

China / Hong Kong Company Guide

Lens Technology

Bloomberg: 6613 HK | Reuters: 6613.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

16 Jun 2026

BUY (Initiating Coverage)

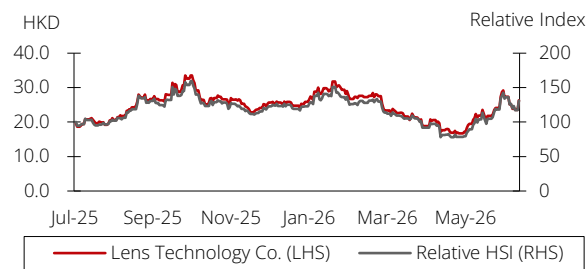
Last Traded Price (15 Jun 2026): HKD 26.34 (HSI: 24,843)

Price Target 12-mth: HKD38.0 (44% Upside)

Analyst

Jim Au jimau@dbs.com

Price Relative



Forecasts and Valuation

FY Dec (RMBmn)	2025A	2026F	2027F	2028F
Turnover	74,410	81,187	104,461	133,387
EBITDA	10,071	11,293	13,302	16,845
Pre-tax Profit	4,586	5,617	7,425	10,561
Net Profit	4,018	4,743	6,132	8,724
Net Pft (Pre Ex) (core)	4,018	4,743	6,132	8,724
Net Profit Gth (Pre-ex) (%)	10.9	18.0	29.3	42.3
EPS (RMB)	0.79	0.93	1.21	1.72
EPS (HKD)	0.91	1.08	1.40	1.99
Core EPS (RMB)	0.79	0.93	1.21	1.72
Core EPS (HKD)	0.91	1.08	1.40	1.99
EPS Gth (%)	8.5	18.0	29.3	42.3
Core EPS Gth (%)	8.5	18.0	29.3	42.3
Diluted EPS (HKD)	0.91	1.08	1.40	1.99
DPS (HKD)	0.12	0.14	0.18	0.25
BV Per Share (HKD)	12.04	12.95	14.11	15.77
PE (X)	28.8	24.4	18.9	13.3
Core PE (X)	28.8	24.4	18.9	13.3
P/Cash Flow (X)	9.9	15.3	10.6	8.7
P/Free CF (X)	41.7	132.2	46.6	47.8
EV/EBITDA (X)	11.4	10.1	8.4	6.6
Net Div Yield (%)	0.44	0.52	0.67	0.95
P/Book Value (X)	2.2	2.0	1.9	1.7
Net Debt/Equity (X)	cash	cash	cash	cash
ROAE (%)	7.8	8.3	9.9	12.8

Earnings Rev (%):		New	New	New
Consensus EPS (RMB)		0.87	1.23	1.53
Other Broker Recs:		B:7	S:0	H:1

Source of all data on this page: Company, DBS, Thomson Reuters

Folding into the next hardware cycle

- iPhone glass leader evolving into precision manufacturing of foldables, robots, AI infrastructure and aerospace
- Foldable iPhone: 4x content uplift, supporting an Apple-supplier-style re-rating on major new-product roles
- Expect 36% FY26–28F earnings CAGR, driven by Apple content uplift, auto glass, robotics modules and AI server racks; foldable iPhone to contribute 10%/18%/22% of FY26–28F revenue
- Initiate BUY; TP HKD38.0, on 0.8 FY27F PEG, in line with peers, implying 29x FY27F P/E; catalyst: increasing foldable visibility, Tesla robot head-module ramp and aerospace UTG validation

Investment Thesis

At the U.S.-China manufacturing inflection point. Lens is transforming from a handset glass supplier into a precision manufacturing platform at the intersection of foldables, humanoid robots, AI infrastructure, smart EVs and aerospace materials. Its competitive edge comes from hard-to-replicate manufacturing know-how built over decades of serving global hardware leaders (c.60% share in iPhone glass supply and core supply of Tesla China's central-control screen). This capability is now being redeployed into robot modules, AI server cabinets, auto exterior glass and satellite solar-wing, supported by China's advanced manufacturing localisation.

Growth from higher content and new hardware silos. We expect a visible recovery in 2H26 and accelerating FY27F earnings growth of 29%, driven by Apple foldable iPhone content, auto exterior glass, robotics modules and AI server racks. With Lens content expected at USD120/device vs. USD20–25 for conventional iPhone glass, projected Apple foldable shipments of 11/30/55mn in FY26/27/28F could contribute 10/18/22% of revenue, while non-smartphone drivers provide re-rating catalysts in the long run.

Foldable iPhone is the 12-month catalyst. Lens has already started test shipments for Apple's foldable iPhone and expects volume shipments from July ahead of a Sep launch, making production updates, prototype leaks, channel feedback and launch reception the key datapoints to watch. We expect Lens to replicate the historical Apple supply-chain re-rating pattern (with an avg.75% PE expansion), where major content wins or new-product roles often push suppliers toward cycle-peak valuations. Longer-term catalysts include Tesla robot head-module volume supply, Rubicon-related rack/liquid-cooling ramp, and orbital validation of aerospace UTG solar-wing.

Initiate with BUY and TP of HKD38.0, based on 0.8 FY27F PEG, pegged to the peer average. This implies 29x FY27F P/E using our FY26–28F earnings CAGR of 36%. We believe a PEG framework better captures the growth from its transition into a multi-silo innovative hardware manufacturing platform. After a c.45% share-price correction from its 2026 peak, we see valuation upside as foldable-iPhone visibility improves and non-smartphone growth curves become more measurable.

Key Risks

Launch delay, slower-than-expected volume ramp, worse-than-expected reception of First foldable iPhone

At A Glance

Issued Capital - H shares (m shs)	302
- Non H shrs (m shs)	4,960
H shs as a % of Total	6
Total Mkt Cap (HKDm/USDm)	204,963 / 34,711
Major Shareholders (%)	
Lens Technology (Hong Kong) Co. Ltd.	56.5
Changsha Qunxin Investment Consulting Co., Ltd.	5.7
Major H Shareholders (As % of H shares)	n.a.
China Southern Air Holding Company Ltd.	70
Free Float (As % of H shares)	30.2
3m Avg. Daily Val. (USDm)	73.5
GICS Industry: Information Technology/Technology Hardware and Equipment	

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Lens Technology

Investment Summary

At the U.S and China's manufacturing inflection point. Lens Tech is increasingly positioned at the manufacturing layer of the most key innovation verticals: **foldables, humanoid robots, AI infrastructure, smart EVs and aerospace materials.** Its real edge is manufacturing know-how like process engineering, in-house equipment design, precision automation, and glass/metal structural-parts processing, built through decades of serving global hardware leaders, evidenced by self-developed manufacturing equipment, including wafer-level laser cutting systems. This capability is now being redeployed into **robot modules, AI server cabinets/liquid cooling, and satellite's UTG solar-wing,** supported by the megatrend of advanced manufacturing localisation in China.

