6,518,634
Lease liabilities		58,622	47,659
Contract liabilities		19,134	12,601
		21,434,265	23,065,161
Net current assets		6,347,105	7,707,620
Total assets less current liabilities		57,707,827	57,950,886

	Notes	31 March 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Borrowings	*21*	7,113,739	7,807,931
Lease liabilities		159,744	151,529
Provision		17,000	18,880
Deferred tax liabilities	*15*	380,660	385,058
Deferred income		726,199	741,578
		8,397,342	9,104,976
Net assets		49,310,485	48,845,910
Capital and reserves			
Share capital	*22*	4,982,879	4,982,879
Reserves		44,113,282	43,673,762
Equity attributable to owners of the Company		49,096,161	48,656,641
Non-controlling interests		214,324	189,269
Total equity		49,310,485	48,845,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury share	Capital reserve	FVTOCI reserve	Translation reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (unaudited)	4,982,879	20,613,513	(280,019)	305,131	160,083	18,837	2,620,270	20,235,947	48,656,641	189,269	48,845,910
Profit for the period	—	—	—	—	—	—	—	428,885	428,885	25,055	453,940
Other comprehensive income (expense) for the period	—	—	—	—	2,765	(700)	—	—	2,065	—	2,065
Total comprehensive income (expense) for the period	—	—	—	—	2,765	(700)	—	428,885	430,950	25,055	456,005
Recognition of equity-settled share-based payments	—	—	—	8,570	—	—	—	—	8,570	—	8,570
At 31 March 2025 (unaudited)	4,982,879	20,613,513	(280,019)	313,701	162,848	18,137	2,620,270	20,664,832	49,096,161	214,324	49,310,485
At 1 January 2024 (audited)	4,983,228	20,588,504	(500,057)	219,367	160,083	152,927	2,404,249	18,330,684	46,338,985	182,642	46,521,627
Profit for the period	—	—	—	—	—	—	—	309,202	309,202	6,516	315,718
Other comprehensive expense for the period	—	—	—	—	—	(22,178)	—	—	(22,178)	—	(22,178)
Total comprehensive (expense) income for the period	—	—	—	—	—	(22,178)	—	309,202	287,024	6,516	293,540
Distribution	—	—	—	—	—	—	—	—	—	(46,858)	(46,858)
Recognition of equity-settled share-based payments	—	—	—	51,265	—	—	—	—	51,265	—	51,265
At 31 March 2024 (unaudited)	4,983,228	20,588,504	(500,057)	270,632	160,083	130,749	2,404,249	18,639,886	46,677,274	142,300	46,819,574

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	2,630,443	2,029,854
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets/derivatives at FVTPL	1,754,202	411,779
Repayment from related parties	24,182	1,915
Upfront payments for leasehold land	—	(68,558)
Acquisition of investments accounted for equity method	(34,797)	—
Purchase of property, plant and equipment	(2,409,697)	(1,499,356)
Purchase of financial assets/derivatives at FVTPL	(2,463,652)	(1,059)
Other investing cash flows	4,997	10,333
Net cash used in investing activities	(3,124,765)	(1,144,946)
FINANCING ACTIVITIES		
New borrowings raised	—	1,450,000
Interest paid for loan from a related party	—	(66,603)
Repayment of loan from a related party	—	(1,000,000)
Repayment of lease liabilities	(13,145)	(4,770)
Interest paid for borrowings	(74,975)	(98,161)
Repayment of borrowings	(528,502)	(1,815,698)
Other financing cash flows	(3,378)	(422)
Net cash used in financing activities	(620,000)	(1,535,654)
Net decrease in cash and cash equivalents	(1,114,322)	(650,746)
Effect of foreign exchange rate changes	91,701	(5,267)
Cash and cash equivalents at the beginning of the period	10,936,804	10,493,519
Cash and cash equivalents at the end of the period	9,914,183	9,837,506

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION

Lens Technology Co., Ltd. 藍思科技股份有限公司 (the "Company") was incorporated in the PRC as a joint stock company with limited liability. In March 2015, the Company was listed on the Shenzhen Stock Exchange (stock code: 300433). The Company's immediate and ultimate holding company is Lens Technology (HK) Co., Ltd. The Company is ultimately controlled by Ms. Chau Kwan Fei and Mr. Cheng Chun Lung ("Mr. Cheng"), spouse of Ms. Chau Kwan Fei, who act in concert with each other. Ms. Chau Kwan Fei is also the Chair and an executive director of the Company, and Mr. Cheng is the Vice-Chair and an executive director of the Company. Lens Technology (HK) Co., Ltd., Ms. Chau Kwan Fei and Mr. Cheng together are referred to the Controlling Shareholders. The addresses of the registered office and principal place of business of the Company are the same as the registered office in the PRC and the headquarter in the PRC as stated in the section headed "Corporate Information" of the Prospectus.

During the three months ended 31 March 2025, the Company and its subsidiaries (the "Group") is principally engaged in the businesses of research and development, design, manufacturing and sales of various structural parts, functional modules and others, such as complete device assembly for consumer electronics, smart vehicles and other emerging areas.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Other than additional accounting policies resulting from the application of amendments to IFRS Accounting Standards, the accounting policies used in the condensed consolidated financial statements for the three months ended 31 March 2025 are the same as those followed in the preparation of the Group's historical financial information for the three years ended 31 December 2024 included in the accountants' report as set out in Appendix I to the Prospectus.

The condensed consolidated financial statements and the selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest consolidated financial statements as at and for the year ended 31 December 2024. The condensed consolidated financial statements and notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

5. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue from major end use products and services:

	Three months ended 31 March	
	2025	**2024**
	RMB'000 **(Unaudited)**	**RMB'000** **(Unaudited)**
Smartphones and computers	14,480,751	13,119,478
Smart vehicles and cockpits	1,518,401	1,428,921
Intelligent head-mounted displays and smart wearables	675,528	663,133
Others smart devices	118,144	61,733
Scraps and materials	105,099	74,407
Processing fee	107,449	90,442
Others	21,318	22,377
Revenue from contracts with customers	17,026,690	15,460,491
Leases	36,510	37,784
Total	17,063,200	15,498,275

Timing of revenue from contracts with customers recognition

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time.

Geographical information

The Group's operations are located in the PRC (country of domicile), the United States of America (the "U.S."), Vietnam, Mexico and Japan.

Information about the Group's revenue from external customers is presented based on delivery destination or the shipping destination on customs declaration.

	Three months ended 31 March	
	2025	**2024**
	RMB'000 **(Unaudited)**	**RMB'000** **(Unaudited)**
Offshore		
— Special supervision territory in China *(note)*	6,034,773	5,732,452
— Vietnam	1,249,265	866,997
— Asia (excluding Mainland China and Vietnam)	1,216,114	1,340,209
— North America	541,185	620,672
— Others	229,118	88,078
	9,270,455	8,648,408
Mainland China (excluding special supervision territory) *(note)*	7,792,745	6,849,867
Total	17,063,200	15,498,275

Note: During the three months ended 31 March 2025, the amount of Group's total revenue from Mainland China (country of domicile), represented by domestic and special supervision territory within the PRC (excluding Hong Kong, Macao and Taiwan), is RMB13,827,518,000 (three months ended 31 March 2024: RMB12,582,319,000).

Information about the Group's non-current assets is presented based on the geographical location of the assets.

The Group's non-current assets (excluding deferred tax assets and financial assets) of RMB43,348,439,000 (31 December 2024: RMB42,649,416,000) are located in the PRC as at 31 March 2025. The remaining non-current assets are located in the U.S., Vietnam, Mexico and Japan, with each jurisdiction's individual non-current assets constituting less than 10% to the Group's non-current assets.

Segment information

For the purpose of resource allocation and assessment of performance, the executive directors of the Company, being the chief operating decision makers, focus on the overall results and financial position of the Group. The Group has only one single operating and reportable segment.

6. OTHER INCOME

	Three months ended 31 March	
	2025	**2024**
	RMB'000 **(Unaudited)**	**RMB'000** **(Unaudited)**
Government grants		
— related to expense items *(note)*	18,773	29,068
— related to assets	15,379	15,242
	34,152	44,310
Interest income	60,677	69,606
Compensation income	5,611	9,897
Others	6,342	28,045
	106,782	151,858

Note: The amount mainly represents various subsidies received from the PRC government authorities for the purpose of motivating the business development of the Group. There were no unfulfilled conditions or contingencies relating to these government grants.

7. REVERSAL OF IMPAIRMENT LOSSES UNDER ECL MODEL, NET

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Impairment losses reversed (recognised) on:		
— Trade and bills receivables	24,802	11,223
— Other receivables	(590)	(1,034)
— Amounts due from related parties	227	11
	24,439	10,200

8. OTHER GAINS AND LOSSES, NET

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net foreign exchange gains (losses)	94,930	(3,371)
Net gain from changes in fair value of financial assets/liabilities at FVTPL	26,876	38,900
Gain on disposal of property, plant and equipment and intangible assets	2,012	1,697
	123,818	37,226

9. FINANCE COSTS

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interest on borrowings	78,485	100,669
Interest on loan from a related party	—	1,457
Interest on lease liabilities	1,380	354
Total borrowing costs	79,865	102,480

10. INCOME TAX CREDIT

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current tax:		
— PRC Enterprise Income Tax	11,424	36,832
— Hong Kong	20,199	20
— Vietnam	16	5,037
— Other jurisdictions	44	53
	31,683	41,942
Deferred tax credit *(Note 15)*	(46,266)	(112,069)
	(14,583)	(70,127)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25%.

The Company and certain of its PRC subsidiaries are accredited as High New Tech Enterprises and are subject to preferential tax rate of 15% during the respective accredited period.

Pursuant to relevant laws and regulations in the PRC, several subsidiaries are eligible as a Small Low-profit Enterprise (小型微利企業) and are subject to preferential tax treatments.

The Company's subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

11. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Depreciation of property, plant and equipment	1,196,687	1,170,497
Depreciation of investment properties	12,501	14,046
Depreciation of right-of-use assets	31,693	25,530
Amortisation of intangible assets	53,475	52,795
Total depreciation and amortisation	1,294,356	1,262,868
Capitalised in inventories	(998,538)	(993,389)
	295,818	269,479
Impairment losses recognised on property, plant and equipment, included in administrative expenses	44,251	18,109
Other expenses		
— Donation	114	102
Cost of inventories recognised as an expense	14,989,661	13,731,098
Excluding: write-down of inventories	32,585	70,313

12. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend in respect of the three months ended 31 March 2025.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.40 per ordinary share, in aggregate of RMB1,983,582,000, was approved by shareholders of the Company at the general meeting on 18 April 2025.

13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Earnings (RMB'000):		
Profit for the period attributable to owners of the Company	428,885	309,202
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note)*	4,954,358	4,930,952
Effect of dilutive potential ordinary shares:		
Restricted A-share Scheme	16,394	3,144
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,970,752	4,934,096

Note: Treasury shares and restricted shares subject to repurchase were excluded in calculating the weighted average number of ordinary shares of the purpose of basic earnings per share.

14. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the three months ended 31 March 2025, the Group purchased property, plant and equipment of RMB1,677,552,000 (three months ended 31 March 2024: RMB879,607,000).

During the three months ended 31 March 2025, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB5,431,000 (three months ended 31 March 2024: RMB2,521,000), resulting in a gain on disposal of RMB2,012,000 (three months ended 31 March 2024: gain on disposal of RMB1,697,000).

During the three months ended 31 March 2025, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 2 to 5 years (three months ended 31 March 2024: nil). On date of lease commencement, the Group recognised right-of-use assets of RMB32,323,000 (three months ended 31 March 2024: nil) and lease liabilities of RMB32,323,000 (three months ended 31 March 2024: nil).

During the three months ended 31 March 2025, the Group made no upfront payment in respect of leasehold land (three months ended 31 March 2024: RMB68,558,000).

