

SUMMARY

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

OVERVIEW

Who We Are

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

The following are our business highlights:

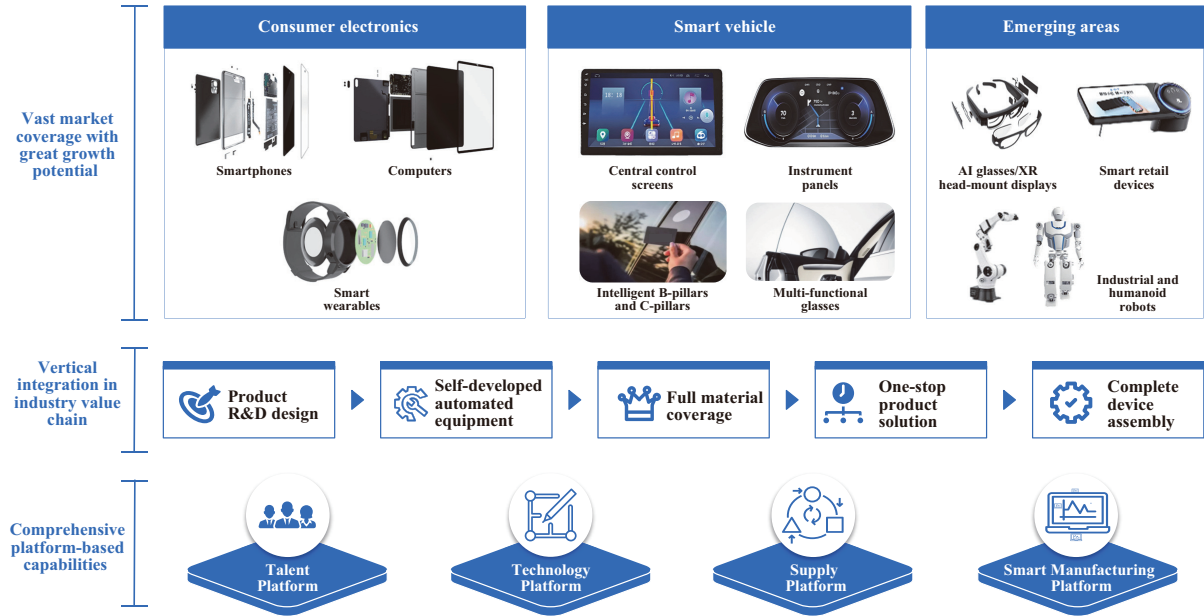
Pioneering contributions	<p>The world's first touch-enabled smartphones with full-sized screen</p> <p>Cover glass core supplier</p>	<p>The world's first premium smart electric vehicle</p> <p>Central control screens and intelligent B-pillars supplier</p>	<p>Humanoid robots</p> <p>One of the first companies to undertake mass production and complete device assembly¹</p>	<p>AI glasses</p> <p>One of the first companies to undertake mass production and complete device assembly¹</p>
Smart manufacturing	<p>Industry-first single-piece flow production</p> <p>Integrating multiple processes into a continuous production line</p>	<p>Full material coverage</p> <p>Glass, metal, sapphire, ceramic, plastic, leather, silicon, glass fiber, carbon fiber and more</p>	<p>Integrated one-stop precision manufacturing</p> <p>Achieving full industry value chain vertical integration for smart devices</p>	<p>IoT and smart systems</p> <p>IoT building the production system with key manufacturing processes fully intelligent</p>
Financial performance	<p>RMB69.9 billion</p> <p>Revenue for 2024 at CAGR of 22.3% from 2022 to 2024</p>	<p>RMB3.7 billion</p> <p>Net profit for 2024 at CAGR of 20.8% from 2022 to 2024</p>	<p>RMB5.0 billion</p> <p>Cumulative cash dividend payout ratio from 2022 to 2024² – 54.5%</p>	<p>RMB7.2 billion</p> <p>Cumulative R&D spending from 2022 to 2024</p>

Note 1: Source from the Frost & Sullivan Report;