Apple and Tesla's transformation expands Lens' TAM. Lens is a key supplier to leading U.S. hardware platforms, led by Apple and Tesla. For Apple, Lens has c.60% share in iPhone glass supply and is the exclusive Gen-1 UTG supplier for Apple's first foldable iPhone. For Tesla, Lens is a near-exclusive supplier of central-control screen and B-pillar modules for the China plant, and is expanding into head modules for its Gen-3 humanoid robot. As these global hardware giants move into AI devices, robotics, EVs and space infrastructure, we expect Lens to capture higher content value through its precision glass, metal and module capabilities. The Yuan Tech acquisition also gives it a fast entry into Nvidia-certified AI server racks and liquid-cooling supply chains.

CEO between Apple and Tesla at China state banquet

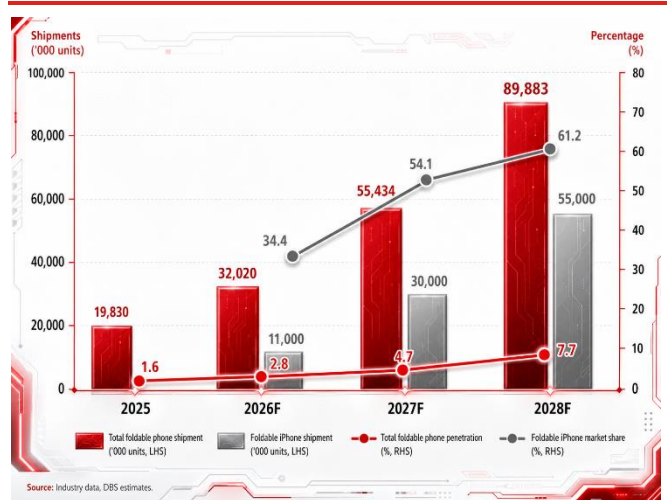


Source: South China Morning post

Recent share-price weakness created the entry point. Lens' share price corrected c.45% from 2026 peak to trough, mainly due to FX losses from RMB appreciation and memory tightness pressuring Android assembly demand. We think these headwinds are reflected in the share price. We expect a **2H26 recovery,** followed by accelerating **FY27F earnings growth of 29%,** supported by higher content value in foldable iPhone, auto glass and AI server.

Foldable iPhone is the 12-month re-rating catalyst. Lens has already started **test shipments** for the foldable iPhone in late May and expects volume shipments from July ahead of a September launch. Content uplift is significant: Lens content is expected at **c.USD120/device,** including c.USD70 from the UTG/PET/glass-support stack, vs. **USD20-25** for conventional iPhone front/back glass. Projected foldable iPhone shipments of **11mn/30mn/55mn units** could contribute **10.1%/ 17.7%/ 22.2%** of Lens' revenue. We expect Lens to replicate the historical Apple supply-chain re-rating pattern, where major content wins or new-product roles often push key suppliers toward cycle-peak valuations, with an avg.75% PE expansion from trough to peak within the period between the first supply-chain news leak and peak valuation (91-350days).

Foldable iPhone shipments forecast








Source: DBS

Non-smartphone drivers broaden the story. We disagree with the market's view of Lens as only an Apple glass and precision-mechanism supplier. Robotics is shifting from low-margin assembly to high-margin modules supply, backed by its world-scale humanoid OEM capacity (500k units p.a.) and exposure to Tesla and AgiBot as deployments move from demos to real applications. Auto glass offers a visible RMB3-6bn full-capacity revenue opportunity, led by Xiaomi's latest YU9 model and potential Tesla wins. AI server revenue could increase c.10x from FY25 to FY27F, reaching 4% of topline, supported by Yuan Tech's Nvidia AI server rack exposure and liquid-cooling opportunity via Pinda. Aerospace UTG remains blue-sky optionality, but satellite solar wings could turn foldable-phone UTG know-how into a larger-area space-material opportunity (c.20k-25k times of a foldable smartphone).

Lens Technology

Apple suppliers' re-rating pattern

Supplier	Forward P/E peak	First public leak date	Apple catalyst	Valuation trough during lag	Forward PE expansion	Lag (days)
 Hon Hai / 2317 TW (Foxconn)	20.1x on 31-Oct-2007	15-Nov-06	First iPhone EMS win	12.9	55.8%	350
 Hon Hai / 2317 TW (Foxconn)	18.3x on 31-Dec-2009	13-Jul-09	First-generation iPad EMS win	14.5	26.2%	171
 AAC Tech / 2018 HK	34.6x on 13-Nov-2017	21-Apr-17	iPhone X acoustics and haptics content upgrade opportunity	22.2	55.9%	206
 Luxshare / 002475 CH	59.0x on 9-Oct-2020	14-May-20	Entry into iPhone final assembly via Wistron Kunshan acquisition	35.8	64.8%	91
 BYDE / 285 HK	29.7x on 14-Dec-2022	29-Apr-22	Entry into iPhone structural-component value chain	11	170.0%	229

Source: DBS

Initiate with BUY, TP HKD38.0. We use PEG-based framework to better reflects Lens' transition from a cyclical smartphone supplier into a multi-silo innovative hardware manufacturing platform. The TP is based on 0.8x FY27F PEG, in line with the peer average, based on our FY26–28F earnings CAGR of c.35.6%, equivalent to 29x FY27F PE. We expect increasing foldable iPhone's visibility including manufacturing-process updates, prototype leaks and news flow on robust reception to drive its H-share valuation toward a cycle-high. Longer-term valuation upside catalysts include: (1) volume supply for the Tesla robot head-module; (2) expansion to liquid-cooling for Ruben's order; and (3) orbital validation of UTG solar-wing.

Lens Technology

Valuation & Peers Comparison

Initiate with BUY and TP of HKD38.0. Our target price is based on 0.8x FY27F PEG, in line with the peer average of 0.8x, applied to our FY27F EPS of HKD1.33. This equates to c.29x FY27F P/E, based on our FY26–28F earnings CAGR forecast of c.35.6%. The target PE is below Lens' historical peak of 31.4x in Sep 2025 and within the valuation range of comparable Apple supply-chain peers, including Avary at c.36x and Lingyi at c.22x. We believe a PEG-based framework is appropriate to capture Lens' transition from a handset supplier into a multi-silo innovative hardware manufacturing platform.