During the three months ended 31 March 2025, the Group purchased intangible assets of RMB2,446,000 (three months ended 31 March 2024: nil).

15. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Deferred tax assets	1,422,271	1,387,226
Deferred tax liabilities	(380,660)	(385,058)
	1,041,611	1,002,168

	Provision for impairment of assets	Depreciation of fixed assets	Unrealised profit on internal transactions	Deferred income	Tax losses	Share-based payment	Increase in fair value of consolidated assets not under common control	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	140,387	167,551	100,417	88,555	665,545	8,486	(386,769)	(21,833)	762,339
Credit (charge) to profit or loss	9,978	(11,681)	14	(1,305)	87,047	6,368	8,138	13,510	112,069
Credit to equity for the period	—	—	—	—	—	2,378	—	—	2,378
At 31 March 2024 (Unaudited)	150,365	155,870	100,431	87,250	752,592	17,232	(378,631)	(8,323)	876,786
Credit (charge) to profit or loss	11,499	(20,672)	4,981	(2,788)	71,451	(31,569)	23,398	13,232	69,532
Credit to equity for the period	—	—	—	—	—	55,850	—	—	55,850
At 1 January 2025 (audited)	161,864	135,198	105,412	84,462	824,043	41,513	(355,233)	4,909	1,002,168
(Charge) credit to profit or loss	(1,649)	(1,093)	3,644	(2,172)	39,676	1,694	7,659	(1,493)	46,266
Charge to other comprehensive income	—	—	—	—	—	—	—	(488)	(488)
Charge to equity for the period	—	—	—	—	—	(6,335)	—	—	(6,335)
At 31 March 2025 (Unaudited)	160,215	134,105	109,056	82,290	863,719	36,872	(347,574)	2,928	1,041,611

No deferred tax asset has been recognised on deductible temporary differences of RMB919,241,000 (31 December 2024: RMB963,512,000) as at 31 March 2025, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At 31 March 2025, the Group has unused tax losses of RMB8,107,847,000 (31 December 2024: RMB7,789,918,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB5,758,124,000 (31 December 2024: RMB5,493,619,000) of such losses and no deferred tax asset has been recognised on remaining RMB2,349,723,000 as at 31 March 2025 (31 December 2024: RMB2,296,299,000), due to the unpredictability of future profit streams.

16. FINANCIAL ASSETS (LIABILITIES) AT FVTPL

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Structured deposits	1,081,917	354,917
Deliverable forwards	(294)	(9,620)
	1,081,623	345,297
Analysed for reporting purposes as:		
Financial assets at FVTPL	1,086,599	354,917
Financial liabilities at FVTPL	(4,976)	(9,620)

The structured deposits are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

The Group has the deliverable forwards outstanding as at the end of the reporting period. They are marked to market with the resulting gain or loss taken to profit or loss.

17. INVENTORIES

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Raw materials	1,165,182	1,151,628
Work in progress	1,790,116	1,938,450
Finished goods	2,624,162	3,286,086
Goods in transit	1,056,021	1,029,114
Consumables and others	292,070	206,631
	6,927,551	7,611,909
Less: provision	(483,941)	(451,356)
	6,443,610	7,160,553

18. TRADE AND BILLS RECEIVABLES

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables	8,889,975	11,006,529
Bills receivables	1,273	7,519
Less: allowance for ECL	(123,460)	(148,312)
	8,767,788	10,865,736

Ageing of trade receivables is prepared based on the invoice date, which approximated the respective revenue recognition dates, as follows:

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Not past due	8,478,803	10,610,390
Past due:		
0–90 days	372,707	363,411
91–180 days	20,877	9,396
181–365 days	7,630	4,236
Over 1 year	9,958	19,096
	8,889,975	11,006,529

The normal credit term to the customers ranged between 30 days to 120 days.

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB411,172,000 (31 December 2024: RMB396,139,000) which are past due and with aggregate carrying amount of RMB38,465,000 (31 December 2024: RMB32,728,000) are past due 90 days or more.

Out of the balances that are past due 90 days or more, RMB35,144,000 (31 December 2024: RMB29,404,000) is not considered as in default due to the historical and expected subsequent repayment from the debtors and the remaining trade receivables past due 90 days or more amounting to RMB3,321,000 (31 December 2024: RMB3,324,000) has become credit-impaired. The Group does not hold any collateral over these balances.

19. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Value-added tax recoverable	411,500	344,998
Prepayments for property, plant and equipment	1,694,205	1,020,338
Prepayments for materials and others	165,986	174,304
Refundable deposits for land use rights	200,000	200,000
Refundable deposits for project performance	150,000	150,000
Rental and other deposits	43,896	48,213
Deferred issue costs	14,903	—
Other receivables	152,656	141,181
	2,833,146	2,079,034
Less: allowance for ECL	(40,855)	(40,265)
	2,792,291	2,038,769
Analysed for reporting purposes as:		
Current assets	1,081,144	1,000,455
Non-current assets	1,711,147	1,038,314
	2,792,291	2,038,769

20. TRADE AND OTHER PAYABLES

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade payables	8,819,622	10,388,566
Bills payables	207,154	91,623
	9,026,776	10,480,189
Accrued staff cost	1,498,518	1,532,142
Construction payables	3,457,847	3,616,325
Other accrued charges	340,722	306,028
Other tax payables	167,799	267,313
Deposits received	113,303	86,499
Accrued issue costs	12,905	—
Accrued listing expenses	378	—
Others	29,326	77,338
	14,647,574	16,365,834

The following is the ageing analysis of trade payables based on the date of goods and services received at the end of reporting period:

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 1 year	8,773,370	10,388,566
Over 1 year	46,252	—
	8,819,622	10,388,566

The credit period on purchases of goods and services of the Group is within 120 days. All the bills payables are with maturity within one year.

21. BORROWINGS

During the three months ended 31 March 2025, the Group had no new borrowings (three months ended 31 March 2024: RMB1,450,000,000).

The Group's variable-rate bank borrowings carry interest at Loan Prime Rate adjusted by floating up or down a certain percentage. The interest rate is reset at regular intervals, ranging from 1 to 12 months.

22. SHARE CAPITAL

	Number of shares	Share capital
		RMB'000
Ordinary shares of RMB1 each		
Registered, issued and fully paid		
At 1 January 2024 (audited) and 31 March 2024 (unaudited)	4,983,227,981	4,983,228
Repurchase and cancellation of restricted shares under Restricted A-share Scheme	(348,710)	(349)
At 31 December 2024 (audited) and 31 March 2025 (unaudited)	4,982,879,271	4,982,879

At 31 March 2025, the Company had outstanding treasury shares of 23,817,167 (31 December 2024: 23,817,167) shares.

23. CAPITAL COMMITMENTS

	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Capital expenditure contracted but not provided for in the condensed consolidated financial statements		
— Property, plant and equipment	2,557,154	2,217,417

24. SHARE-BASED PAYMENT

On 18 August 2023, the Company has adopted Restricted A-share Scheme, pursuant to which the Company granted restricted shares to eligible participants include, but not limited to the Group's directors, senior management and other employees.

The Company granted both Type I and Type II restricted shares. Type I restricted shares under the Restricted A-share Scheme are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancellation on repurchase; Type II restricted shares under the Restricted A-share Scheme are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing.

Set out below are details of the movements of the outstanding restricted shares of Type I restricted shares throughout the reporting period:

	Three months ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Outstanding at the beginning of the period	4,644,791	9,710,783
Lapsed during the period	(42,100)	(106,800)
Outstanding at the end of the period	4,602,691	9,603,983

Set out below are details of the movements of the outstanding restricted shares of Type II restricted shares throughout the reporting period:

	Three months ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Outstanding at the beginning of the period	18,586,367	38,843,133
Forfeited during the period	(168,400)	(427,200)
Outstanding at the end of the period	18,417,967	38,415,933
Exercisable at the end of the period	—	—

For three months ended 31 March 2025, the Group recognised total expense of RMB14,905,000 (three months ended 31 March 2024: RMB48,887,000), in relation to Restricted A-share Scheme.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial instruments measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of the reporting periods. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation technique and inputs used:

Financial assets/ (liabilities)	31 March 2025	31 December 2024	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input
	RMB'000 (Unaudited)	RMB'000 (Audited)			
Bills receivables at FVTOCI	27,345	9,779	Level 2	Discounted cash flow Risk-adjusted discount rate and cash flow are key inputs	N/A
Deliverable forwards	(294)	(9,620)	Level 2	Discounted cash flow were estimated based on the applicable forward foreign exchange rates	N/A
Structured deposits	1,081,917	354,917	Level 2	income approach — The discounted cash flow method was used to estimate the interest from the underlying bank deposits	N/A
Equity instruments at FVTOCI . . .	483,159	445,109	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher the fair value.

A reasonably possible change in the unobservable input would not change the fair value of the relevant financial instrument significantly, therefore no sensitivity analysis is disclosed.

There were no transfers between the fair value hierarchy levels during the reporting period.

Fair value of financial instruments that are recorded at amortised cost

The management consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements

The following table presents the changes in level 3 financial instruments during the reporting period:

	Equity instruments at FVTOCI
	RMB'000
At 1 January 2024 (audited) and at 31 March 2024 (unaudited)	465,563
At 1 January 2025 (unaudited)	445,109
Purchased	34,797
Fair value changes through other comprehensive income	3,253
At 31 March 2025 (unaudited)	483,159

26. RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the reporting period.

(a) Related parties and relationship

During the reporting period, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of Related Parties	Relationship
Ms. Chau Kwan Fei	Controlling Shareholder
Lens Technology (HK) Co., Limited 藍思科技(香港)有限公司	Holding Company
Changsha Intelligent Robot Research Institute Co., Ltd. ("Changsha Intelligent Robot") 長沙智慧型機器人研究院有限公司	Associate
Changsha Sinocera New Material Co., Ltd. ("Changsha Sinocera") 長沙國瓷新材料有限公司	Associate
Hunan Juhong Technology Co., Ltd. ("Hunan Juhong") 湖南鉅宏科技有限公司	Associate
Dongguan Yuya Technology Co., Ltd. ("Dongguan Yuya") 東莞市裕雅科技有限公司	Associate
Dongguan Yutong Precision Technology Co., Ltd. ("Dongguan Yutong") 東莞市裕同精密科技有限公司	Associate (disposed of before 31 March 2025)
Zibo Jincheng New Materials Co., Ltd. ("Zibo Jincheng") 淄博金成新材料有限公司	Associate
Changsha Ruihong Technology Co., Ltd. ("Changsha Ruihong") 長沙睿鴻科技有限公司	Associate
Ningxia Xinjingsheng Electronic Materials Co., Ltd. ("Ningxia Xinjingsheng") 寧夏鑫晶盛電子材料有限公司	Associate
Hunan Hualian Special Yuanhua Co., Ltd. ("Hunan Hualian Special Yuanhua") 湖南華聯特種陶瓷有限公司	A related company controlled by non-controlling shareholder
Hunan Hualian Torch Porcelain Insulator & Electrical Apparatus Co., Ltd ("Hunan Hualian Torch") 湖南華聯火炬電瓷電器有限公司	A related company controlled by non-controlling shareholder
HAWEMA Werkzeugschleifmaschinen GmbH	A related company controlled by Ms. Chau Kwan Fei
Hunan Miaomiao Shopping Commercial Co., Ltd ("Hunan Miaomiao") 湖南妙妙購商業有限公司	A related company controlled by a close member of Ms. Chau Kwan Fei
Ms. Zhou Yihui 周藝輝	A close family member of Ms. Chau Kwan Fei
Changsha Maijing Technology Co., Ltd ("Changsha Maijing") 長沙麥睛科技股份有限公司	Associate of a related company controlled by Ms. Chau Kwan Fei
Shenzhen Nanke Jia'an Robot Technology Co., Ltd ("Shenzhen Nanke Jia'an") 深圳市南科佳安機器人科技有限公司	Associate of a related company controlled by Ms. Chau Kwan Fei

The Group and the Company entered into the following transactions/balances with the related parties:

(b) Transactions with related parties

(i) *Purchase*

Name of related party	Three months ended 31 March 2025 RMB'000 (Unaudited)	Three months ended 31 March 2024 RMB'000 (Unaudited)
Hunan Juhong	148,174	103,882
Ningxia Xinjingsheng	38,471	49,462
Changsha Maijing	16,988	17,341
Zibo Jincheng	16,295	32,271
Shenzhen Nanke Jia'an	11,357	460
Changsha Sinocera	10,396	7,651
HAWEMA Werkzeugschleifmaschinen GmbH	4,699	—
Changsha Ruihong	1,442	446
Changsha Intelligent Robot	840	241
Dongguan Yuya	—	10,122
Dongguan Yutong	N/A	40,646
	248,662	262,522

(ii) *Finance costs — interest on loan from a related party*

Name of related party	Three months ended 31 March 2025 RMB'000 (Unaudited)	Three months ended 31 March 2024 RMB'000 (Unaudited)
Lens Technology (HK) Co., Limited	—	1,457

(c) Related party balances

(i) *Trade and bills receivables*

Name of related parties	At 31 March 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Changsha Maijing	3,678	6,946
Hunan Juhong	131	329
Changsha Sinocera	1	—
Dongguan Yutong	N/A	2,557
	3,810	9,832

The amounts are in trade nature, unsecured, non-interest bearing and aged within one year at the end of reporting period.