Note 2: Dividend payout ratio = Total cash dividends (including other forms)/Net profit attributable to shareholders of the listed company

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



Our Solutions

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

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

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

Our Platform-Based Capabilities

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

Vertical Integration

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

Global Footprint

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

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RESEARCH AND DEVELOPMENT

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

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

OUR CUSTOMERS AND SUPPLIERS

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

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

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

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

In 2022, 2023 and 2024, 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, Customer/Supplier A, amounted to RMB6,198.4 million, RMB7,665.7 million and RMB14,372.7 million, accounting for 16.2%, 16.7% and 24.1% of our total cost of sales in the respective periods.

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

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Relationship with our largest customer during the Track Record Period

Customer/Supplier A was our largest customer throughout the Track Record Period. Sales to Customer/Supplier A accounted for 71.0%, 57.8% and 49.5% of our revenue for 2022, 2023 and 2024, respectively. Customer/Supplier A is an 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.

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

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

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

PRODUCTION AND MANUFACTURING

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

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

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

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COMPETITIVE STRENGTHS

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

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

OUR STRATEGIES

We will pursue the following strategies to drive further growth:

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

COMPETITION

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

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SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Results Of Operations

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Revenue						
Contracts with customers . . .	46,603,225	99.8%	54,346,061	99.8%	69,756,758	99.8%
Leases	95,321	0.2%	126,673	0.2%	140,018	0.2%
Total revenue	46,698,546	100.0%	54,490,734	100.0%	69,896,776	100.0%
Cost of sales	(38,151,630)	(81.7%)	(45,998,870)	(84.4%)	(59,713,283)	(85.4%)
Gross profit	8,546,916	18.3%	8,491,864	15.6%	10,183,493	14.6%
Other income	678,576	1.5%	1,017,209	1.9%	567,024	0.8%
Reversal of impairment losses (impairment losses recognised) under expected credit loss (“ECL”) model, net	43,962	0.1%	1,259	0.0%	(33,859)	0.0%
Other gains and losses, net . .	321,012	0.7%	218,657	0.4%	384,380	0.5%
Selling expenses	(708,849)	(1.5%)	(674,057)	(1.2%)	(705,599)	(1.0%)
Administrative expenses	(3,239,490)	(6.9%)	(2,910,299)	(5.3%)	(3,368,955)	(4.8%)
Research and development expenses	(2,104,976)	(4.5%)	(2,316,619)	(4.3%)	(2,784,813)	(4.0%)
Other expenses	(10,032)	0.0%	(6,848)	0.0%	(8,216)	0.0%
Share of results of investments accounted for using the equity method . .	3,987	0.0%	(57,291)	(0.1%)	3,899	0.0%
Finance costs	(616,216)	(1.3%)	(509,986)	(0.9%)	(388,438)	(0.6%)
Profit before tax	2,914,890	6.2%	3,253,889	6.0%	3,848,916	5.5%
Income tax expense	(395,069)	(0.8%)	(212,062)	(0.4%)	(172,061)	(0.2%)
Profit for the year	2,519,821	5.4%	3,041,827	5.6%	3,676,855	5.3%
Profit for the year attributable to:						
Owners of the Company	2,448,037	5.2%	3,021,342	5.5%	3,623,901	5.2%
Non-controlling interests	71,784	0.2%	20,485	0.0%	52,954	0.1%

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Non-IFRS Measure

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

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

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

See “Financial Information — Non-IFRS Measure.”

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Revenue

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

By product end use

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

Note:

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

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

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By region

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

Notes:

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

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

During the Track Record Period, our revenue from South Korea amounted to RMB51.3 million, RMB460.2 million and RMB1,362.7 million, accounting for 0.1%, 0.8% and 2.0% of our total revenue for the respective years.