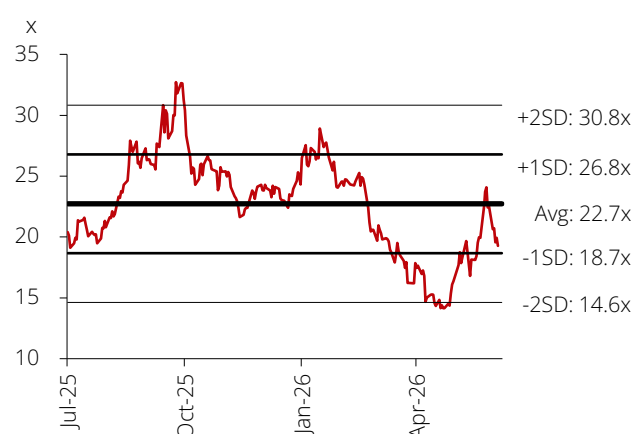
First foldable iPhone news flow is Lens' 12-month re-rating catalyst. Over the past 20 years, major Apple order wins, content-share upgrades, key new-product supply roles, or supply-chain role changes have often pushed Apple suppliers toward historical or cycle-peak valuations within one year of the first public news leak or product launch,

The time span from first public leak of the supply-chain participation to peak valuation range from 91 to 350 days and the avg. PE expansion of 75% from trough to peak within the period. As the exclusive Gen-1 UTG supplier for Apple's new smartphone form factor, we expect Lens to replicate this valuation-expansion pattern in 2026. It has been c.285 days since Lens' key role in the foldable iPhone supply chain was widely reported around Sep 2025, placing the stock still within the historical re-rating window for Apple supply-chain winners.

We expect increasing visibility of the new product — driven by **manufacturing-process updates from July, potential prototype leaks, and news flow on strong product reception** — to drive Lens Tech's H-share valuation toward a cycle-high level (peer avg. 0.8x PEG) since listing, aligning with.

Further valuation upside in the long run could come from non-smartphone catalysts including: 1) volume supply for Tesla's robot head-module programme; 2) expansion into liquid-cooling content for Rubin orders; and 3) orbital validation of UTG solar-wing applications.

Lens' forward PE chart



Source: DBS

Apple suppliers' re-rating pattern

Supplier	Forward P/E peak	First public leak date	Apple catalyst	Valuation trough during lag	Forward PE expansion	Lag (days)
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Source: DBS

Lens Technology

Peers comparison

Company Name	Code	Price Local\$	Mkt Cap US\$m	Fiscal Yr	PE		P/Bk		ROE		P/S		FY26-28 Earnings		Net Margin		Net Margin	
					26F x	27F x	26F x	27F x	26F %	27F %	26F x	27F x	CAGR %	PEG 27F %	26F %	27F %		
Lens Technology 'H'*	6613 HK	HKD	26.34	34,879	Dec	24.3	18.8	2.0	1.9	8.3	9.9	1.5	1.1	35.6	0.53	5.8	5.9	
Aac Technologies Hdg.	2018 HK	HKD	45.48	6,739	Dec	16.3	13.9	1.6	1.5	10.7	11.7	1.3	1.1	14.7	0.94	7.8	8.1	
Luxshare Precn.Ind.'A'	002475 CH	CNY	68.15	73,479	Dec	23.3	18.5	4.6	3.8	20.7	21.8	1.2	1.1	25.1	0.74	5.4	5.9	
Goertek 'A'	002241 CH	CNY	23.56	12,378	Dec	22.3	17.8	1.7	1.6	9.6	11.0	0.8	0.6	17.5	1.02	3.5	3.6	
Avary Holding (Shenzhen) 'A'	002938 CH	CNY	104.64	35,887	Dec	46.2	32.6	6.2	5.6	15.0	19.0	5.2	4.0	41.6	0.78	11.2	12.3	
Suzhou Dongshan Precn. Mnfg.'A'	002384 CH	CNY	239.31	64,864	Dec	58.7	25.9	16.1	10.7	25.9	42.3	6.7	4.4	95.2	0.27	11.4	16.9	
Byd Electronic (Intl.)	285 HK	HKD	25.38	7,299	Dec	13.1	9.8	1.3	1.2	12.3	14.3	0.3	0.2	22.3	0.44	2.0	2.5	
Hon Hai Precn.Ind.	2317 TT	TWD	267.5	118,688	Dec	15.2	12.5	2.0	1.8	12.6	14.2	0.4	0.3	18.8	0.67	2.4	2.4	
Jabil	JBL US	USD	385.6299	40,685	Aug	31.2	26.2	25.2	20.2	86.5	86.6	1.2	1.1	15.1	1.73	3.8	4.1	
Pegatron	4938 TT	TWD	83.5	7,096	Dec	14.8	12.2	1.0	1.0	7.1	9.1	0.2	0.2	14.5	0.84	1.3	1.3	
Lingyi Itech (Guangdong) 'A'	002600 CH	CNY	15.04	16,265	Dec	34.3	23.2	2.8	1.7	12.2	15.0	1.7	1.4	37.8	0.61	4.9	6.1	
Mean						27.5	19.3	6.2	4.9	21.3	24.5	1.9	1.4	30.3	0.8	5.4	6.3	
Median						22.8	18.2	2.4	1.7	12.4	14.6	1.2	1.1	20.5	0.8	4.4	5.0	

Source: Thomson Reuters, *DBS

Lens Technology

Key Risks

Foldable iPhone launch, yield and allocation risk. Our investment case assumes Apple's first foldable iPhone becomes Lens' most visible 12-month earnings revision driver, with Lens supplying high-value UTG/PET/glass-support content. A launch delay, slower-than-expected July volume ramp, lower first-year shipments, or faster dual-sourcing of UTG would reduce the FY26–28F revenue bridge.

Customer concentration remains high. Lens' top five customers accounted for 81.64% of FY25 sales, while the largest customer alone contributed 45.01%. This concentration supports scale and early participation in new product development, but also creates earnings sensitivity to customer product cycles, procurement strategy, pricing pressure, qualification changes and market-share shifts. Any change in cooperation level, allocation, or commercial terms with key customers would have a material impact on revenue and margin.

FX exposure can distort earnings. Lens settles a large portion of exports and imported raw materials in USD, and RMB appreciation has already been one of the key reasons for recent earnings pressure. The company indicated that a 10% RMB appreciation against the USD would have reduced profit by RMB587/855/427mn in FY23/24/25, respectively accounting for 19%/23%/11% of the earnings. Although the company uses hedging tools, bank agreements, exposure management and delayed settlement, these measures may not fully offset sharp FX swings.

Memory tightness and consumer electronics demand risk. Since 2H25, memory prices have risen sharply. Memory is not Lens' primary raw material, but higher memory cost can push up downstream device BOM and selling prices, especially for entry-level Android products, which can pressure customer order volumes and assembly demand. The current impact should be relatively manageable given Lens' customer mix is skewed toward mid-to-high-end brands, but short-term order volatility remains a risk.

Emerging-business execution risk. Lens is allocating substantial resources to embodied AI, AI servers and commercial aerospace. These businesses are at different stages of commercialization, with technology standards, customer qualification, supply-chain architecture and business models still evolving. Robotics module mix, AI-server cabinet/liquid-cooling ramp and aerospace UTG satellite-side validation could all take longer than expected, creating risk that near-term returns lag investment.