(ii) ***Prepayments for property, plant and equipment***

Name of related parties	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Hunan Juhong	99,682	27,930
Changsha Maijing	7,311	6,433
HAWEMA Werkzeugschleifmaschinen GmbH	1,020	4,801
Changsha Ruihong	839	839
	108,852	40,003

The amounts are in non-trade nature, unsecured, non-interest bearing and the property, plant and equipment will be delivered to the respective entities in accordance with the terms of respective agreements. As at 30 April 2025, the amount of RMB72,781,000 had been transferred to property, plant and equipment and the remaining amount will be transferred to property, plant and equipment before 31 July 2025 as represented by directors of the Company.

(iii) ***Amounts due from related parties***

Name of related parties	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Dongguan Yuya	315	16,700
Changsha Sinocera	233	117
Ms. Chau Kwan Fei	164	165
Hunan Miaomiao	87	85
Hunan Juhong	84	64
Shenzhen Nanke Jia'an	31	29
Changsha Ruihong	4	2
Ms. Zhou Yihui	—	4
Dongguan Yutong	N/A	7,707
	918	24,873

As at 31 March 2025, the amounts include rental and other deposits which are unsecured and repayable according to mutually agreed terms, the remaining amounts, which have been fully settled in April 2025, are non-trade in nature, unsecured, interest-free and repayable on demand.

Maximum amounts due from a director

Name of a director	Three months ended 31 March 2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Ms. Chau Kwan Fei	165	165

(iv) ***Trade and other payables***

Name of related parties	At 31 March 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Hunan Juhong	259,199	117,217
Ningxia Xinjingsheng	73,949	138,423
Changsha Maijing	30,672	38,242
Zibo Jincheng	27,977	57,002
Shenzhen Nanke Jia'an	15,938	4,579
Changsha Sinocera	11,444	11,027
Changsha Ruihong	7,165	6,815
Changsha Intelligent Robot	2,088	2,280
Dongguan Yuya	361	8,649
Hunan Hualian Special Yuanhua	165	295
Hunan Hualian Torch	—	25
Dongguan Yutong	N/A	27,016
	428,958	411,570

The amounts are trade in nature, unsecured, interest-free and repayable within 120 days.

(v) ***Amounts due to related parties***

Name of related parties	At 31 March 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Hunan Juhong	20	20
Shenzhen Nanke Jia'an	5	5
Changsha Ruihong	1	1
	26	26

As at 31 March 2025, the amounts are rental and other deposits, unsecured and repayable according to the mutually agreed terms of payment.

(vi) ***Contract liabilities***

Name of related parties	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Changsha Maijing	1,216	1,216
Shenzhen Nanke Jia'an	1	1
	1,217	1,217

The amounts are trade in nature, unsecured and non-interest bearing.

(vii) ***Lease liabilities***

Name of related party	At 31 March 2025	At 31 December 2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Ms. Chau Kwan Fei	1,215	955

The amounts are non-trade in nature and represent leasing of office and repayable as per the lease contracts. The lease contracts will be mature until June 2026 and the Group intends not to renew or extend the lease before the expiration of the lease.

(d) Compensation of key management personnel

During the reporting period, the remunerations of key management personnel which represent the directors of the Company and other members of key management were as follows:

	Three months ended 31 March	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Salaries, allowances and other benefits	4,084	4,330
Discretionary bonus	22	24
Retirement benefit scheme contributions	24	26
	4,130	4,380

The remuneration of these key executives of the Group is determined by the remuneration committee having regard to the performance of individuals and market trends.

27. EVENT AFTER THE END OF THE REPORTING PERIOD

Except as disclosed in note 12 of the condensed consolidated financial statements, the Group has no other significant event after the end of the reporting period.

*The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for the three years ended 31 December 2024 (the "**Accountants' Report**") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for information only.*

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 as derived from the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024	**Estimated net proceeds from Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 per Share**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(note 1)	*(note 2)*		*(note 3)*	*(note 4)*
Based on an Offer Price of HK$17.38 per Offer Share	43,865,051	4,096,677	47,961,728	9.19	10.07
Based on an Offer Price of HK$18.18 per Offer Share	43,865,051	4,286,743	48,151,794	9.23	10.11

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 is arrived at after (i) deducting intangible assets of RMB1,822,041,000; (ii) deducting goodwill of RMB2,970,144,000 and (iii) adjusting the share of intangible assets attributable to non-controlling interests of RMB595,000 from the consolidated total equity attributable to owners of the Company of RMB48,656,641,000 as at 31 December 2024 which is extracted from the Accountants' Report set forth in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 262,256,800 H Shares to be issued at the Offer Price of HK$17.38 and HK$18.18 per Offer Share, being the low end and high end of the indicated Offer Price range respectively, after deduction of the estimated listing expenses and share issue costs (including underwriting fees and other related expenses) incurred or expected to be incurred by the Group subsequent to 31 December 2024, other than those expenses which had been recognised in profit or loss prior to 31 December 2024. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) any Shares which may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the share scheme, or (iii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

For the purpose of calculating the estimated net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at an exchange rate of HK$1 to RMB0.9133, which was the exchange rate prevailing on 20 June 2025 with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

(3) The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on 5,216,614,413 Shares, comprising 4,954,357,613 Shares in issue as at 31 December 2024 excluding 23,817,167 Shares held by the Company in treasury and 4,704,491 restricted shares which are contingently returnable as at 31 December 2024 as detailed in note 36 of the Accountants' Report and 262,256,800 H Shares to be issued, assuming the Global Offering had been completed on 31 December 2024. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) any Shares which may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the share scheme, or (iii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from Renminbi to Hong Kong dollars at the rate of RMB0.9133 to HK$1, which was the exchange rate prevailing on 20 June 2025 with reference to the rate published by the People's Bank of China. No representation is made that the Renminbi amounts have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that date or at any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 to reflect any operating result or other transactions of the Group entered into subsequent to 31 December 2024.

In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on Page II-1 has not taken into account payment of dividends of RMB1,983,582,000 which was approved by the Shareholders at the general meeting on 18 April 2025.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 per Share would have been RMB8.81 (equivalent to HK$9.65) and RMB8.85 (equivalent to HK$9.69) per Share based on the Offer Price of HK$17.38 and HK$18.18, respectively, if the dividend had been taken into account as at 31 December 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Lens Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lens Technology Co., Ltd. 藍思科技股份有限公司 (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2024 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 June 2025 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 31 December 2024 as if the Global Offering had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2024, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2025

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARE ISSUES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of separate resolutions at the general meeting:

(i) issuing shares to unspecified parties;

(ii) issuing shares to specific targets;

(iii) distribution of bonus shares to existing shareholders;

(iv) converting the reserve funds into share capital;

(v) other means approved by the laws, administrative regulations or approved by the CSRC or other securities regulatory authorities of the place where the shares of the Company are listed.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in the Company Law of the People's Republic of China ("Company Law") and other relevant regulations as well as the Articles of Association.

REPURCHASE OF SHARES

The Company shall not acquire its own shares, except in any of the following circumstances:

(i) to reduce the registered capital of the Company;

(ii) to merger with other companies holding shares in the Company;

(iii) to use shares for employee shareholding schemes or as equity incentives;

(iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings regarding the merger or division of the Company;

(v) to use the shares to satisfy the conversion of the convertible corporate bonds into shares issued by the Company;

(vi) to safeguard corporate value and shareholders' interests as the Company deems necessary.

Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) as set out above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) as set out above, such acquisition shall be resolved at a general meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) as set out above, such acquisition shall be resolved at a Board meeting attended by at least 2/3 of the directors in accordance with the applicable securities regulatory rules of the place where the shares of the Company are listed.

Where the Company acquires its shares under the circumstances prescribed in item (i) as set out above, such shares shall be cancelled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) as set out above, such shares shall be transferred or cancelled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares, and such shares shall be transferred or cancelled within three years. If there are other provisions in the laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed on matters relating to the share repurchases, such provisions shall prevail.

TRANSFER OF SHARES

Shares of the Company shall be transferred in accordance with the laws.

The Directors, Supervisors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. In the event that the securities regulatory rules of the place where the shares of the Company are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

When shareholders holding more than 5% of the shares, Directors, Supervisors and senior management officers of the Company sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains are owned by the Company and the Board of Directors of the Company shall recover its resulting gains. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the CSRC are excluded. If there are other securities regulatory rules of the place where the shares of the Company are listed, those regulations shall prevail.

The shares or other equity securities held by the Directors, Supervisors, senior management officers and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouse, parents, children, and those held through the accounts of others.

Shareholders may require the Board of Directors of the Company to comply with the above requirement within 30 days if the Board of Directors fails to do so. In the event that the Board of Directors of the Company fails to rectify the situation within the said timeline, shareholders may file a legal action to the people's court in their own name for safeguarding the interests of the Company. If the Board of Directors of the Company fails to comply with the above requirement, relevant responsible Directors shall bear joint liability pursuant to the laws.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities registration agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The original register of shareholders of H shares listed in Hong Kong shall be kept in Hong Kong and made available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with the applicable laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed. Any person who is a shareholder registered on the register of shareholders of H shares or who requests his/her/its name be entered in the register of shareholders of H shares may, if his/her/its share certificate relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares. Application by a holder of overseas listed shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of overseas listed shares is maintained, the rules of the stock exchange or other relevant regulations.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other distributions in proportion to the number of shares held;

(ii) To request, convene, hold, participate or send proxy to attend general meetings and exercise corresponding rights to speak and vote in accordance with the law;

(iii) To monitor, make suggestions on or question the Company's operation;

(iv) To transfer, donate or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;

(v) to inspect and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the meetings of the Board of Directors, resolutions of the meetings of the Supervisory Committee, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

(vii) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;

(viii) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders demanding inspection or duplication of the relevant information or copies of the materials mentioned in the preceding provision shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request in accordance with the Company Law, the Securities Law of the People's Republic of China ("Securities Law"), and other relevant laws, administrative regulations, and the Articles of Association.