Procurement

By region

	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)						
Mainland China	23,653,974	79.3%	31,187,834	83.9%	43,035,898	85.1%
South Korea	1,709,395	5.7%	1,785,738	4.8%	2,506,326	5.0%
Japan	1,356,821	4.5%	1,395,684	3.8%	1,577,035	3.1%
Vietnam	200,806	0.7%	702,346	1.9%	1,306,678	2.6%
Taiwan	851,745	2.9%	1,053,569	2.8%	1,247,616	2.5%
Others ⁽¹⁾	2,060,787	6.9%	1,049,494	2.8%	909,721	1.8%
Total	29,833,528	100.0%	37,174,665	100.0%	50,583,274	100.0%

Note:

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

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Gross profit and gross profit margin

	2022		2023		2024	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	(in RMB thousands, except for percentages)					
Smartphones and computers						
Structural parts and functional modules	6,554,143	17.4%	6,338,393	17.2%	7,767,219	18.0%
Complete device assembly . .	(8,222)	(1.6%)	207,245	2.6%	183,251	1.3%
Subtotal	6,545,921	17.1%	6,545,638	14.6%	7,950,470	13.8%
Smart vehicles and cockpits . .	698,364	19.5%	734,791	14.7%	518,202	8.7%
Intelligent head-mounted displays and smart wearables	559,927	15.8%	433,417	14.0%	636,531	18.2%
Other smart devices	20,290	11.8%	10,781	6.5%	270,069	19.2%
Others	722,415	60.7%	767,236	58.0%	808,221	61.6%
Total/Overall	<u>8,546,916</u>	<u>18.3%</u>	<u>8,491,864</u>	<u>15.6%</u>	<u>10,183,493</u>	<u>14.6%</u>

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

Our gross margin decreased from 18.3% in 2022 to 15.6% in 2023, and further decreased to 14.6% in 2024, primarily due to (i) an increase in revenue contribution from the buy-and-sell model under complete device assembly which had a lower gross margin compared to our other businesses since under the buy-and-sell model, we purchased certain raw materials and components for the device from our customer and sold the completed device to our customer, and the sales price of the completed device is recorded as our revenue on a gross basis. As such, complete devices sold under the buy-and-sell model are associated with much higher selling prices but lower gross profit margin, and (ii) a decrease in our smart vehicles and cockpits related gross margin primarily because (a) in 2024, we produced an increased portion of structural parts and functional modules for smart vehicles and cockpits in our overseas production facilities that led to higher transportation

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costs and raw material costs for products produced in those facilities. Increasing the utilization of our overseas production facilities is part of our efforts in expanding our global footprint to respond quickly to customer demand, and (b) in 2023, our increased investment in new production facilities resulted in higher equipment depreciation and amortization costs as these production facilities were ramping up in 2023.

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

Profit for the year

As a result of the cumulative effects of the changes in our revenue, cost of sales and various expenses, our profit for the year increased by 20.7% from RMB2,519.8 million to 3,041.8 million in 2023, and further increased by 20.9% to RMB3,676.9 million in 2024.

Summary of consolidated statements of financial position

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

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

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

Our net assets increased from RMB42,799.0 million as of January 1, 2022 to RMB44,381.2 million as of December 31, 2022, primarily due to our profit of RMB2,519.8 million in 2022, partially offset by a distribution of RMB523.7 million and repurchase of shares of RMB500.0 million. Our net assets increased to RMB46,521.6 million as of December 31, 2023, primarily due to our profit of RMB3,041.8 million in 2023, partially offset by our distribution of RMB1,033.3 million. Our net assets further increased to RMB48,845.9 million as of December 31, 2024, primarily because of our profit of RMB3,676.9 million in 2024, partially offset by our distribution of RMB1,528.5 million.

See “Consolidated Statements of Financial Position of the Group” in “Appendix I — Accountants’ Report.”