Margin mix and utilisation risk. Lens' margin recovery depends on the mix shift toward higher-value structural parts, UTG, modules and automation, while complete-device assembly and early-stage robot OEM assembly are structurally lower-margin. If foldable UTG yields lag, auto glass ramps slower, or robotics remains assembly-heavy for longer, group GPM recovery could be delayed despite revenue growth.

Geopolitical, tariff and supply-chain risk. Lens' production and customer base span China, Vietnam, Thailand and global hardware customers. U.S.-China export controls, sanctions, tariff changes, local-origin rules and restrictions on customer end-market exports could affect customer demand, production allocation and supplier access. The company highlights that evolving sanctions/export controls and tariff developments may affect business relationships with key customers or suppliers.

Raw-material and supplier concentration risk. Lens' structural components rely on glass, metal, sapphire and ceramics; its major glass raw materials are mainly imported from the U.S., South Korea and Japan. FY25 top five suppliers represented 48.41% of purchases, with the largest supplier at 32.22%. Any quality issue, delivery disruption, price change or geopolitical restriction affecting key suppliers could pressure production schedules and margins.

Lens Technology

SWOT Analysis

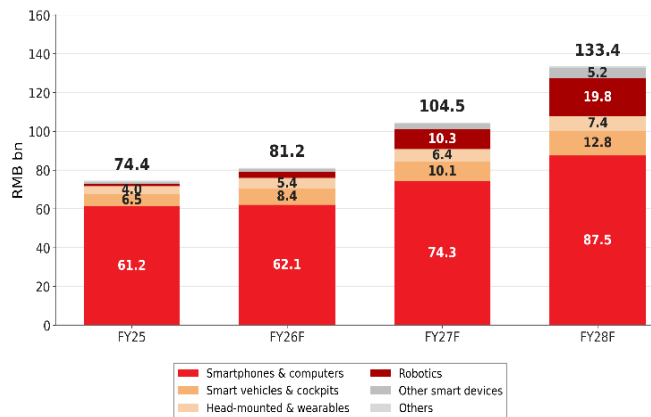
Strengths	Weaknesses
<ul style="list-style-type: none"> Entrenched position in Apple and Tesla supply chains, with early access to new product development. Vertical integration from structural parts to functional modules and assembly supports faster ramp and yield learning. In-house equipment and automation capability improves cost-down and quality consistency. Expanding exposure to foldables, robotics, AI servers, auto glass and aerospace UTG. 	<ul style="list-style-type: none"> High customer concentration, with FY25 top five customers at 81.64% of sales. Smartphones and computers still dominate revenue, creating exposure to handset cycles. USD/RMB exposure can cause large earnings swings. New businesses remain pre-scale and require qualification, capex and customer validation.
Opportunities	Threats
<ul style="list-style-type: none"> Foldable iPhone can drive a major ASP uplift and supply-chain re-rating. 2027 Apple content upside from titanium frames and full 3D glass. Auto exterior glass offers RMB3–6bn full-capacity revenue opportunity. Robotics mix shift from OEM assembly to head modules, joints, dexterous hands and structural parts can lift GP dollars. AI-server racks/liquid cooling and aerospace UTG provide new growth curves beyond smartphones. 	<ul style="list-style-type: none"> Apple foldable launch delay, yield miss or faster dual-sourcing Major customers pricing pressure and allocation changes. Slower adoption of humanoid robots, AI-server cabinet architectures or satellite-side UTG. Memory price spikes, weak Android demand or macro pressure on consumer electronics.

Source: Company data, DBS

Lens Technology

Principal share Price drivers

Lens' revenue breakdown



Source: DBS

1. Foldable iPhone: 12-month catalyst, 2027 content optionality

We see the foldable iPhone as the single most important driver of 2H26 estimate revisions. The market is still debating launch timing and yield risk, but management feedback is constructive: Lens started small-batch shipments in late May, is shipping upstream to Samsung Display in Vietnam for UTG/screen lamination, and expects large-volume shipments from July ahead of a September launch. We see limited risk of launch delay or volume shortfall, as Apple is expected to launch only three major new models this September — foldable, Pro and Pro Max — making under-production or schedule slippage for its first foldable iPhone unlikely.

The content uplift is unusually high. We expect Lens' content in the first foldable iPhone to reach c.USD120/device, including c.USD70 from the UTG/PET/glass support-plate stack, versus c.USD20-25 for a conventional iPhone front/back glass set. Lens is expected to be the exclusive Gen-1 UTG supplier, as alternative suppliers have not yet reached sufficient yield. We also see potential content upside toward c.USD150/device in Gen 2, supported by possible expansion into hinge-related stack supply.

Topline-line implication. Echoed with the view in our 2026 consumer electronics outlook report [Foldables go mainstream](#), we expect Apple's entry to make foldables mainstream again, with Android brands rushing to expand form factors ahead of the cycle — including Huawei's Pura X Max passport-style foldable, Samsung's reported Galaxy Z Fold Ultra / wider Fold model, and Motorola's first book-style Razr Fold. We estimate Apple foldable shipments of 11/30/55mn units in FY26/27/28F could contribute 10.1/17.7/22.2% to Lens Tech's top line, making foldables the clearest 12-month revenue and earnings driver.

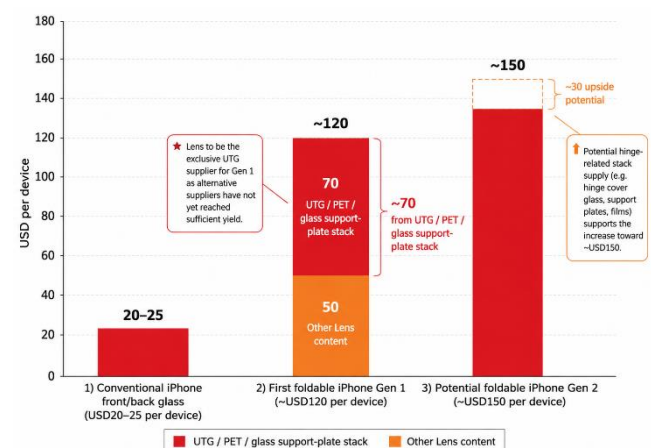
Apple's foldable iPhone shipment forecast



Source: DBS

2027 opportunity: titanium frame and full 3D glass. We think the market is underpricing the second leg of Apple content. The 2027 iPhone cycle could see a shift from aluminium to titanium midframes in at least one Pro model, lifting component value by nearly 3x, from c.USD20-25 for aluminium to c.USD60 for titanium. Lens has already supplied aluminium midframes for recent Apple models and titanium frames for Apple Watch, giving it a credible entry path into phone titanium frames. Meanwhile, the potential 20th-anniversary design could increase 3D glass usage on both front and back covers, involving hot-bending and higher-precision process control, creating another ASP and margin-mix uplift beyond the first foldable cycle.