If a resolution passed at the Company's general meeting or the Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people's court to render the resolution invalid. If the procedures for convening, or the method of voting at, a general meeting or a Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people's court to rescind such resolution within 60 days of the adoption of such resolution, unless the procedures for convening, or the method of voting at, a general meeting or a Board meeting only contains a minor defect without a substantial impact on the resolution.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Board of Supervisors to file an action with the people's court. Where supervisors violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Board of Supervisors or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may file an action with the court.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of Shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed for and Share participation methods;

(iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

(i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;

(ii) to strictly implement the public statements and undertakings made and shall not change or waive them;

(iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;

(iv) not to appropriate the Company's funds in any way;

(v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

(vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;

(viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;

(ix) other provisions of laws, administrative regulations, the CSRC, the stock exchange and the Articles of Association. Where a controlling shareholder or actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or actual controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

GENERAL RULES OF THE GENERAL MEETING

The General Meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

(i) to elect and replace directors and supervisors who are not employee representatives, and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to consider and approve the reports of the Board;

(iii) to consider and approve the report of the Board of Supervisors;

(iv) to consider and approve the Company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of the registered capital of the Company;

(vi) to resolve on the issue of securities or bonds of the Company;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(viii) to amend the Articles of Association;

(ix) to resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;

(x) to consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;

(xi) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(xii) to consider and approve the change in use of proceeds;

(xiii) to consider share incentive schemes and employee share ownership schemes;

(xiv) to consider any related party transactions (excluding the receipt by the Company of cash assets, and provision of guarantee by the Company) between the Company and related parties, whose amount is more than RMB30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company, related party transactions between the Company and the Company's directors, supervisors, senior managers and their spouses, and related party transactions with provision of guarantee to the related parties by the Company;

(xv) to resolve on the purchase of shares of the Company under the circumstances specified in Article 25, items (1) and (2) of the Articles of Association;

(xvi) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be decided by the General Meeting.

The General Meeting may authorize the Board of Directors to make a resolution on the issuance of bonds of the Company. Unless otherwise stipulated in the laws, administrative regulations, and departmental rules, the aforesaid functions and powers of the General Meeting shall not be exercised by the Board of Directors or other bodies and individuals through any form of authorization.

The following acts of the Company's external guarantees shall be considered and approved by the General Meeting:

(i) any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of its latest audited net assets;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of its latest audited total assets;

(iii) the total amount of guarantees within one year exceeds 30% of the latest audited total assets of the Company;

(iv) any guarantee provided to any guaranteed party with assets-liabilities ratio exceeding 70%;

(v) any single guarantee exceeding 10% of the latest audited net assets;

(vi) any guarantees to be provided for shareholders, actual controllers and their related parties;

(vii) other guarantees that shall be considered by the General Meeting as required by laws, administrative rules and regulations, securities regulatory rules of the place where the shares of the Company are listed or other regulatory documents.

The General Meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

(i) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;

(ii) when the unrecovered losses of the Company amount to one-third of the total share capital;

(iii) when shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting;

(iv) when the Board of Directors deems it necessary;

(v) when the Board of Supervisors proposes to hold such a meeting;

(vi) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

In the event that an extraordinary general meeting is convened at the request of the securities regulatory rules of the place where the shares of the Company are listed, the effective date of the extraordinary general meeting may be adjusted in accordance with the clearance progress of the stock exchange where the Company's shares are listed.

CONVENING OF GENERAL MEETINGS

The Board of Directors shall convene the general meeting on time within the specified period as stipulated in the Articles of Association. Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The Supervisory Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Supervisory Committee. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board of Directors to convene an extraordinary general meeting and such requisition shall be made in writing to the Board of Directors The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose the Supervisory Committee to convene the extraordinary general meeting and such requisition shall be made in writing to the Supervisory Committee.

Where the Supervisory Committee agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Supervisory Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the general meeting is convened by the Supervisory Committee or shareholders on their own, it shall notify the Board of Directors in writing and file a record with the Shenzhen Stock Exchange at the same time. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The Supervisory Committee or the shareholders who convene the meeting shall submit the relevant evidentiary materials to the Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

Where the Supervisory Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

PROPOSALS AND NOTICES OF GENERAL MEETING

When the Company convenes a general meeting, the Board of Directors, the Supervisory Committee and shareholders who individually or jointly hold more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the general meeting. If the general meeting needs to be postponed due to the issuance of a supplementary notice of the shareholders' meeting according to the securities regulatory rules of the place where the shares of the Company are listed, the convening of the general meeting shall be postponed according to the securities regulatory rules of the place where the shares of the Company are listed.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all shareholders by announcement at least 21 days prior to the convention of an annual general meeting, or at least 15 days prior to the convention of an extraordinary general meeting. The Company shall not include the date of convention of meeting into the calculation of starting and ending time.

Notice of the general meeting shall contain:

(i) the date, venue and duration of the meeting;

(ii) matters and proposals submitted for consideration at the meeting;

(iii) a clear statement that: each shareholder is entitled to attend the general meeting in person, or appoint one or more proxies who need not be shareholders of the Company, to attend and vote on his/its behalf;

(iv) the date of record for the determination of shareholders who are entitled to attend the general meeting;

(v) name and telephone number of permanent contact person;

(vi) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, or any senior management personnel in the matters to be discussed and the effect of the matters to be discussed on them in their capacity as shareholders so far as it is different from the effect on the interest of shareholders of the same class;

(vii) time and procedures for voting online or by other means.

HOLDING OF GENERAL MEETINGS

All shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and vote on his/her behalf.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation, except for shareholder who is a recognized clearing house and its nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed. If such corporate shareholder has appointed a proxy to attend the meeting in accordance with the provisions of the Articles of Association, it shall be deemed to be present in person.

If the shareholder is a recognized clearing house, it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), as if such person is an individual shareholder of the Company.

VOTING AND RESOLUTIONS AT GENERAL MEETINGS

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

(i) work reports of the Board and the supervisory committee;

(ii) plans formulated by the Board for the distribution of profits and for making up losses;

(iii) appointment and removal of the members of the Board and the supervisory committee, their remunerations and methods of payment;

(iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

(i) the increase or reduction of share capital of the Company;

(ii) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;

(iii) amendments to the Articles of Association;

(iv) the acquisition or disposal of major assets or guarantees within one year reaches or exceeds 30% of the Company's latest audited total assets;

(v) equity incentive plan;

(vi) adjustments or amendments to the cash dividend policy;

(vii) consider and approval of the resolution on repurchase of the Company's share under the circumstances stipulated in Article 25(1) and (2) of the Articles of Association;

(viii) any other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.

The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting.

The Board of the Company, independent directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations or requirements of the CSRC may publicly solicit shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

DIRECTORS AND THE BOARD OF DIRECTORS

General provisions in relation to directors

A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

(i) lacking or having limited capacity to engage in civil juristic acts;

(ii) having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than 5 years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than 2 years having elapsed since the completion date of the probation period;

(iii) acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with 3 years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;

(iv) acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation, with 3 years having not elapsed since the revocation date of the business license thereof;

(v) classified as a dishonest person subject to enforcement due to significant outstanding debts that have become due but have not been paid;

(vi) prohibited from entering the securities market by the CSRC with the penalty period not yet expired;

(vii) recognized by stock exchanges as unsuitable for serving as a director, supervisor or senior management officer of a company, with the disciplinary action period not yet expired;

(viii) other circumstances as stipulated by the laws, administrative regulations, departmental regulation, and other securities regulatory rules of the places where the Company's shares are listed.

Directors shall comply with laws, administrative regulations, and the articles of association, and owe fiduciary duties to the Company. They shall take measures to avoid conflicts of interest between themselves and the Company, and shall not exploit their positions to seek improper benefits. Directors owe the following fiduciary duties to the Company:

(i) They shall not misappropriate Company property or embezzle Company funds;

(ii) They shall not deposit Company funds into accounts opened in their personal names or in the names of other individuals;

(iii) They shall not solicit or accept bribes or other illegal benefits through their authority;

(iv) They shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the General meeting and obtained approval through a resolution of the General meeting or the Board of Directors in accordance with the articles of association;

(v) They shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or General meeting and approved by a resolution of the General meeting; or the Company is legally, administratively, or under its articles of association unable to pursue such opportunities;

(vi) They shall not engage in any business competing with the Company, either on their own behalf or for others, unless they have reported to the Board of Directors or General meeting and obtained approval through a resolution of the General meeting;

(vii) They shall not retain commissions derived from transactions between third parties and the Company;

(viii) They shall not disclose Company secrets without authorization;

(ix) They shall not harm the Company's interests through their affiliated relationships;

(x) They shall comply with other fiduciary duties stipulated by laws, administrative regulations, departmental rules, and the articles of association.

Any income obtained by Directors in violation of this provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation.

Any contract or transaction entered into between the Company and immediate family members of Directors, senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their immediate family members, and other connected persons affiliated with Directors or senior management personnel, shall be governed by Article 100, Paragraph 2(iv) of the articles of association.

The Directors shall abide by the provisions of laws, administrative regulations and the articles of association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management. The Directors have the following diligent obligations to the Company:

(i) shall exercise prudently, conscientiously and diligently the rights conferred by the Company in order to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations and various economic policies, and that the business activities do not exceed the scope of business stipulated in the business license;

(ii) all Shareholders shall be treated fairly;

(iii) to keep abreast of the business operation and management of the Company;

(iv) a written confirmation opinion shall be signed on the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall truthfully provide the supervisory board with relevant information and information, and shall not hinder the supervisory board or the supervisor from exercising their powers;

(vi) other diligent obligations under laws, administrative regulations, departmental regulations, the securities regulatory rules of the place where the shares of the Company are listed and the articles of association.

The Company has established a director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a Director takes effect or the term of office expires, all transfer procedures shall be completed to the board of directors, and the fidelity obligations of the director to the Company and the Shareholders shall not be automatically discharged after the end of the term of office, but shall remain valid for two years after the resignation of the director takes effect or the term of office expires. Its obligation to keep the Company's trade secrets confidential shall survive the termination of its duties until such time as the secrets become public information. The Directors' responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office.

BOARD OF DIRECTORS

The Board of Directors consists of seven Directors, four of whom are independent Directors.

The Board of Directors exercises the following powers:

(i) To convene the general meeting and report on work to the general meeting;

(ii) Implement the resolutions of the general meeting;

(iii) Determine the business and investment plans of our Company;

(iv) Devise the earnings distribution and loss offset plans of our Company;

(v) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;

(vi) Make resolution on the plan for the purchase of shares of our Company in the circumstances specified in Article 25, paragraph 1, item (3), (4) or (5) of the Articles of Association;

(vii) Formulate plans for major acquisitions of the Company, the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of our Company;

(viii) Determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the general meeting;

(ix) Decide on the setup of our Company's internal management organization;

(x) To decide on matters such as appointment or dismissal of the Company's general manager and other senior officers and on their compensation and incentives/ disincentives; to decide on matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;

(xi) Set the basic management systems of our Company;

(xii) Make the modification plan to the Articles of Association;

(xiii) Manage the disclosure of company information;

(xiv) Request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;

(xv) Attend to the work report of our Company's general manager and review the work of the general manager;

(xvi) Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Matters beyond the scope of authorization of the general meeting should be submitted by the Board of Directors to the general meeting for discussion.

If any Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, the said Director shall report to the Board of Directors in writing in a timely manner and shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

INDEPENDENT DIRECTORS

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (1) to (3) of the paragraph 1 of Article 132 and Article 133 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors may study and discuss other matters of our Company as needed.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings

The Company shall facilitate and support the convening of special meetings of independent directors.

SPECIAL COMMITTEES OF THE BOARD

The Board of the Company has established an Audit Committee. The Audit Committee consists of three members, who are directors not holding senior management positions in the Company. Among them, there are three independent directors, and shall be convened by an accounting professional among the independent directors.

The Board of the Company has established other special committees such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision-making. The working procedures of the special committees shall be formulated by the Board.