Summary of consolidated statements of cash flows

	2022	2023	2024
	(in RMB thousands)		
Operating cash flows before movements in working capital	7,471,246	8,341,908	9,154,875
Changes in working capital	1,863,689	1,386,278	2,148,190
Income tax paid	(154,402)	(427,988)	(414,224)
Net cash from operating activities	9,180,533	9,300,198	10,888,841
Net cash used in investing activities	(5,576,695)	(5,367,384)	(6,050,290)
Net cash used in financing activities	(2,416,316)	(5,136,912)	(4,454,405)
Net increase (decrease) in cash and cash equivalents	1,187,522	(1,204,098)	384,146
Cash and cash equivalents at beginning of the year	10,216,339	11,682,255	10,493,519
Effect of foreign exchange rate changes	278,394	15,362	59,139
Cash and cash equivalents at ending of the year	11,682,255	10,493,519	10,936,804

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

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See “Financial Information — Cash Flows.”

Key financial ratios

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

Notes:

- (1) Gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.
- (2) Net profit margin is calculated as net profit for the year divided by revenue for the corresponding year and multiplied by 100%.
- (3) Return on assets is calculated as net profit for the year divided by the average total assets and multiplied by 100%. Average total assets is the sum of the balance of total assets at the beginning and at the end of the year, divided by two.
- (4) Return on equity is calculated as net profit for the year divided by the average total equity and multiplied by 100%. Average total equity is the sum of the balance of total equity at the beginning and at the end of the year, divided by two.
- (5) Current ratio is calculated as total current assets as at the end of the year divided by total current liabilities as at the end of the corresponding year.
- (6) Quick ratio is calculated as total current assets less inventories as at the end of the year and divided by total current liabilities as at the end of the corresponding year.
- (7) Gearing ratio is calculated as the total bank loans as at the end of the year divided by total equity as at the end of the corresponding year and multiplied by 100%.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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

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Accordingly, immediately following the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised), Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin will control in aggregate approximately [REDACTED]% of the total issued share capital of our Company and be entitled to exercise more than 30% of the voting power at general meetings of our Company. As such, Ms. Chau, Mr. Cheng, Lens Technology (HK) and Changsha Qunxin will together constitute a group of Controlling Shareholders upon [REDACTED] under the Hong Kong Listing Rules.

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

RISK FACTORS

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

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

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the midpoint of the range of the [REDACTED] stated in this Document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses in connection with the [REDACTED] (assuming the [REDACTED] and [REDACTED] are not exercised). We intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to expand our product and service portfolio and explore additional end uses for our products;

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- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to expand our global presence, increase our production capacity globally and enhance our global delivery capabilities;
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to advance our vertical integration in smart manufacturing; and
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly [REDACTED] in the [REDACTED], (ii) the [REDACTED] and the [REDACTED] are not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
[REDACTED] of our H Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] of our Shares upon the completion of the [REDACTED] ⁽²⁾ . .	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽³⁾	HK\$[REDACTED] (RMB[REDACTED])	HK\$[REDACTED] (RMB[REDACTED])

Notes:

(1) The calculation of [REDACTED] of our H shares is based on [REDACTED] H Shares expected to be issued immediately following the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised). For details, see “Share Capital — Upon Completion of the [REDACTED]” in this Document.

(2) The calculation of [REDACTED] of our Shares is based on [REDACTED] H shares will be in issue immediately after the completion of the [REDACTED], the total share capital of 4,982,772,171 A Shares as of the Latest Practicable Date and excluding [23,817,167] treasury shares, with an average closing price of RMB21.58 during the five trading days of A Shares immediately preceding June 21, 2025 (assuming the [REDACTED] and the [REDACTED] are not exercised).

(3) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this Document and based on [REDACTED] Shares, comprising 4,954,357,613 Shares in issue as at 31 December 2024 excluding 23,817,167 Shares held by the Company in treasury and 4,704,491 restricted shares which are contingently returnable as at 31 December 2024 as detailed in note [36] of the Accountants’ Report and [REDACTED] H Shares to be issued, assuming the [REDACTED] had been completed on 31 December 2024. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the

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[REDACTED] and the [REDACTED], (ii) any Shares which may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the share scheme, or (iii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

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

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

The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 per Share would have been RMB[REDACTED] (equivalent to HK\$[REDACTED]) and RMB[REDACTED] (equivalent to HK\$[REDACTED]) per Share based on the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED], respectively, if the dividend had been taken into account as at 31 December 2024.