Content value hike in foldable iPhone



Source: DBS

Lens Technology

Android's book-style foldables (LHS: Motorola; RHS: HUAWEI)



Source: Company data, DBS

2. Auto glass: exterior glass drives the next leg

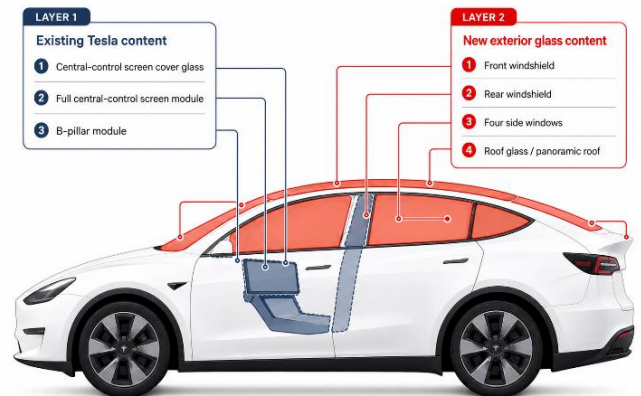
Lens' original Tesla supply started in 2016 with central-control screen cover glass, then expanded into the full central-control screen module — including glass lamination, touch/display integration, rear housing and electronics assembly — and B-pillar modules. Lens is close to exclusive supply for Tesla's China plant in central-control screens and B-pillars, and has c.80–90% for Tesla's overseas order, with Huanghua base supplying Tesla Shanghai and Vietnam base supplying Tesla's U.S. and Germany clients.

Tesla-related auto revenue accounted for +80% of its FY25 auto revenue (c.RMB5bn). The new incremental product is full-vehicle exterior glass, including front/rear windshields, four side windows and roof glass. One production line has been built and three more are under construction; full capacity should reach c.1.0–1.5mn vehicles p.a. The first confirmed customer is Xiaomi's third EV model (YU9, an extended-range EV), for which Lens is expected to be the full-series exclusive supplier. We expect 2026 to be a ramp year, with full-capacity contribution more visible in 2027. Based on RMB3k–4k content per vehicle, we estimate full-capacity revenue potential of c.RMB3.0–4.0bn at 1.0mn vehicles and c.RMB4.5–6.0bn at 1.5mn vehicles.

We expect auto content expansion to improve visibility into Lens' multi-material platform strategy. With Xiaomi as the key ramp customer — deliveries expected to rise from c.350k in 2025 to c.550k in 2026 — Lens is also in discussions with other domestic NEV brands like AITO and Tesla. Tesla has reportedly completed line inspection, with commercial terms still under discussion. Longer term, Lens' auto-content story is not only exterior glass: larger/multi-screen smart cockpits, longer display modules, B/C-

pillar sensing and Tesla Cybercab-style central displays could further lift content per vehicle even if EV unit growth slow.

Lens content for Tesla from cockpit to full exterior glass



Source: Company data, DBS

3. Robotics: module mix drives margin expansion

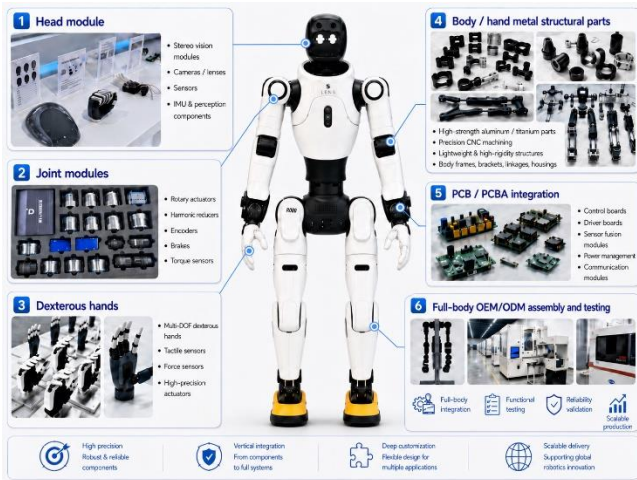
Robotics is the long-term re-rating leg, with potential gross margin expansion from product mix shifting to module supply from assembly. From our Lens Robotics site visit in Changsha/Liuyang, we learned that Lens is positioning itself as China's largest humanoid full-body manufacturing platform, with designed full body OEM capacity of c.500k humanoid units p.a., plus overseas assembly capacity in Thailand/Vietnam, vs Tesla's 2026 Optimus in-house production target of 50–100k units. The site demonstrates an end-to-end manufacturing flow covering sub-assembly, parts/whole-body motion testing, burn-in/stress testing and outbound packing. Customer coverage includes AgiBot, UBTECH, Dobot, Tesla and most major domestic robot makers. We expect humanoid robotics revenue to grow at a multiple-fold pace to Rmb2.2bn in FY26 (from several hundred millions RMB in FY25) as robot brands move from demos to applications. The entity is already profitable, supported by low depreciation expense from existing factories and limited incremental fixed-cost burden. We expect total robotics revenue to rise from c.RMB1bn+ in FY25 to RMB3.0bn in FY26

The key upside is mix shift toward modules and structural components as customer orders scale. Lens' product scope includes full-body OEM/ODM assembly, head modules, joint modules, dexterous hands, body/hand metal structural parts, printed circuit board and printed circuit board assembly (PCB/PCBA)-related integration. AgiBot is expected to bring potential hundreds of thousands of joint-module demand in 2026, supported by Lens' automated joint-module line; UBTECH supports dexterous-hand exposure; and Tesla Optimus provides the overseas growth, with Lens locked in for the head module and small-batch ramp targeted from July 2026, while hand/body structural parts remain upside. The transition to modules and precision structural parts supply should carry higher value-add

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than assembly. We expect robotics to support a better margin mix and potentially exceed group-level gross margin in the long run

Lens Robotics' exposure



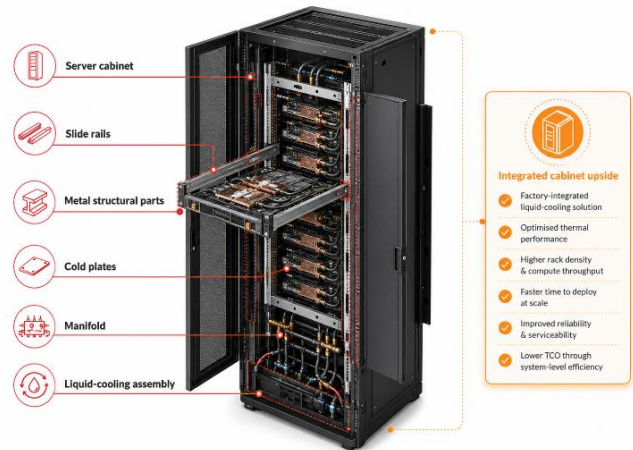
Source: Company data, DBS

4. AI servers: Yuan Tech opens Nvidia rack exposure

The acquisition of Yuan Tech gives Lens an already-qualified entry point into server cabinets, slide rails and metal structural parts, while cooperation with Pinda provides a route into liquid-cooling OEM, including cold plates and manifolds. Yuan Tech supplies both Nvidia directly and Nvidia ecosystem customers such as Wistron/Foxconn, and was among the first suppliers to send samples of cabinets, rails and manifolds for next-generation Vera Rubin AI server platform to Nvidia. Shipments are expected to start ramping in late 3Q26, aligned with the Rubin platform rollout. Lens is expanding Songshan Lake capacity, with a current plan of c.2,000 cabinets per month, or 20k+ cabinets p.a., and further expansion is possible as the required CNC metal-processing equipment is relatively available.