SENIOR MANAGEMENT MEMBERS

The Company has one general manager, who is appointed or dismissed by the Board. The Company has several deputy general managers, who are appointed or dismissed by the Board. The general manager, deputy general managers, chief financial officer, secretary of the Board and other senior management personnel recognized by the Board of the Company are the senior management members of the Company.

The general manager is responsible to the Board and exercises the following authorities:

(i) preside over the production, operation and management work of the Company, organize the implementation of the resolutions of the Board, and report the work to the Board;

(ii) organize the implementation of the Company's annual business plan and investment plan;

(iii) draft the Company's internal management organization setup plan;

(iv) draft the Company's basic management system;

(v) formulate the specific rules and regulations of the Company;

(vi) propose to the Board the appointment or dismissal of the Company's deputy general managers and chief financial officer;

(vii) decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board;

(viii) other authorities granted by the Articles or the Board.

The general manager shall attend the meetings of the Board as a non-voting participant.

The Company has a secretary of the Board, who is responsible for the preparation of the meetings of the general meeting and the Board of the Company, the custody of documents, the management of the Company's shareholder information, and handling matters related to information disclosure, etc.

The secretary of the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules and regulations and the Articles.

SUPERVISORY COMMITTEE

Supervisors

Directors, the general manager and other senior management personnel shall not concurrently serve as supervisors.

The term of office of a supervisor is three years for each term. Upon the expiration of a supervisor's term of office, he/she may be re-elected for consecutive terms if re-elected.

Supervisors may attend of the Board meetings as non-voting participants and raise inquiries or suggestions regarding the matters to be resolved by the Board.

SUPERVISORY COMMITTEE

The Company has a Supervisory Committee. The Supervisory Committee is composed of three supervisors, and there is one chairman of the Supervisory Committee. The chairman of the Supervisory Committee is elected by more than half of all the supervisors. The chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee; if the chairman of the Supervisory Committee is unable to perform his/her duties or fails to perform his/her duties, one supervisor shall be jointly elected by more than half of the supervisors to convene and preside over the meetings of the Supervisory Committee.

The Supervisory Committee includes two shareholder representatives and one employee representative. The employee representative on the Supervisory Committee shall be democratically elected by the employees of the Company through the Employees' Representative Meeting, the Employees' Meeting or other forms.

The Supervisory Committee shall exercise the following authorities:

(i) review the periodic reports of the Company prepared by the Board and issue written review opinions;

(ii) examine the financial affairs of the Company;

(iii) supervise the acts of directors and senior management personnel in the performance of their duties for the Company, and propose the removal of directors and senior management personnel who violate laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, the Articles or the resolutions of the general meeting;

(iv) require directors and senior management personnel to correct their acts when such acts damage the interests of the Company;

(v) propose the convening of the EGM, and convene and preside over the general meeting when the Board fails to perform its duties of convening and presiding over the general meeting as stipulated in the Company Law;

(vi) submit proposals to the general meeting;

(vii) initiate legal proceedings against directors and senior management personnel in accordance with the provisions of Article 189 of the Company Law;

(viii) conduct investigations when it discovers abnormal business operations of the Company. When necessary, it may engage professional institutions such as accounting firms and law firms to assist in its work, and the expenses shall be borne by the Company;

(ix) other authorities granted by laws, administrative regulations, departmental rules and regulations, the listing rules of the stock exchange where the Company's shares are listed, the Company's articles of association or the general meeting.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall submit an annual financial report to the competent authorities of CSRC and the stock exchange within 4 months after the end of each fiscal year, submit and disclose its interim report to the competent authorities of CSRC and the stock exchange within 2 months after the end of the first half of each accounting year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations and the provisions of the CSRC and the stock exchange, and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for shareholders of H shares. The receiving agent(s) shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, and transmit such payments to such shareholders of H shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company's registered capital immediately prior to such capital increase through provident fund transfer

After the shareholders make a decision for distribution of profits in general meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board of Directors must finish distributing the dividends (or shares) within two months.

INTERNAL AUDIT

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall appoint an accounting firm in compliance with the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and selection of the Company's accounting firm shall be submitted to the Board of Directors for deliberation and decided by the general meeting after being approved by a majority of all members of the Audit Committee. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 15 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

(i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the general meeting resolves to dissolve the Company;

(iii) dissolution is necessary due to merger or division of the Company;

(iv) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;

(v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) above and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution. The liquidation committee shall comprise the Directors, unless the Articles of Association provide otherwise or it is resolved at a general meeting to elect another person(s). If a liquidation committee is not established within the deadline for liquidation, creditors may apply to the people's court to designate relevant personnel to form a liquidation committee for liquidation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in the designated newspapers and periodicals or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(i) After the amendments are made to the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are listed;

(ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(iii) the general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

FURTHER INFORMATION ABOUT THE COMPANY

Incorporation

The Company was established as a limited liability company under the laws of the PRC on December 21, 2006 and was converted into a joint stock company with limited liability on June 13, 2011.

The Company has established a place of business at Unit A, 7/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on March 27, 2025, with Ms. Yu Wing Sze of 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong appointed as the Hong Kong authorised representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in "Regulatory Overview" and "Appendix III — Summary of the Articles of Association" in this Prospectus, respectively.

Changes in the Share Capital of the Company

As approved by the Board on September 22, 2023, a total of 9,747,983 Type I Restricted Shares were granted to eligible participants pursuant to the 2023 Restricted Share Incentive Plan. The Company completed the share registration of such 9,747,983 Shares on October 16, 2023 and the total issued share capital of the Company was increased from 4,973,479,998 A Shares to 4,983,227,981 A Shares.

As approved by the Board on April 19, 2024, a total of 158,200 Type I Restricted Shares were repurchased by the Company under a repurchase mandate pursuant to the 2023 Restricted Share Incentive Plan and cancelled on May 30, 2024. The total issued share capital of our Company was then decreased from 4,983,227,981 A Shares to 4,983,069,781 A Shares.

As approved by the Board on September 25, 2024, a total of 190,510 Type I Restricted Shares were repurchased by the Company under a repurchase mandate pursuant to the 2023 Restricted Share Incentive Plan and cancelled on November 21, 2024. The total issued share capital of our Company was then decreased from 4,983,069,781 A Shares to 4,982,879,271 A Shares.

As approved by the Board on March 27, 2025, a total of 107,100 Type I Restricted Shares were repurchased by the Company under a repurchase mandate pursuant to the 2023 Restricted Share Incentive Plan and cancelled on April 16, 2025. The total issued share capital of our Company was then decreased from 4,982,879,271 A Shares to 4,982,772,171 A Shares.

Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this Prospectus.

Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering

At the general meeting of the Shareholders held on March 28, 2025, the following resolutions, among other things, were duly passed:

(i) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(ii) the number of H Shares to be issued shall be no more than 7.00% of the total issued share capital of our Company as enlarged by the Global Offering, and the grant of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued pursuant to the Global Offering;

(iii) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Hong Kong Stock Exchange; and

(iv) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Hong Kong Listing Rules.

Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 44 to the Accountant's Report as set out in Appendix I.

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this Prospectus:

- on June 26, 2023, the registered capital of Lens Intelligent Control was increased from RMB716,112,640 to RMB826,112,640;
- on August 28, 2023, the registered capital of Shenzhen Lens Intelligent Manufacturing Technology Company Limited* (深圳藍思智造科技有限公司) was decreased from RMB50,000,000 to RMB2,000,000;
- on September 28, 2023, the registered capital of Lens Taizhou was increased from RMB4,151,397,559 to RMB4,511,397,559;
- on December 25, 2023, the registered capital of Lens Taizhou was increased from RMB4,511,397,559 to RMB4,611,397,559;
- on August 20, 2024, the registered capital of Lens Changsha was decreased from US$3,543,887,632 to US$3,103,032,467;
- on August 20, 2024, the registered capital of Lens System Integration was decreased from RMB271,325,618 to RMB110,116,718; and
- on September 5, 2024, the registered capital of Shenzhen Lens System Integration Company Limited* (深圳市藍思系統集成有限公司) was decreased from RMB50,000,000 to RMB5,000,000.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this Prospectus.

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

The Group has entered into the following contracts (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that is or may be material:

(a) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Green Better Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(b) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Olympic Country Company Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(c) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, UBS Asset Management (Singapore) Ltd., CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$50,000,000;

(d) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Oaktree Capital Management, L.P., CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$25,000,000;

(e) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, LMR Multi-Strategy Master Fund Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$30,000,000;

(f) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Redwood Elite Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$6,000,000;

(g) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, QRT Master Fund SPC, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(h) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Poly Platinum Enterprise Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000;

(i) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Infini Global Master Fund, CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000;

(j) a cornerstone investment agreement dated June 27, 2025 entered into among the Company, Verition Multi-Strategy Master Fund Ltd., CITIC Securities (Hong Kong) Limited, CLSA Limited and Merrill Lynch (Asia Pacific) Limited, with respect to a subscription of the Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000; and

(k) the Hong Kong Underwriting Agreement.

Intellectual Property

As of December 31, 2024, the following intellectual property rights are material to the Group's business.

Trademarks

As of December 31, 2024, the Group had registered the following trademarks which are material to our business.

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	LENS	40	the Company	PRC	22602816	February 13, 2028
2.	蓝思	40	the Company	PRC	16852935	July 13, 2026
3.	蓝思	9	the Company	PRC	16820789	October 13, 2026
4.	蓝思科技	40	the Company	PRC	16852911	June 27, 2026
5.	蓝思科技	14	the Company	PRC	16850827	June 27, 2026
6.	蓝思科技	9	the Company	PRC	16820788	October 13, 2026
7.	蓝思科技	6	the Company	PRC	22602857	February 13, 2028
8.	LENS	40	the Company	PRC	16852883	June 27, 2026
9.	LENS	9	the Company	PRC	16820787	October 13, 2026

Domain Names

As of December 31, 2024, the Group had registered the following domain names which are material to our business.

No.	Domain Name	Registered Owner	Expiry Date
1.	hnlens.com	the Company	October 9, 2029
2.	hnlens.net	the Company	May 6, 2028
3.	tzlens.com	Lens Taizhou	October 22, 2025

Patents

As of December 31, 2024, the Group had registered the following patents which are material to our business.

