OVERVIEW

Our Mission

Strive to provide customers with satisfactory technologies, products and services, and continue to create value for shareholders.

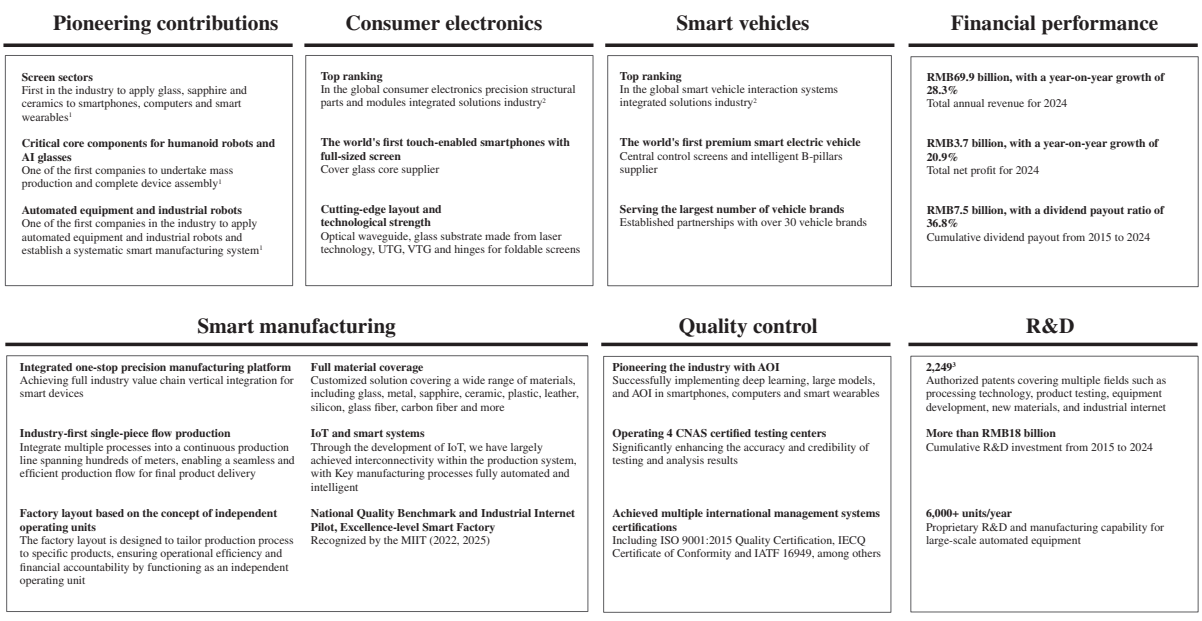
Our Vision

To lead industry trends through technological innovation and forge a global leading smart manufacturing enterprise.

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. 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:

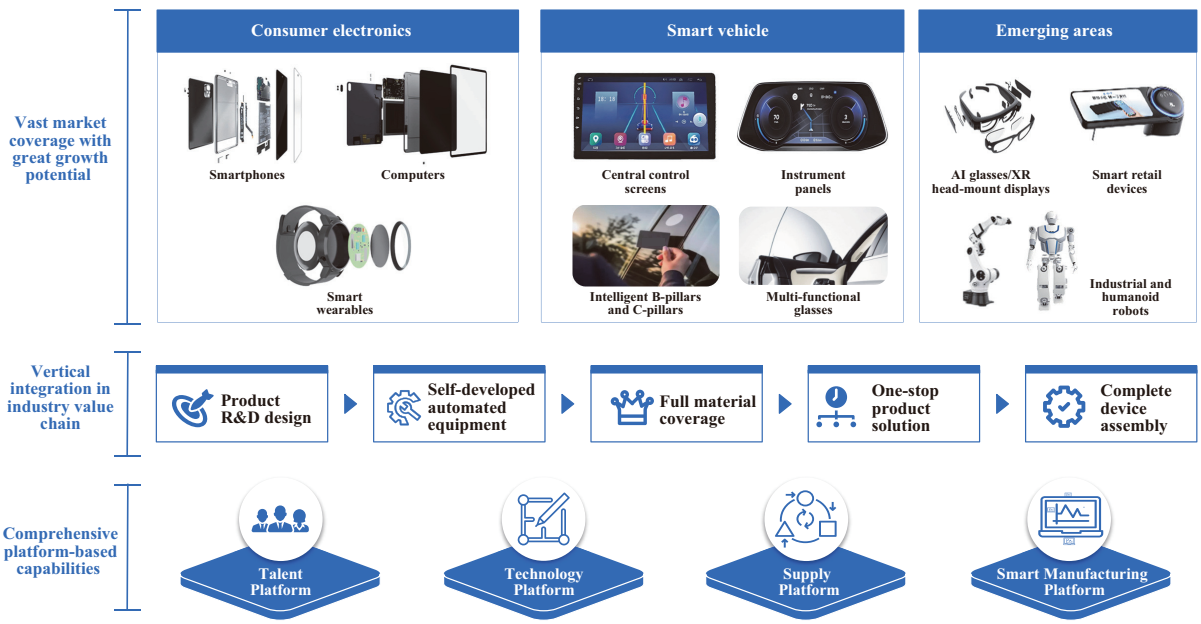


Note 1: Source from the Frost & Sullivan Report;

Note 2: In terms of revenue for 2024;

Note 3: As of December 31, 2024

Since the 2000s, led by our Chairman, Ms. Chau, we have pioneered 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 have pioneered the application of materials such as glass, sapphire and ceramics in premium smart devices. We independently developed and pioneered 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 lead and pioneer 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 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 abe 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 and profound 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 approximately RMB6 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 a pioneer 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. 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 profound 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. 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.

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.

Visionary 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 profound 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 insttrumental 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 **[REDACTED]**".

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 of 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 pioneered the development and application of 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.

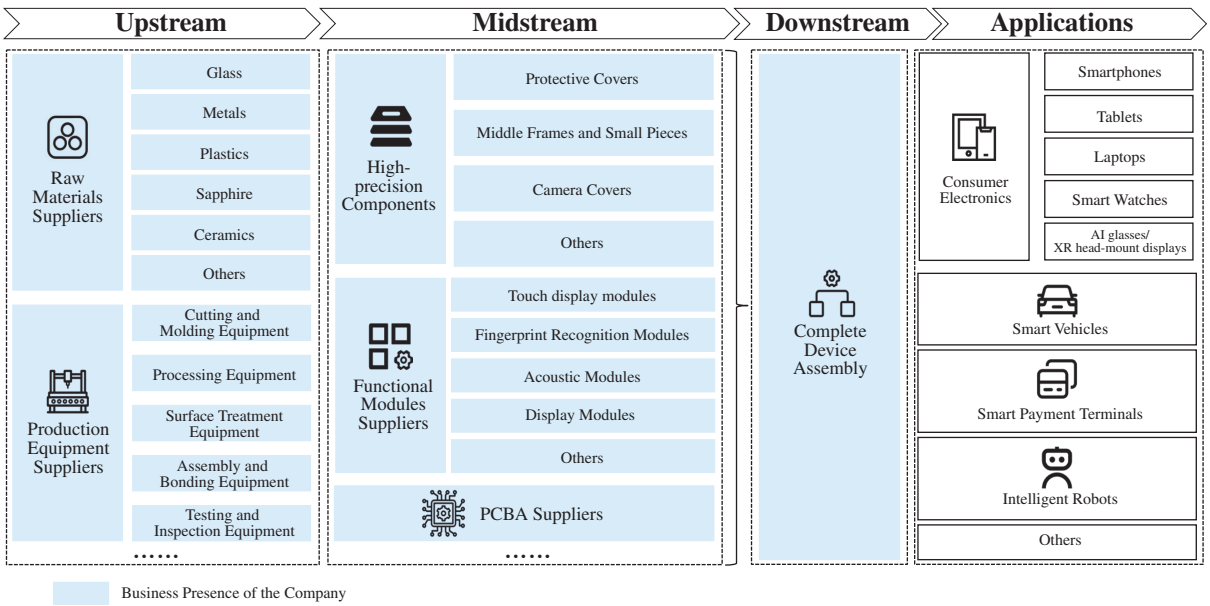
Our vertically-integrated operation enables us to quickly capture market share in new and growing end markets such as humanoid robots, smart retail and AI glasses/XR head-mount displays. In the humanoid robots market, we have established strong partnerships with a number of innovative companies for the 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 profound 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