Rack/rail ASP is c.USD10k+ per cabinet, while a cabinet bundled with liquid-cooling content could reach USD50–60k. The initial 20k+ cabinet capacity implies c.RMB1.4–1.6bn annual revenue from rack/rail alone, and c.RMB3–5bn+ if a meaningful portion includes liquid-cooling content. We expect Lens to gain clearer exposure to the high-visibility AI server growth cycle through this acquisition, with upside from moving beyond rack/rail into liquid-cooled integrated cabinet solutions. Confirmed Rubin-related shipments and further evidence of Lens moving into integrated liquid-cooled cabinets should catalyse a re-rating toward AI-infrastructure peer valuations.

Lens' current participation on AI server



Source: Company data, DBS

5. Aerospace UTG: current revenue, large option value

The larger upside is satellite-side space-grade UTG for rollable solar wings. Next-generation LEO satellite solar arrays could reach c.400–500 sqm per satellite, equivalent to the UTG area of c.20k–25k foldable smartphones (only c.0.02 sqm for an 8-inch foldable inner cover). Aerospace UTG also requires a much more stringent specification set: 30–50µm thickness, 95%+ AR-coated transmittance, and 15+ years of durability, vs. c.3–5 years for polymer-film substitutes, with stronger resistance to radiation, atomic oxygen and optical degradation in space. Management discussions suggest practical revenue potential of c.RMB2–4mn per satellite for a 300–400 sqm solar-array glass-cover application.

Lens' aerospace-grade UTG compared with other materials

Criteria	Aerospace-grade UTG (Ultra-thin Flexible Glass)	CPI (Colourless Polyimide)	PI (Polyimide)	Conventional Tempered Glass
Flexibility	✓ High (R1.5–3mm)	Very high	Very high	None
Weight	✓ Light	Light	Light	Heavy
Light transmittance	✓ >93% (stable)	~85% (degrades)	<60% (almost opaque)	-
Space durability	✓ Strong	Prone to fogging / corrosion	Prone to fogging / corrosion	-
Service life	✓ 15+ years	Short (3–5 years)	Short (3–5 years)	-
Protection	✓ 7H+ (can resist micrometeoroids)	Weak	Weak	-
Air tightness	✓ Strong	Weak	Weak	-
Key drawback	✓ Complex processing	Short lifespan	High light absorption	Too heavy / unsuitable
Remarks	✓ Only material that can meet both large-area rollable launch and 10+ year space-life requirements	-	Suitable mainly as a rear-side insulating support layer / battery substrate	Not suitable for solar-wing applications

Source: Company data, DBS

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Lens' right to win comes from the same capability stack behind foldable iPhone: UTG processing know-how, glass-to-module integration, cutting/polishing, chemical strengthening and coating, assembly. Domestic satellite-side testing of Lens' UTG solar-wing material could start as early as July 2026, while SpaceX's V3 satellite development remains the key overseas validation path. Longer term, assuming 100k+ approved global LEO satellite resources, 300-400 sqm of solar-array area per satellite and RMB5-10k/sqm glass-cover value, the implied solar-wing materials TAM could reach c.RMB150-400bn.

We treat this as a blue-sky framework, with key catalysts including satellite validation updates, first small-batch satellite orders and expansion from UTG sheet supply into solar-wing module assembly. U.S. defense UAP/UFO disclosures and rising defense-space competition could amplify investor attention and support sector sentiment.

Satellite's extendable solar array (cross-section)



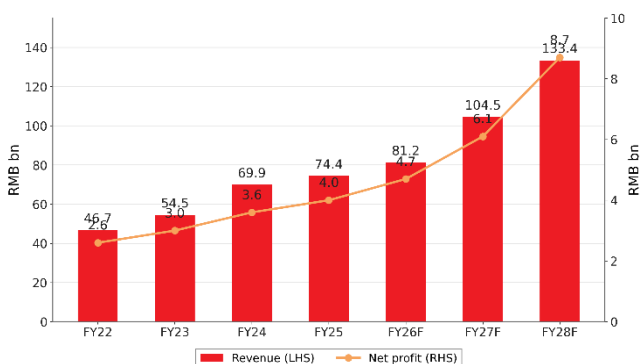
Source: Company data, DBS

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Financials

Revenue growth re-accelerates from 2H26. Lens' revenue grew at a 22.3% CAGR from RMB46.7bn in FY22 to RMB69.9bn in FY24, before moderating to RMB74.4bn in FY25, up 6.5% y/y. We forecast revenue to grow 9.1%/28.7%/27.7% y/y to RMB81.2bn/RMB104.5bn/RMB133.4bn in FY26/27/28F, driven by five revenue bridges: foldable iPhone, auto exterior glass, robotics OEM/modules, AI infrastructure under other smart devices, and aerospace UTG optionality. We forecast net profit attributable to increase from RMB4.0bn in FY25 to RMB4.7bn/RMB6.1bn/RMB8.7bn in FY26/27/28F, implying an FY25–28F earnings CAGR of c.29% and an FY26–28F earnings CAGR of c.35.6%.

Revenue and earnings re-accelerate

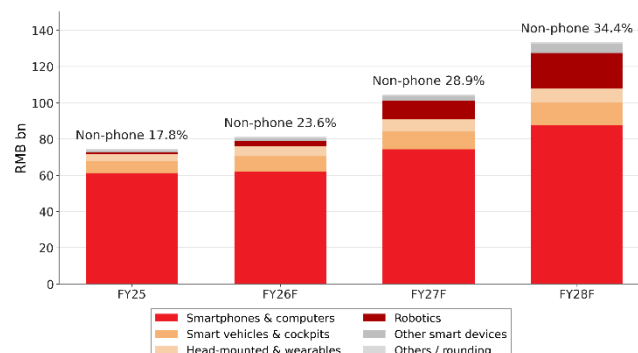


Source: Company data, DBS

Segment mix: handset core plus new hardware

Non-smartphone contribution becomes increasingly visible. Smartphones and computers remain the core revenue base, but their contribution is expected to decline from 82.2% of revenue in FY25 to 65.6% in FY28F. Non-smartphone revenue should rise from 17.8% to 34.4% over the same period, led by smart vehicles, wearables, robotics and other smart devices.