For the calculation of the unaudited [REDACTED] adjusted consolidated net tangible assets per Share, see the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this Document.

[REDACTED] EXPENSES

Our [REDACTED] expenses are estimated to be approximately HK\$[REDACTED] (including [REDACTED] commission), accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] range stated in this Document, and no exercise of the [REDACTED] or the [REDACTED]). Among our [REDACTED] expenses, approximately HK\$[REDACTED] is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK\$[REDACTED] has been charged to our consolidated statements of profit or loss and other comprehensive income. The [REDACTED] expenses we incurred during the Track Record Period and expect to incur would consist of approximately HK\$[REDACTED] [REDACTED] related expenses and fees (including but not limited to commissions and fees), approximately HK\$[REDACTED] non-[REDACTED]-related expenses and fees of the Sole Sponsor, legal advisors and reporting accountant and approximately HK\$[REDACTED] for other non-[REDACTED]-related fees and expenses.

DIVIDEND POLICY

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

We do not have a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. For details of our dividend policy, see “Financial Information — Dividend Policy.” Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of

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operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Dividends Distribution

On March 27, 2025, the Board approved a plan to declare a dividend of RMB1,983.6 million. The dividend was approved by the Shareholders at the general meeting on 18 April, 2025.

Tariffs Imposed by the United States

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

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

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

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

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

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

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

For our complete device assembly, which accounted for 20.8% of our revenue in 2024, we sell the assembled device to our customer in China, who currently has no direct sales in the United States. As such, the tariffs imposed by the United States currently have no impact on this part of our business.

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

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

In 2022, 2023 and 2024, our direct sales to the United States amounted to RMB1,468.9 million, RMB1,896.1 million and RMB1,908.0 million, which only accounted for 3.1%, 3.5% and 2.7% of our total revenue for the respective years. These direct sales represent products delivered by us directly to locations within the United States. Within these direct sales to the United States in 2022, 2023 and 2024, only 4.1%, 1.7%, 2.0%, in terms of revenue, represent products manufactured in China, while the rest represents products manufactured in our overseas production centers. In other words, our direct sales of products manufactured in China to the United States in 2022, 2023 and 2024 only accounted for 0.1%, 0.1%, 0.1% of our total revenue for the respective years. The rest of the products we directly exported to the United States were manufactured in Vietnam and Mexico. Mexico is not subject to the Reciprocal Tariffs, and goods imported from Mexico to the United States are generally subject to tariffs of

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25%. While Vietnam is subject to tariffs of 55%, including a 10% across-the-board tariff and 45% Reciprocal Tariffs (which is on pause as of the Latest Practicable Date), it is reported that Vietnam is negotiating a favorable tariff arrangement with the United States. In addition, we are planning to set up production centers in Thailand, which is currently subject to tariffs of 46%, including a 10% across-the-board tariff and 36% Reciprocal Tariffs (which is on pause as of the Latest Practicable Date). It is reported that Thailand is also negotiating a favorable tariff arrangement with the United States.

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

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

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

Notes:

1. Lowered to 10% for 90 days from May 12, 2025
2. Paused for 90 days from April 9, 2025

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

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

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

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

Imported Directly into the United States from the PRC

<u>Business line</u>	<u>Revenue contribution in 2024</u>	<u>General Rates under the HTSUS before the Additional U.S. Tariff¹</u>	<u>Applicable Additional U.S. Tariffs and potential impact as of the Latest Practicable Date</u>	<u>Overall U.S. tariff rate as of the Latest Practicable Date</u>
Smartphones and computers				
Structural parts and functional modules .	61.9%	Ranges between 0% to 20% ²	Subject to 20% Fentanyl Tariffs and exempt from reciprocal tariffs	Ranges between 20% to 40% ³
Complete device assembly	20.8%	Not applicable since no export to the U.S.	No impact since no export to the U.S.	Not applicable
Smart vehicles and cockpits	8.5%	Ranges between 0% to 4.5% ²	Subject to 20% Fentanyl Tariffs and some subcategories exempt from 10% reciprocal tariffs ³	Ranges between 20% to 32.5% ³
Intelligent head-mounted displays and smart wearables	5.0%	Ranges between 0% to 35% ²	Subject to 20% Fentanyl Tariffs and 10% reciprocal tariffs	Ranges between 30% to 65%
Other smart devices . . .	2.0%	0%	Subject to 20% Fentanyl Tariffs and 10% reciprocal tariffs	30%