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Registration
1.	A Multi-in-one Polishing Machine and Polishing Method (一種多位一體拋光機及拋光方法)	Invention Patent	the Company	PRC	ZL202311006892.1	August 11, 2023
2.	Copper Disc for Sapphire Polishing, and Method of Repairing Double-Face Copper Disc (一種藍寶石拋光用銅盤及其修盤方法)	Invention Patent	the Company	PRC	ZL201410272515.7	June 18, 2014
3.	Copper Disc for Sapphire Polishing, and Method of Repairing Double-Face Copper Disc (一種藍寶石拋光用銅盤及其修盤方法)	Invention Patent	the Company	Japan	JP6364508B2	June 18, 2015
4.	Copper Disc for Sapphire Polishing, and Method of Repairing Double-Face Copper Disc (一種藍寶石拋光用銅盤及其修盤方法)	Invention Patent	the Company	South Korea	KR101930240B1	June 18, 2015
5.	Copper Disc for Sapphire Polishing, and Method of Repairing Double-Face Copper Disc (一種藍寶石拋光用銅盤及其修盤方法)	Invention Patent	the Company	U.S.	US10220486B2	June 18, 2015
6.	A Strengthening Method for Tempered Glass (一種強化玻璃的強化方法)	Invention Patent	the Company	PRC	ZL201510422554.5	July 17, 2015
7.	A Pretreatment Method before Glass Strengthening and a Glass Strengthening Method including the Same (玻璃強化處理前的預處理方法及包含其的玻璃強化處理方法)	Invention Patent	the Company	PRC	ZL202111097535.1	September 18, 2021

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Registration
8.	A Method for Reducing the Stress in Tempered Glass and a Recycling Method for Defective Glass Products (降低強化玻璃應力的方法及玻璃不良品的回收利用方法)	Invention Patent	the Company	PRC	ZL201811233295.1	October 22, 2018
9.	An Additive Capable of Extending the Service Life of Chemical Tempering Molten Salt (一種能延長化學鋼化熔鹽使用壽命的添加劑)	Invention Patent	the Company	PRC	ZL201010555918.4	November 19, 2010
10.	Low-reflection AR Film, Ultra-hard AR-AS Film, Glass Display Cover Plate, Display Device, and Electronic Device (低反射AR膜、超硬AR-AS膜、玻璃顯示蓋板、顯示裝置和電子設備)	Utility Model	the Company	PRC	ZL202321769489.X	July 6, 2023
11.	A Scratch-resistant Transparent Film and Its Preparation Method (一種耐劃傷透明膜及其製備方法)	Invention Patent	the Company	PRC	ZL201610349436.0	May 24, 2016
12.	Manufacturing Method for Ink Pattern-containing Curved Glass (一種含油墨圖案的曲面玻璃的製備方法)	Invention Patent	the Company	PRC	ZL201610863923.9	September 29, 2016
13.	Manufacturing Method for Ink Pattern-containing Curved Glass (一種含油墨圖案的曲面玻璃的製備方法)	Invention Patent	the Company	South Korea	KR102221933B1	October 21, 2016
14.	A Silkscreen Protective Ink Composition and Silkscreen Printing Method (一種絲印保護油墨組合物及絲印方法)	Invention Patent	the Company	PRC	ZL201410739835.9	December 8, 2014
15.	A Production Process for Gradient Color Film Sheets (一種漸變色菲林膜片的生產工藝)	Invention Patent	the Company	PRC	ZL201810928278.3	August 15, 2018
16.	CNC Positioning Device and CNC Equipment (CNC定位裝置及CNC設備)	Utility Model	the Company	PRC	ZL202121507431.9	July 5, 2021
17.	A CNC Processing Equipment and Its Positioning Device (一種CNC加工設備及其定位裝置)	Utility Model	the Company	PRC	ZL202122478915.1	October 14, 2021
18.	Touch Panel and Preparation Method Therefor (一種觸控面板及其製備方法)	Invention Patent	Lens Changsha	PRC	ZL201410504010.9	September 26, 2014
19.	Touch Panel and Preparation Method Therefor (觸控面板及其製備方法)	Invention Patent	Lens Changsha	U.S.	US9971182B2	September 10, 2015

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Registration
20.	Touch Panel and Preparation Method Therefor (觸控面板及其製備方法)	Invention Patent	Lens Changsha	South Korea	KR101914301B1	September 10, 2015
21.	A Touch Panel and Its Preparation Method (一種觸控面板及其製備方法)	Invention Patent	Lens Changsha	PRC	ZL201510616127.0	September 24, 2015
22.	UV Film Sensor and Preparation Method Therefor, and Touch Control Screen (UV菲林感應器、其製備方法及觸控屏)	Invention Patent	Lens Changsha	PRC	ZL201410640101.5	November 13, 2014
23.	UV Film Sensor and Preparation Method Therefor, and Touch Control Screen (UV薄膜傳感器及其製造方法和觸摸屏)	Invention Patent	Lens Changsha	Japan	JP6386671B2	September 10, 2015
24.	UV Film Sensor and Preparation Method Therefor, and Touch Control Screen (UV薄膜傳感器及其製造方法和觸摸屏)	Invention Patent	Lens Changsha	South Korea	KR101957192B1	September 10, 2015
25.	UV Film Sensor and Preparation Method Therefor, and Touch Control Screen (UV薄膜傳感器及其製造方法和觸摸屏)	Invention Patent	Lens Changsha	U.S.	US10698539B2	September 10, 2015
26.	Pressure Touch Screen, and Display Device (壓力觸控屏及顯示裝置)	Invention Patent	Lens Changsha	PRC	ZL201611186164.3	December 20, 2016
27.	A Touchscreen with 3D Display Function and Its Manufacturing Method (一種具備3D顯示功能的觸摸屏及其製作方法)	Invention Patent	Lens Changsha	PRC	ZL201510508058.1	August 18, 2015
28.	A Strengthening Method for Ultra-thin Glass, and Ultra-thin Glass, Flexible Screens, and Devices (超薄玻璃的強化方法及超薄玻璃、柔性屏幕和設備)	Invention Patent	Lens Changsha	PRC	ZL202110308469.1	March 23, 2021
29.	Glass Strengthening Method (玻璃強化方法)	Invention Patent	Lens Changsha	PRC	ZL202210031638.6	January 12, 2022
30.	A Tempered Glass Molten Salt and a Processing Method for Tempered Glass (一種鋼化玻璃熔鹽及鋼化玻璃的處理方法)	Invention Patent	Lens Changsha	PRC	ZL201810619981.6	June 15, 2018
31.	Anti-fingerprint Film, Glass Products, and Their Preparation Method (防指紋膜、玻璃製品及其製備方法)	Invention Patent	Lens Changsha	PRC	ZL202110470486.5	April 29, 2021
32.	A Colorless Hard AR film and Its Preparation Method (一種無色硬質AR膜及其製備方法)	Invention Patent	Lens Changsha	PRC	ZL201510808227.3	November 19, 2015
33.	Preparation Method for Non-metal Absorptive Gradient Films, Membrane-equipped Devices, and Electronic Products (非金屬吸收漸變薄膜的製備方法、具膜器件和電子產品)	Invention Patent	Lens Changsha	PRC	ZL202110488326.3	May 6, 2021

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Registration
34.	Coating Umbrella and Coating Equipment (鍍膜傘及鍍膜設備)	Utility Model	Lens Changsha	PRC	ZL201720910200.X	July 25, 2017
35.	Method for Forming Curved Glass (一種曲面玻璃的成型方法)	Invention Patent	Lens Changsha	PRC	ZL201410782315.6	December 16, 2014
36.	Method for Forming Curved Glass (一種曲面玻璃的成型方法)	Invention Patent	Lens Changsha	Japan	JP6542895B2	September 10, 2015
37.	Method for Forming Curved Glass (一種曲面玻璃的成型方法)	Invention Patent	Lens Changsha	South Korea	KR102025686B1	September 10, 2015
38.	Method for Forming Curved Glass (一種曲面玻璃的成型方法)	Invention Patent	Lens Changsha	U.S.	US10759689B2	September 10, 2015
39.	A Glass Heat Bending Machine and Its Heat Bending Process (一種玻璃熱彎機及其熱彎工藝)	Invention Patent	Lens Changsha	PRC	ZL201710390508.0	May 27, 2017
40.	Electronic Devices, Curved Lenses, and Their Processing Methods (電子設備、曲面鏡片及其加工方法)	Invention Patent	Lens Changsha	PRC	ZL201710725434.1	August 22, 2017
41.	Transfer Equipment and Its Printing Method (轉印設備及其印刷方法)	Invention Patent	Lens Changsha	PRC	ZL202110465880.X	April 28, 2021
42.	Printing Equipment and Its Printing Method (印刷設備及其印刷方法)	Invention Patent	Lens Changsha	PRC	ZL202110466733.4	April 28, 2021
43.	A Method of Preparing a Gradient Color Film (一種漸變色薄膜的製備方法)	Invention Patent	Lens Changsha	PRC	ZL202110000869.6	January 4, 2021
44.	A Method for Polishing AG Glass, Luminance Gradient AG Glass, and Mobile Phone (拋光AG玻璃的方法、亮度漸變的AG玻璃和手機)	Invention Patent	Lens Changsha	PRC	ZL202110396920.X	April 13, 2021
45.	Gradient Color Spraying Process, Cover Plate, and Electronic Devices (漸變色噴塗工藝、蓋板及電子設備)	Invention Patent	Lens Changsha	PRC	ZL202110748393.4	July 1, 2021
46.	Loading Equipment, and CNC Processing Equipment (上料設備及CNC加工設備)	Invention Patent	Lens Changsha	PRC	ZL201810398845.9	April 28, 2018

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Registration
47.	Optical Fingerprint Sensor Structures and Electronic Devices (光學指紋傳感器結構及電子設備)	Invention Patent	Lens Changsha	PRC	ZL201711062368.0	November 2, 2017
48.	Covers, Ultrasonic Fingerprint Sensor Structures and Electronic Devices (蓋板、超聲指紋傳感器結構及電子設備)	Invention Patent	Lens Changsha	PRC	ZL201710956811.2	October 13, 2017
49.	Optical Fingerprint Sensors, Terminal Equipment and Optical Fingerprint Sensor Processing Technology (光學式指紋傳感器、終端設備及光學式指紋傳感器加工工藝)	Invention Patent	Lens Changsha	PRC	ZL201710796548.5	September 6, 2017
50.	Optical Fingerprint Sensor Device and Electronic Devices (光學指紋傳感裝置與電子設備)	Invention Patent	Lens Changsha	PRC	ZL201710797091.X	September 6, 2017
51.	Fingerprint Sensor Device and Smart Terminal (指紋傳感裝置及智能終端)	Invention Patent	Lens Changsha	PRC	ZL201710797085.4	September 6, 2017
52.	Fingerprint Sensor, Smart Terminal, and Fingerprint Sensor Packaging Method (指紋傳感器、智能終端及指紋傳感器封裝方法)	Invention Patent	Lens Changsha	PRC	ZL201710796564.4	September 6, 2017
53.	Fingerprint Recognition Component, and Smart Terminal (指紋識別組件及智能終端)	Invention Patent	Lens Changsha	PRC	ZL201710733627.1	August 24, 2017
54.	A Fingerprint Recognition Module and Its Preparation Method (一種指紋識別模組及其製備方法)	Invention Patent	Lens Changsha	PRC	ZL201611095313.5	December 2, 2016
55.	A Flexible Cover Plate and Its Preparation Method, Flexible OLED Display Screen (一種柔性蓋板及其製備方法、柔性OLED顯示屏)	Invention Patent	Lens Changsha	PRC	ZL201910671706.3	July 24, 2019
56.	A Method for Preparing Glass Plate with Color Ink Pattern and the Glass Plate (一種含彩色油墨紋路圖案的玻璃板的製備方法及玻璃板)	Invention Patent	Lens Changsha	PRC	ZL201610371096.1	May 30, 2016
57.	Processing Method for Ultra-thin Glass Edges (超薄玻璃邊緣加工方法)	Invention Patent	Lens Changsha	PRC	ZL202211268684.4	October 17, 2022
58.	A Film Sticking Device and Method for 3D Glass with Two Curved Edges (一種用於兩對邊為曲邊的3D玻璃的貼膜裝置及貼膜方法)	Invention Patent	Lens Changsha	PRC	ZL201610277657.1	April 28, 2016

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Registration
59.	Method for Preparing Sapphire Lens and Sapphire Lens (一種藍寶石鏡片的製備方法及一種視窗鏡片)	Invention Patent	Lens Changsha	U.S.	US10532525B2	December 10, 2015
60.	Method for Preparing Sapphire Lens and Sapphire Lens (一種藍寶石鏡片的製備方法及一種視窗鏡片)	Invention Patent	Lens Changsha	South Korea	KR102103945B1	December 10, 2015
61.	A Polishing Method for Round Holes and Its Polishing System, Polishing Device, and Polishing Equipment (一種圓孔的拋光方法及其拋光系統、拋光裝置和拋光設備)	Invention Patent	Lens Intelligent Robot	PRC	ZL202110366123.7	April 6, 2021
62.	A Glass Polishing Machine and Polishing Method (一種玻璃拋光機及拋光方法)	Invention Patent	Lens Intelligent Robot	PRC	ZL202110768260.3	July 7, 2021
63.	A Polishing Machine (一種拋光機)	Invention Patent	Lens Intelligent Robot	PRC	ZL202110467743.X	April 28, 2021
64.	A Hot Bending Production Line and Its Loading and Unloading Equipment (一種熱彎生產線及其上下料設備)	Invention Patent	Lens Intelligent Robot	PRC	ZL201910641169.8	July 16, 2019
65.	Pad Printing Machine (移印機)	Invention Patent	Lens Intelligent Robot	PRC	ZL201910954695.X	October 9, 2019
66.	A Pad Printing Machine (一種移印機)	Invention Patent	Lens Intelligent Robot	PRC	ZL201910954221.5	October 9, 2019
67.	A Method for Electroplating Gradient Color (電鍍漸變色的方法)	Invention Patent	Lens Dongguan	PRC	ZL201711297626.3	December 8, 2017
68.	Ultra-hard Anti-reflection Film and Electronic Devices (超硬增透膜和電子設備)	Utility Model	Lens Dongguan	PRC	ZL202323145522.4	November 21, 2023
69.	Curved Cover Plate, Display Screen, and Electronic Devices (曲面蓋板、顯示屏及電子設備)	Utility Model	Lens Dongguan	PRC	ZL202320391195.1	March 3, 2023
70.	A Middle Frame Processing Method and Processing Equipment (一種中框加工方法及加工裝置)	Invention Patent	Lens Taizhou	PRC	ZL202111453511.5	December 1, 2021
71.	Pipe Cutting Equipment and Cutting Method (管材切割設備及切割方法)	Invention Patent	Lens Taizhou	PRC	ZL201810812281.9	July 23, 2018

Software copyrights

As of December 31, 2024, the Group had registered the following software copyrights which are material to our business.