Non-smartphone mix rises to one-third by FY28F



Source: Company data, DBS

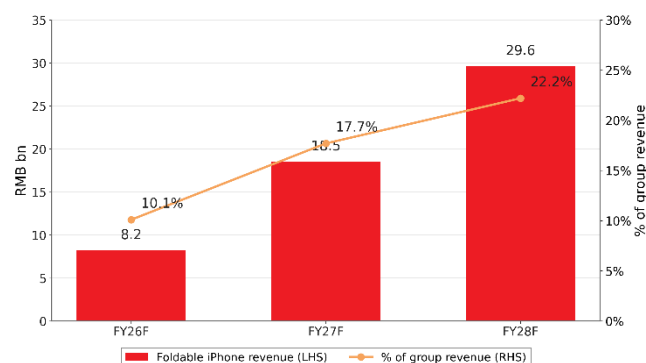
Smartphones and computers: foldables drive revisions

Foldable iPhone is the largest near-term revenue contributor. We forecast smartphones and computers revenue to increase from RMB61.2bn in FY25 to RMB62.1bn/RMB74.3bn/RMB87.5bn in FY26/27/28F. Our forecast embeds foldable iPhone shipments of 11mn/30mn/55mn units in FY26/27/28F, with Lens supplying 100%/80%/70% of foldable-specific content. Based on a conservative USD110/device content assumption, foldable iPhone revenue contribution should reach RMB8.2bn/RMB18.5bn/RMB29.6bn, equivalent to 10.1%/17.7%/22.2% of group revenue in FY26/27/28F. Latest management discussion around c.USD120/device content suggests upside risk to this assumption.

Structural-content mix supports margin. Complete-device assembly remains structurally low margin, with GPM of only c.1.3% in FY25. By contrast, structural parts and functional modules generated c.18.5% GPM in FY25. We forecast structural/module GPM to improve to 19.0%/20.0%/21.0% in FY26/27/28F, supported by foldable UTG, 3D glass and higher-value metal structural parts. Segment GPM should improve from 14.2% in FY25 to 15.2%/16.6%/17.5% in FY26/27/28F.

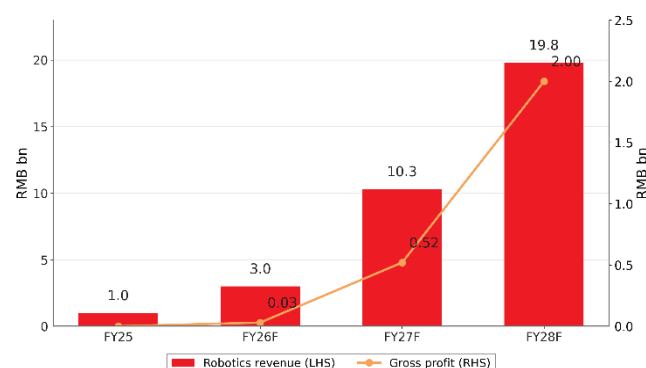
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Foldable iPhone becomes a major revenue bridge



Source: Company data, DBS

Robotics scales from revenue to gross profit



Source: Company data, DBS

Auto, wearables and robotics: broader growth base

Auto glass adds a visible revenue bridge. Smart vehicles and cockpits revenue increased from RMB3.6bn in FY22 to RMB6.5bn in FY25. We forecast this segment to reach RMB8.4bn/RMB10.1bn/RMB12.8bn in FY26/27/28F. The key incremental product is exterior auto glass, covering front/rear windshields, four side windows and roof glass. With full capacity of c.1.0–1.5mn vehicles p.a. and content value of RMB3k–4k per vehicle, the full-capacity revenue opportunity is c.RMB3–6bn. We expect 2026 to be the ramp year, with a more visible full-year contribution in 2027.

AI glasses and wearables remain margin-accretive. Intelligent head-mounted displays and smart wearables revenue rose 14.0% y/y to RMB4.0bn in FY25. We forecast revenue to reach RMB5.4bn/RMB6.4bn/RMB7.4bn in FY26/27/28F, supported by AI glasses, light-guide modules, charging cases and assembly opportunities. GPM is forecast to improve from 17.5% in FY25 to 19.0% in FY28F, making this a smaller but higher-quality growth leg.

Robotics scales from revenue to GP contribution. We forecast robotics revenue to rise from RMB1.0bn in FY25 to RMB3.0bn/RMB10.3bn/RMB19.8bn in FY26/27/28F as humanoid and quadruped customers move from demonstration builds to real applications. We keep near-term GPM conservative at 1%/5%/10% in FY26/27/28F to reflect the early assembly-heavy mix, implying gross profit of RMB30mn/RMB515mn/RMB2.0bn. Upside should come from a faster mix shift into head modules, joint modules, dexterous hands and precision structural parts.

Other smart devices: AI infrastructure embedded

AI infrastructure is included in other smart devices. Other smart devices revenue declined to RMB1.1bn in FY25 from RMB1.4bn in FY24, and is projected to recover to RMB1.6bn/RMB2.7bn/RMB5.2bn in FY26/27/28F. This line includes the AI infrastructure contribution from server racks, slide rails, metal structural parts and liquid-cooling-related exposure. The forecast now embeds a measured AI-infrastructure ramp, while still leaving upside if customer audits, consolidation and shipment visibility progress faster than expected.

Rubin exposure provides upside to the base case. Management indicated Songshan Lake capacity could reach c.2,000 cabinets per month, or 20k+ cabinets p.a. Rack/rail ASP is around USD10k+ per cabinet, while a cabinet bundled with liquid-cooling content could reach USD50–60k. On sensitivity, 20k+ cabinets imply c.RMB1.4–1.6bn annual revenue from rack/rail alone, and c.RMB3–5bn+ if a meaningful portion includes liquid-cooling content. Faster Rubin-related ramp could therefore create upside to the other smart devices forecast.

AI server cabinets provide further upside

Scenario	ASP / cabinet	Capacity	Revenue potential
Rack / rail only	USD10k+	20k+ p.a.	RMB1.4–1.6bn
Liquid-cooling bundle	USD50–60k	20k+ p.a.	RMB3–5bn+

Initial capacity plan: c.2,000 cabinets/month at Songshan Lake

Source: Company data, DBS

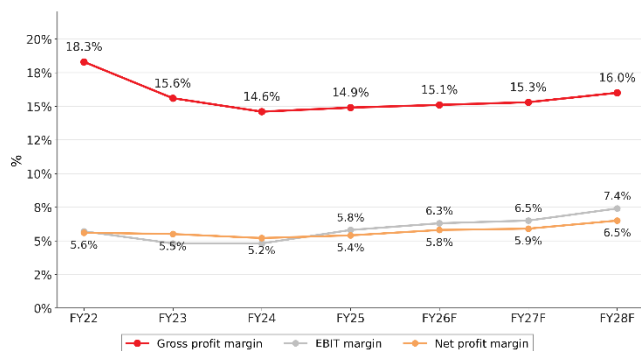
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Margin and operating leverage

Group margin should recover gradually. Group GPM declined from 18.3% in FY22 to 14.6% in FY24, mainly due to a higher complete-device assembly mix and auto margin pressure. FY25 showed early recovery to 14.9%. We forecast GPM of 15.1%/15.3%/16.0% in FY26/27/28F, supported by foldable UTG/3D glass, higher-value metal structures, wearables, and later-stage robotics module mix. Our margin assumptions remain conservative for robotics and AI infrastructure, leaving upside if module and liquid-cooling content ramp faster.