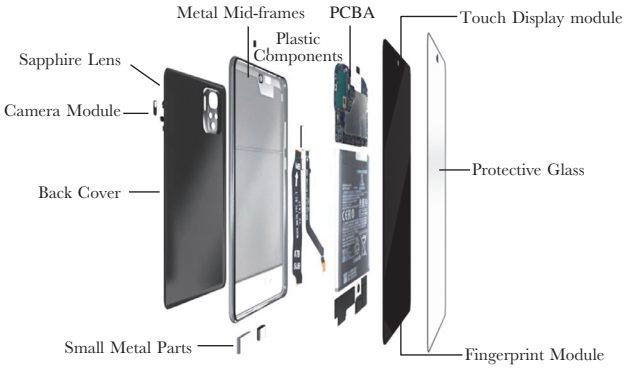
We offer a comprehensive suite of structural parts and functional modules for use in smartphones and computers, including cover glass used in smartphones, tablets and laptops, metal mid-frames for smartphones and various modules such as touch display module fingerprint modules, antenna modules and camera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

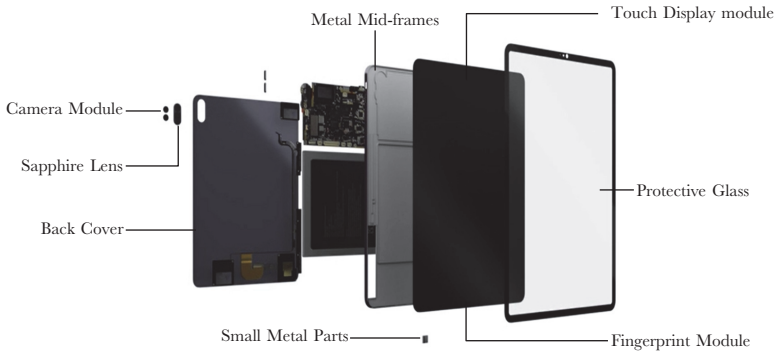
Our cover glass are light, thin, clear, scratch-resistant and fingerprint-resistant. Light transmittance rate of our front cover glass can reach up to 98% with our advanced double-sided anti-reflective coating, and cover glass produced with our chemical strengthening technique can achieve a surface hardness 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.



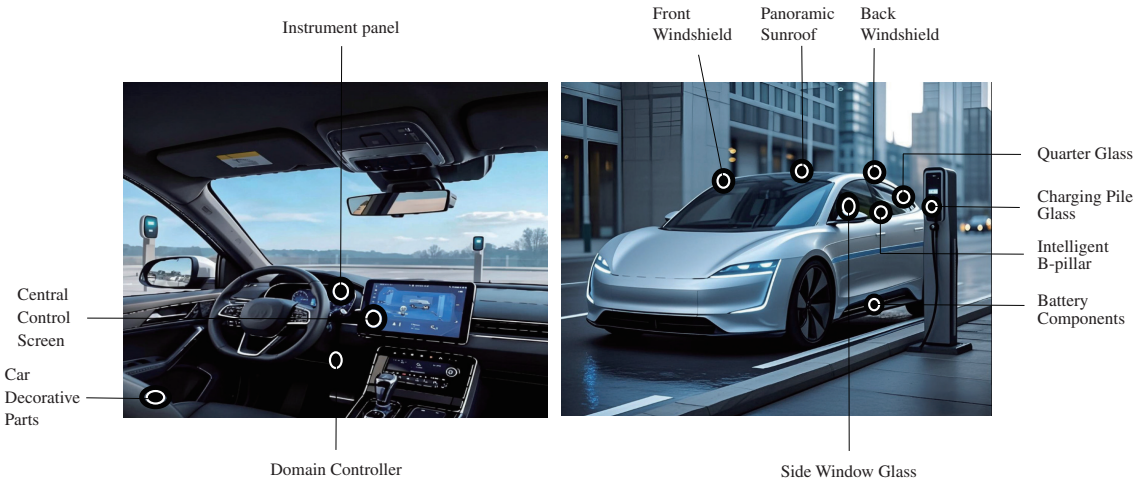


In addition to structural parts and functional modules, we also provide complete device assembly for smartphones where we assemble components and modules, including those manufactured by us and other providers, into end products. With our complete device assembly, we provide our customers with a one-stop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

Smart Vehicles and Cockpits

Our products 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

Our products and services cover a diverse range of end markets and end uses, including cover glass and various functional modules for intelligent head-mounted displays and smart wearables and smart devices in other end markets such as humanoid robots, AI glasses/XR head-mount displays and smart retail.

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	20.8%
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 scraps and materials, processing fees and leases.

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.

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 pioneer 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 pioneer 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 the pioneer in applying 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, artificial intelligence and others. For example, we have developed three-dimensional aspheric metal materials, modules, 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 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 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	33,136.2	71.0%	19	A public American multinational corporation established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services
2	Customer B	1,563.1	3.3%	8	A public American company founded in 2003 that designs and sells smart vehicles, clean energy solutions and related products and services
3	Customer/ Supplier C	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	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	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

Note:

(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.