No	Software Name	Registrant	Registration Number	Date of Initial Publication
1.	Smart Factory Digital Twin Platform (Abbreviation: DTP) V1.0 (智慧工廠數字孿生平台【簡稱：DTP】V1.0)	Lens System Integration	2023SR1582859	August 28, 2023
2.	Big Data Quality Analysis System V1.0 (大數據品質分析系統V1.0)	Lens System Integration	2023SR1078065	April 28, 2023
3.	Intelligent Tool Management System V1.0 (刀具智能管理系統V1.0)	Lens System Integration	2023SR1082064	December 15, 2022
4.	CNC Machine Tool Operation Management System V1.0 (數控機床運行管理系統V1.0)	Lens System Integration	2023SR1083560	April 21, 2023
5.	Smart Energy Monitoring and Control Platform (Abbreviation: EMS) V1.0 (智慧能源監測控制平台【簡稱：EMS】V1.0)	Lens System Integration	2022SR0737492	March 15, 2022
6.	Production Management System (Abbreviation: PMS) V1.0 (生產管理系統【簡稱：PMS】V1.0)	Lens System Integration	2021SR1692472	September 21, 2019
7.	AI-Based Visual Positioning System V1.0 (基於人工智能的視覺定位系統V1.0)	Lens System Integration	2021SR1692544	November 29, 2019
8.	Intelligent Warehouse Management System (Abbreviation: WMS) V1.0 (智能倉儲管理系統【簡稱：WMS】V1.0)	Lens System Integration	2021SR1530883	March 18, 2021
9.	Product Quality Traceability Management System V1.0 (產品質量追溯管理系統V1.0)	Lens System Integration	2021SR1440860	December 31, 2020
10.	Single Sign-On Platform (Abbreviation: SSO) V1.0 (單點登錄平台【簡稱：SSO】V1.0)	Lens System Integration	2021SR1440839	October 24, 2019
11.	Enterprise Asset Management System (Abbreviation: EAM) V1.0 (企業資產管理系統【簡稱：EAM】V1.0)	Lens System Integration	2021SR0986842	February 19, 2020
12.	Customer Relationship Management System (Abbreviation: CRM) V1.0 (客戶關係管理系統【簡稱：CRM】V1.0)	Lens System Integration	2021SR0965318	April 1, 2020

No	Software Name	Registrant	Registration Number	Date of Initial Publication
13.	Quality Management System (Abbreviation: QMS) V1.2.0 (品質管理系統【簡稱：QMS】V1.2.0)	Lens System Integration	2021SR0901667	December 1, 2020
14.	Manufacturing Execution System (Abbreviation: MES) V2020 (生產製造執行管理系統【簡稱：MES】V2020)	Lens System Integration	2021SR0901666	December 31, 2019
15.	Supply Chain Relationship Management System (Abbreviation: SRM) V1.0 (供應鏈關係管理系統【簡稱SRM】V1.0)	Lens System Integration	2021SR0901665	December 31, 2019
16.	Dynamic Environment Monitoring Platform V1.2.6 (動環監控平台V1.2.6)	Lens System Integration	2021SR0833776	March 25, 2021
17.	Access Control Management System V1.8.1.2 (門禁管理系統V1.8.1.2)	Lens System Integration	2021SR0764275	March 10, 2020
18.	Industrial Internet Platform V1.2.0 (工業互聯網平台V1.2.0)	Lens System Integration	2021SR0426732	November 3, 2020
19.	Recruitment Management System (Abbreviation: RMS) V1.4 (招聘管理系統【簡稱：RMS】V1.4)	Lens System Integration	2020SR1855566	September 27, 2019
20.	Human Resource Management System V1.1.4.0 (人力資源管理系統V1.1.4.0)	Lens System Integration	2020SR1610000	July 15, 2019
21.	Electronic Contract Signing System V1.0 (電子合同簽約系統V1.0)	Lens System Integration	2020SR1592507	May 28, 2020
22.	Dart Low-Code Development Platform V1.0 (Dart低代碼開發平台V1.0)	Lens System Integration	2020SR0839193	July 31, 2019
23.	Comprehensive Laboratory Management System V1.0 (綜合實驗室管理系統V1.0)	the Company	2020SR0270916	September 20, 2019
24.	Dormitory Management System V1.0 (宿舍管理系統V1.0)	the Company	2020SR0259407	January 15, 2019
25.	Two-Factor Authentication System V1.0 (雙因子認證系統V1.0)	Lens Changsha	2020SR0279412	January 30, 2018

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors, Supervisors and Chief Executive of the Company

Immediately following the completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised), the interests and/or short positions (as applicable) of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, in each case once the H Shares are listed on the Hong Kong Stock Exchange, will be as follows:

(i) ***Interests in the Shares of our Company***

Name of Director or Supervisor	Nature of Interest	Type of Shares	Number of Shares Held or Interested	Approximate % of Interests in Shares of Our Company Immediately after the Global Offering
Ms. Chau	Interest in controlled corporation[(1)(2)(3)]	A Shares	3,116,352,600	59.42%
	Interest of spouse[(4)]	A Shares	3,347,879	0.06%
Mr. Cheng	Beneficial owner	A Shares	3,347,879	0.06%
	Interest of spouse[(4)]	A Shares	3,116,352,600	59.42%
Mr. Rao Qiaobing	Beneficial owner	A Shares	2,793,741	0.05%
Mr. Tang Jun	Beneficial owner	A Shares	256,279	0.005%
Mr. Chen Xiaoqun	Beneficial owner	A Shares	368,239	0.01%
Ms. Zhou Xinyi	Beneficial owner	A Shares	1,446,225	0.03%
	Interest of spouse[(5)]	A Shares	125,083	0.003%

Notes:

(1) As of the Latest Practicable Date, Lens Technology (HK) held 2,804,509,821 A Shares. Lens Technology (HK) was directly wholly owned by Ms. Chau. As such, Ms. Chau will be deemed to be interested in the A Shares held by Lens Technology (HK) by virtue of the SFO.

(2) As of the Latest Practicable Date, Changsha Qunxin held 288,025,612 A Shares. Changsha Qunxin is a limited liability company established in the PRC, which is owned as to 97.9% by Ms. Chau and 2.1% by Mr. Cheng. As such, Ms. Chau is deemed to be interested in the A Shares held by Changsha Qunxin by virtue of the SFO.

(3) As of the Latest Practicable Date, there were 23,817,167 A Shares repurchased and held in our Company's stock repurchase account as treasury shares. Ms. Chau, directly and indirectly through Lens Technology (HK) and Changsha Qunxin, controls more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company by virtue of the SFO.

(4) Ms. Chau is the spouse of Mr. Cheng. Therefore, each of Ms. Chau and Mr. Cheng is deemed to be interested in the Shares held by each other by virtue of the SFO.

(5) As of the Latest Practicable Date, the spouse of Ms. Zhou Xinyi held 125,083 A Shares. Therefore, Ms. Zhou Xinyi is deemed to be interested in the A Shares held by her spouse by virtue of the SFO.

(ii) *Interests in our associated corporations*

Name of Director	Nature of Interest	Name of Associated Corporation	Number of Shares	Approximate % of Shareholding
Ms. Chau	Interest in controlled corporation[(1)]	Lens Technology (HK)	100	100.00%
Mr. Cheng	Interest of spouse[(2)]	Lens Technology (HK)	100	100.00%

Notes:

(1) Lens Technology (HK), one of the Controlling Shareholders, is a company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Lens Technology (HK) was directly wholly owned by Ms. Chau.

(2) Ms. Chau is the spouse of Mr. Cheng. Therefore, Mr. Cheng is deemed to be interested in all the shares that Ms. Chau is interested in by virtue of the SFO.

Disclosure of Interests of Substantial Shareholders

Save as disclosed below and the disclosure in the section headed "Substantial Shareholders," our Directors are not aware of any other person who will, immediately following completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised), and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

Member of Our Group	Name of Substantial Shareholder	Approximate % of Shareholding
Lens Intelligent Robot	Mr. Qiu Huisheng	20.00%
Lens Intelligent Robot	Mr. Gou Hua	15.00%
Lens Hualian	Hunan Hualian Ceramics Co., Ltd.* (湖南華聯瓷業股份有限公司)	49.00%
Changsha Yongan New Material Company Limited* (長沙永安新材料有限公司)	Shenzhen Yong'an Fine Chemical Engineering Company Limited* (深圳市永安精細化工有限公司)	49.00%

FURTHER INFORMATION ABOUT DIRECTORS AND SUPERVISORS

Particulars of the Service Contracts

Each of our Directors and Supervisors has entered into a service contract with our Company.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have entered into any service contract with any member of the Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors and Supervisors

For details of the remuneration of Directors and Supervisors, see "Directors, Supervisors and Senior Management — Remuneration of the Directors, Supervisors and Senior Management" and Note 13 to "Appendix I — Accountants' Report" of this Prospectus.

Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements, as detailed in "Underwriting — Underwriting Arrangements and Expenses." Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this Prospectus.

Within the two years immediately preceding the date of this Prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

Disclaimers

(a) Save as disclosed in Note 42 to "Appendix I — Accountants' Report" of this Prospectus, none of the Directors, Supervisors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the Underwriting Agreements, none of the Directors, Supervisors nor any of the experts referred to in "Other Information — Qualifications and Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group.

(c) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of the Group for each year/period during the Track Record Period.

(d) Save as disclosed in the sectioned headed "— Disclosure of Interests — Disclosure of Interests of Directors, Supervisors and Chief Executive of the Company," none of our Directors, Supervisors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Hong Kong Stock Exchange.

SHARE INCENTIVE SCHEME

2023 Restricted Share Incentive Plan

The following is a summary of the principal terms of the 2023 Restricted Share Incentive Plan. The terms of the 2023 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules as they do not involve any grant of restricted Shares by our Company after the Listing.

(i) ***Purpose***

The purpose of the 2023 Restricted Share Incentive Plan is to improve our Group's incentive mechanism and to attract and retain talents to achieve a sustained and healthy development of our Group in order to realize our Group's long-term objectives. The 2023 Restricted Share Incentive Plan is implemented to align the interests of the Shareholders with the interests of the Group and employees which will benefit the sustained development of our Group.