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Notes:

1. The table does not reflect any special tariffs already in force, such as antidumping or countervailing duties and duties applicable under Section 232 of the Trade Expansion Act of 1962 or Section 301 of the Trade Act of 1974. These Harmonized Tariff Schedule of the United States (“HTSUS”) codes and the applicable tariff rates are provided purely based on the Chinese HS codes and their corresponding description. These do not include all our products. Rather, only our products directly exported to the United States with Chinese HS codes are included here.
2. Applicable rates depend on the physical characteristics, composition, use and function of the specific product.
3. To the extent these products fall into the HTSUS codes that are exempt from the Fentanyl Tariffs and Reciprocal Tariffs. During the Track Record Period, we exported certain products, such as phone cases, to the United States that would not be exempt from the Fentanyl Tariffs or the Reciprocal Tariffs.

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

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

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

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

Materials imported by us through the special supervision territory mainly include raw glass panels, polishing pads, abrasive skins and liquid crystal display panels. These materials entering and stored in the special supervision territory from overseas are not

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treated as import and thus exempt from import tax. The import tax liability shall only attach to and become payable upon such materials’ import from the special supervision territory into other place other than the special supervision territory in China.

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

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

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

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

To the best of our knowledge, as of the Latest Practicable Date, none of our top customers sell their products exclusively to the United States since our top customers during the Track Record Period were leading consumer electronics brands with diversified worldwide sales. These leading consumer electronics brands can choose to only import enough products into the U.S. to satisfy the U.S. market demand, while products they sell in other countries can be shipped from the manufacturers, including those located in China, to the relevant countries directly without crossing the U.S. border and therefore triggering U.S. tariffs. Therefore, only a small portion of our products are indirectly imported into the U.S. According to our estimation, approximately 17%, 14% and 11% of our products in terms of revenue were imported into the United States as part of end products in 2022, 2023 and 2024. These percentages are calculated by multiplying our top U.S. customers’ percentages of product sales within the United States with the percentages of our sales to these customers. The percentages of our top U.S. customers’ product sales within the United States are

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provided by Frost & Sullivan based on these customers’ public filings and industry expert interviews. Within these indirect imports into the United States, based on our estimates, a substantial portion of these products are, or can be, imported into the United States from countries other than China since most large-scale manufacturing companies who supply to the leading consumer electronics brands maintain diversified global supply chains and can swiftly relocate their production to countries that enjoy favorable tariffs arrangements in response to tariffs developments. As such, even if a tariff-driven price adjustment mechanism is agreed upon by us and our customers, only a limited portion of our sales will be impacted even if the proportion of products being imported into the United States from China by our customers remains at the level in 2024.

- **Changing industry landscape**

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

- **Our Active measures to mitigate risk**

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

- ***Diversifying our customer base***

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

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- *Expanding our production capacity outside of China*

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

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

- *Diversifying our supply chain*

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

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

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as at and for the three months ended March 31, 2025 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS34, Interim Financial Reporting as at the for the three months ended March 31, 2025 in Appendix IA to this document. Our unaudited interim condensed consolidated financial

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information as at and for the three months ended March 31, 2025 has been reviewed by our reporting accountant in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Revenue

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

Cost of sales

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

Gross profit

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

Research and development expenses

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

Profit for the period

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

Assets and liabilities

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

SUMMARY

Cash flows

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

No Material Adverse Change

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

IMPACT OF COVID-19 PANDEMIC

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