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	31,512.3	57.8%	19	A public American multinational corporation established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services
2	Customer/ Supplier F	8,472.7	15.6%	11	A public Chinese technology company founded in 2010 that designs, develops, and sells smartphones, smart hardware and intelligent home products
3	Customer D	1,976.6	3.6%	6	A public French automotive supplier founded in 1997 that principally engages in the design and manufacturing of automotive pro ducts for global automotive brands, and a supplier of Customer B
4	Customer B	1,951.2	3.6%	8	A public American company founded in 2003 that designs and sells smart vehicles, clean energy solutions and related products and services
5	Customer E	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

Note:

(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.

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	34,566.5	49.5%	19	A public American multinational corporation established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services
2	Customer/ Supplier F	16,328.1	23.4%	11	A public Chinese technology company founded in 2010 that designs, develops, and sells smartphones and smart hardware and intelligent home products
3	Customer B	2,201.1	3.1%	8	A public American company founded in 2003 that designs and sells smart vehicles, clean energy solutions and related products and services
4	Customer E	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	1,516.9	2.2%	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

Note:

(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.

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."

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. The terms of these agreements vary depending on the specific product or project and the result of our negotiation with each customer, but 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. For our functional module lamination and complete device assembly, we also use electronic and optical components and structural parts produced by other suppliers.

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. 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, purchases 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	6,198.4	16.2%	19	A public American multinational corporation established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services
2	Supplier B	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	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	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	600.7	1.7%	18	A public American multinational company founded in 1851 that specialized in specialty glass, ceramics and other related materials and technologies

Note:

(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.

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	7,665.7	16.7%	19	A public American multinational corporation established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services
2	Customer/ Supplier F	7,177.1	15.6%	11	A public Chinese technology company founded in 2010 that designs, develops, and sells smartphones and smart hardware and intelligent home products
3	Supplier B	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	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	639.5	1.3%	6	A public Chinese company established in 1975 that provides structural parts, components and functional modules of electronics products

Note:

(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.

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	14,372.7	24.1%	11	A public Chinese technology company founded in 2010 that designs, develops, and sells smartphones and smart hardware and intelligent home products
2	Customer/ Supplier A	8,659.8	14.5%	19	A public American multinational corporation established in 1976, which principally engages in the design, manufacturing and marketing of consumer electronics as well as sales of related services
3	Supplier B	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	723.8	1.2%	18	A public American multinational company founded in 1851 that specialized in specialty glass, ceramics and other related materials and technologies
5	Customer/ Supplier C	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

Note:

(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.

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 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 five 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.

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 G 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.

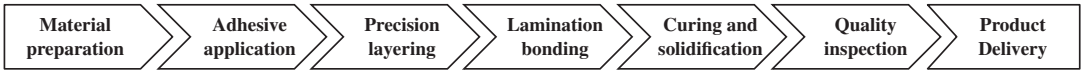
Metal products

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 products and complete device assembly were well above the industry average.

Our Production Centers

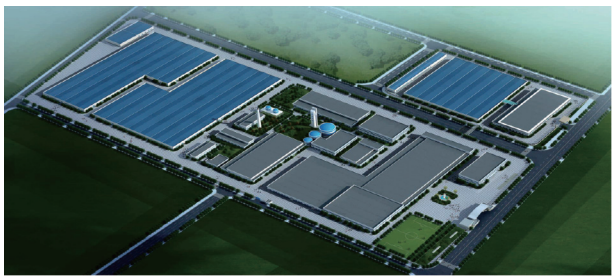
As of December 31, 2024, we had nine production centers located in China, Vietnam and Mexico for the production of our products. The following table sets forth certain information regarding our production centers as of December 31, 2024.

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.

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	1,080.9	1,338.6	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	1,323.2	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 67.3 days, 55.9 days and 44.3 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.

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

We have obtained 2,249 patents, 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 pioneer 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 sta ges.
	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.

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 toextreme 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.

Employee Employment

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. 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.

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

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 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

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 RMB5 million in funds and RMB1 million worth of supplies to the Yueyang disaster area through the Hunan Charity Federation. These contributions were primarily allocated to support flood prevention, disaster relief, and post-disaster reconstruction efforts in Yueyang.

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 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.

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 Document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document 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. With respect such properties, based on interviews with the relevant 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.

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.

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 **[REDACTED]** 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.

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.