(ii) ***Types***

Pursuant to the 2023 Restricted Share Incentive Plan, there are two types of restricted Shares, namely Type I Restricted Shares and Type II Restricted Shares. The grantees of Type I Restricted Shares shall be entitled to receive newly issued A Shares, with certain restrictions stipulated under the 2023 Restricted Share Incentive Plan. The grantees of Type II Restricted Shares shall have the right to receive A Shares repurchased by the Company from secondary market upon the satisfaction of vesting conditions under the 2023 Restricted Share Incentive Plan.

The 2023 Restricted Share Incentive Plan include two parts with respect to each of the Type I Restricted Shares (the "**Type I Scheme**") and the Type II Restricted Shares (the "**Type II Scheme**"), respectively.

(iii) ***Administration***

The 2023 Restricted Share Incentive Plan is subject to the approval of the Shareholders' general meeting, administration of the Board and the supervision of Supervisory Committee and independent non-executive Directors.

(iv) ***Participants***

The participants of the 2023 Restricted Share Incentive Plan include key personnels of our Group such as our Directors (excluding independent non-executive Directors), senior management and core technical or business staff. The scope of participants under the 2023 Restricted Share Incentive Plan excludes Supervisors and independent non-executive Directors.

(v) ***Source and maximum number of Shares***

Type I Restricted Shares are A Shares to be newly issued by our Company and Type II Restricted Shares are A Shares repurchased by our Company from the secondary market. Type I Restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated under the 2023 Restricted Share Incentive Plan. Similarly, Type II Restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated under the 2023 Restricted Share Incentive Plan.

The maximum number of Restricted Shares that can be granted under the 2023 Restricted Share Incentive Plan is 53,159,866 A Shares, including 10,631,973 Type I Restricted Shares and 42,527,893 Type II Restricted Shares.

(vi) ***Term and date of grant***

The date on which the Restricted Shares are granted shall be determined by the Board after the approval by the Shareholders' general meeting. The grant of Restricted Shares shall be registered and announced by the Company within 60 days after the approval of the 2023 Restricted Share Incentive Plan by the Shareholders' general meeting.

The Type I Restricted Share Incentive Scheme shall be effective from the completion date of the grant of Type I Restricted Shares up to the date when all the Type I Restricted Shares are unlocked or have been repurchased and cancelled pursuant to the 2023 Restricted Share Incentive Plan, provided that the term of the Type I Scheme shall not exceed 48 months in any event.

The Type II Restricted Share Incentive Scheme shall be effective from the date of the initial grant of Type II Restricted Shares up to the date when all the Type II Restricted Shares have been vested or lapsed pursuant to the 2023 Restricted Share Incentive Plan, provided that the term of the Type II Scheme shall not exceed 48 months in any event.

The date of grant for each of the Type I Scheme and the Type II Scheme shall be determined by the Board after the 2023 Restricted Share Incentive Plan is approved by the Shareholders' general meeting.

(vii) ***Lock-up requirements for Directors and the senior management***

If the grantee is a Director or a senior management of our Company, the Shares to be transferred each year shall not exceed 25% of the total Shares he or she holds, and no Share held by such Director or senior management shall be transferred within six months after termination of his of her employment with the Company. If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the revised laws and regulations.

(viii) ***Conditions to the grant of Restricted Shares***

The Restricted Shares (including the Type I Restricted Shares and the Type II Restricted Shares) under the 2023 Restricted Share Incentive Plan shall be granted to eligible participants if the following conditions are fulfilled:

(a) with respect to our Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to our Company's accountants' report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to internal control contained in accountants' report for the most recent fiscal year;

(3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of any share incentive plan; or

(5) any other circumstances determined by the CSRC.

(b) with respect to the grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any share incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances determined by the CSRC.

(ix) ***Unlocking and vesting of Restricted Shares***

The lock-up period or vesting period (where applicable) for Type I Restricted Shares or Type II Restricted Shares commences from completion date of registration of grant to the grantee and the interval between the grant date and the date of unlocking or vesting of the Restricted Shares shall be 12 or 24 months.

For both types of Restricted Shares, the Restricted Shares will be unlocked or vested (where applicable) in tranches of 50% and 50% in each of the two lock-up or vesting periods (where applicable) that occur between the first trading date after the 12-month anniversary from the grant date and the last trading day up to the 36-month anniversary of the grant date. The grantees shall pay the price of RMB6.34 per Share upon fulfilment of all the unlocking or vesting conditions of the Restricted Shares to purchase A Shares pursuant to the 2023 Restricted Share Incentive Plan. On September 25, 2024, as approved by the Board and pursuant to share adjustment mechanism under the 2023 Restricted Share Incentive Plan, the grant price was adjusted from RMB6.34 per Share to RMB6.04 per Share due to distribution of dividend by the Company.

The number of Restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including, among others, increase of share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares. Our Company may repurchase and cancel the granted but not unlocked Type I Restricted Shares or void the granted but not vested Type II Restricted Shares upon occurrence of certain events, including, among others, the change of the positions of the grantee or termination of employment. Subject to the price adjustment mechanisms and other terms and conditions as set out under the 2023 Restricted Share Incentive Plan, the price payable by our Company for the repurchase of Restricted Shares shall be equivalent to the grant price of the relevant Restricted Shares.

(x) *Dividend and voting rights*

Upon unlocking or vesting of the A Shares by our Company, the grantees of Restricted Shares will be entitled to exercise the right of Shareholders, including, among others, the right to receive dividends and voting rights. Before the unlocking or vesting of the Restricted Shares, the Restricted Shares (including the right to receive dividends) shall be locked and such Restricted Shares shall not be transferred or used to guarantee or repay debts.

(xi) *Outstanding Restricted Shares*

As of the Latest Practicable Date, the number of outstanding Restricted Shares granted under the 2023 Restricted Share Incentive Plan was 23,522,457, representing approximately 0.45% of the issued Shares immediately following the completion of the Listing (assuming no changes to our issued Shares between the Latest Practicable Date and the Listing Date and before the exercise of the Over-allotment Option and the Offer Size Adjustment Option).

The following table sets forth the number of outstanding Restricted Shares granted to Directors and senior management of our Company under the 2023 Restricted Share Incentive Plan as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Number of outstanding restricted Shares	Grant Price	Lock-up/ vesting period	Approximate percentage of total issued Shares immediately after completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised)
Mr. Rao Qiaobing . .	Executive Director and deputy general manager	September 22, 2023	10,000 Type I Restricted Shares	RMB6.04	Note 1	0.0002%
		September 22, 2023	40,000 Type II Restricted Shares	RMB6.04	Note 2	0.001%
Mr. Jiang Nan .	Deputy general manager, president of China region and Board Secretary	September 22, 2023	10,000 Type I Restricted Shares	RMB6.04	Note 1	0.0002%
		September 22, 2023	40,000 Type II Restricted Shares	RMB6.04	Note 2	0.001%
Mr. Cai Xinfeng . . .	Deputy general manager	September 22, 2023	15,000 Type I Restricted Shares	RMB6.04	Note 1	0.0003%
		September 22, 2023	60,000 Type II Restricted Shares	RMB6.04	Note 2	0.001%
Mr. Chen Yunhua . . .	Deputy general manager	September 22, 2023	10,000 Type I Restricted Shares	RMB6.04	Note 1	0.0002%
		September 22, 2023	40,000 Type II Restricted Shares	RMB6.04	Note 2	0.001%
Mr. Liu Shuguang . .	Deputy general manager and chief financial officer	September 22, 2023	10,000 Type I Restricted Shares	RMB6.04	Note 1	0.0002%
		September 22, 2023	40,000 Type II Restricted Shares	RMB6.04	Note 2	0.001%

Notes:

(1) Type I Restricted Shares shall be unlocked in traches of 50% and 50% in each of the two lock-up periods that occur between the first trading day after the 12-month anniversary from the grant date and the last trading day up to the 36-month anniversary of the grant date.

(2) Type II Restricted Shares shall be vested in traches of 50% and 50% in each of the two vesting periods that occur between the first trading day after the 12-month anniversary from the grant date and the last trading day up to the 36-month anniversary of the grant date.

The following table sets forth the number of outstanding Restricted Shares granted to other grantees (excluding Directors and senior management of our Company) under the 2023 Restricted Share Incentive Plan as of the Latest Practicable Date:

Number of Grantees	Date of grant	Number of outstanding Restricted Shares	Grant Price	Lock-up/ vesting period	Approximate percentage of total issued Shares immediately after completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised)
2,382	September 22, 2023	4,649,491 Type I Restricted Shares	RMB6.04	Note 1	0.09%
2,375	September 22, 2023	18,597,966 Type II Restricted Shares	RMB6.04	Note 2	0.35%

Notes:

(1) Type I Restricted Shares shall be unlocked in traches of 50% and 50% in each of the two lock-up periods that occur between the first trading day after the 12-month anniversary from the grant date and the last trading day up to the 36-month anniversary of the grant date.

(2) Type II Restricted Shares shall be vested in traches of 50% and 50% in each of the two vesting periods that occur between the first trading day after the 12-month anniversary from the grant date and the last trading day up to the 36-month anniversary of the grant date.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

Litigation

As of the Latest Practicable Date, the Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the Global Offering and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against the Company.

Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Hong Kong Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, the Sole Sponsor's fees payable by the Company to the Sole Sponsor in respect of its services as sponsor in connection with the Listing is US$500,000.

Compliance Advisor

The Company has appointed Gram Capital Limited as the Compliance Advisor upon Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoters

The promoters of the Company are Lens Technology (HK) and Changsha Qunxin.

Within the two years immediately preceding the date of this Prospectus, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this Prospectus.

Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advices which are contained in, or referred to in, this Prospectus are as follows:

Name of Expert	Qualifications
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditor
Sundial Law Firm	Company's PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Beijing Tianzhi Certified Tax Agents Co., Ltd. Hunan Branch	Transfer pricing consultant
DLA Piper Singapore Pte. Ltd.	Legal advisor on tariffs

Each of the experts listed above has given and has not withdrawn their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or opinions and the references to their names included in the form and context in which they are respective included.

Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) save as disclosed in "— Further Information about the Company" of this section, within the two years preceding the date of this Prospectus, no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of the Company or any of its subsidiary have been issued or have been agreed to be issued;

(d) save for the A Shares that are listed on the Shenzhen Stock Exchange and the H Shares to be issued in connection with the Global Offering, none of the equity and debt securities of the Company or its subsidiary is presently listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(e) the Company has no outstanding convertible debt securities or debentures;

(f) none of the experts listed under "— Qualifications and Consents of Experts":

  (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.

(g) the English text of this Prospectus shall prevail over their respective Chinese text;

(h) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this Prospectus; and

(i) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts;" and

(b) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts" of this Prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.hnlens.com** during a period of 14 days from the date of this Prospectus:

(a) the Articles of Association;

(b) the Accountants' Report, the report on review of condensed consolidated financial statements and the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in "Appendix I — Accountants' Report", "Appendix IA — Report on Review of Condensed Consolidated Financial Statements" and "Appendix II — Unaudited Pro Forma Financial Information," respectively;

(c) the audited consolidated financial statements of the Group for the years ended December 31, 2022, 2023 and 2024;

(d) the legal opinion from Sundial Law Firm, the Company's PRC Legal Advisor, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(e) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this Prospectus;

(f) the transfer pricing analysis report issued by Beijing Tianzhi Certified Tax Agents Co., Ltd. Hunan Branch, the transfer pricing consultant of the Company;

(g) the legal opinion on applicability and impact of U.S. tariffs issued by DLA Piper Singapore Pte. Ltd., the legal advisor to the Company on tariffs;

(h) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations;

(i) the service contracts between each of the Directors and Supervisors and the Company referred to in "Appendix IV — Statutory and General Information — Further Information about the Business — Particulars of the Service Contracts" of this Prospectus;

(j) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information About the Business — Summary of Material Contracts" of this Prospectus; and

(k) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts" of this Prospectus.

藍思科技股份有限公司
Lens Technology Co., Ltd.