Operating leverage drives earnings growth. We forecast distribution costs to stay at c.0.8% of sales, R&D at c.3.9% of sales, and administrative expenses to decline from 4.5% of sales in FY25 to 4.0% by FY28F. As revenue scales, EBIT margin should rise from 5.8% in FY25 to 7.4% in FY28F, supporting net profit growth from RMB4.0bn in FY25 to RMB8.7bn in FY28F.

Margin recovery driven by higher-value mix



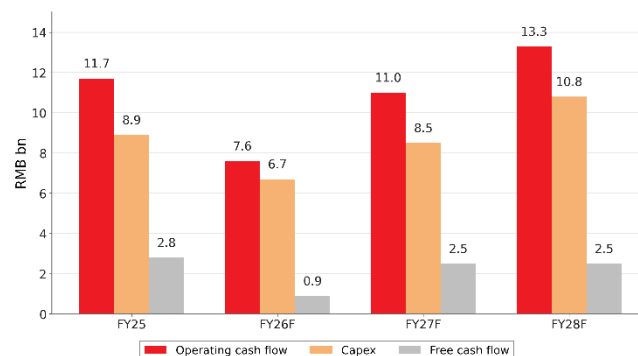
Source: Company data, DBS

Cash flow and balance sheet

Operating cash flow funds the investment cycle. Lens generated RMB11.5bn of operating cash flow in FY25. Capex was RMB8.9bn in FY25 and is forecast at RMB6.7bn/RMB8.5bn/RMB10.8bn in FY26/27/28F, reflecting investment in foldable iPhone capacity, exterior auto glass, Songshan Lake AI infrastructure capacity and robotics automation. Free cash flow should remain positive at RMB0.9bn/RMB2.5bn/RMB2.4bn in FY26/27/28F.

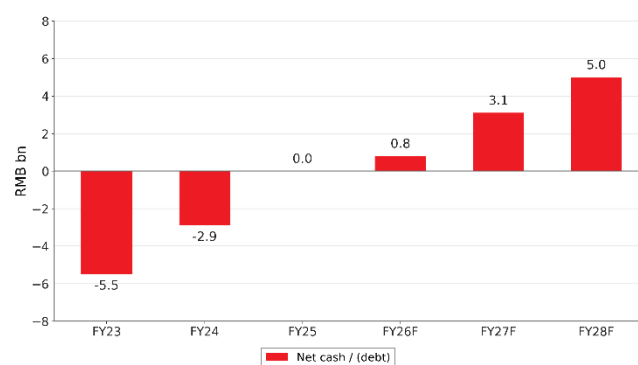
Balance sheet remains solid. Lens had c.RMB9.65bn of cash and equivalents at end-FY25, broadly in line with total borrowings of c.RMB9.66bn. We forecast Lens to move into a net cash position of RMB0.8bn/RMB3.1bn/RMB5.0bn in FY26/27/28F, giving the company balance-sheet flexibility to support its multi-silo hardware expansion.

Operating cash flow funds the investment cycle



Source: Company data, DBS

Balance sheet moves into net cash



Source: Company data, DBS

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Environment, Social & Governance (ESG)

Governance structure is moving from compliance to strategic ESG.

Lens plans to improve a three-tier ESG management system of “Board of Directors — Strategy and Sustainability (ESG) Committee — Executive Departments,” with greater focus on climate risk/opportunity management, ESG talent, long-term assessment mechanisms and international ESG recognition. This matters for Lens because global customers such as Apple, Tesla and AI infrastructure clients increasingly require robust supplier sustainability compliance.

Environmental actions support customer qualification. The company integrates environmental management into operations, and during the track record period it had no material environmental administrative penalties. In 2024, Lens invested RMB24.03mn to upgrade exhaust-gas treatment facilities, reducing VOC emissions by 42.09 tonnes; it also utilised over 189,356.9 tonnes of waste under its “Zero Landfill” initiative and improved wastewater management at the Liuyang production centre.

Energy, water and carbon targets are increasingly quantified. By end-2024, Lens had established 12 reclaimed-water recycling stations and recycled more than 90% of industrial waste. The company targets average annual energy-saving growth of at least 3% from 2025–2030, energy savings of more than 60mn kWh by 2030, clean-energy usage of 60% by 2030, and green electricity consumption of more than 30% by 2030. It also targets a 20% reduction in carbon-emission intensity over five years from a 2024 baseline.

Human-capital management is central to the manufacturing moat.

Lens’ employee strategy includes competitive remuneration, performance-based bonuses, diversified recruitment, induction training, continuous education, customised R&D training and mentorship programmes. This is strategically relevant because the company’s growth thesis depends on process engineers, automation teams and manufacturing talent capable of scaling complex products such as UTG, robot modules and AI-server structural systems.

Governance aligned with listed-company requirements. The Board includes three executive directors and four independent non-executive directors, with audit, remuneration, nomination and strategy committees. The company also disclosed that during FY25 it did not breach loan agreements with material impact, had no controlling shareholder share pledges, and maintained sufficient public float under the Listing Rules.

Sustainability Standards Support Hardware Platform Expansion.

We view ESG as a customer-qualification enabler rather than a standalone valuation driver today. The most important ESG indicators for Lens are energy intensity, water recycling, waste management, workplace safety, supply-chain compliance and governance transparency. Better disclosure of FY25 ESG intensity metrics and overseas-factory ESG controls would improve investor confidence as Lens expands in Vietnam, Thailand, robotics and AI infrastructure.

Lens Technology

Company Background

From cover glass to precision-manufacturing platform. Lens Technology traces its history to 2003, when co-founders Ms. Chau Kwan Fei and Mr. Cheng Chun Lung established Lens Shenzhen. The predecessor of Lens Technology was established in Liuyang, Hunan in December 2006, converted into a joint stock company in June 2011, and listed its A shares on the Shenzhen Stock Exchange in March 2015. Its H shares were listed in Hong Kong on 9 July 2025.

Core business: structural parts, modules and assembly. Lens is a one-stop precision manufacturing solution provider across AI hardware, covering structural components, functional modules and complete-machine assembly. Its business spans smartphones and computers, AI glasses, smart vehicles, embodied intelligence, AI servers and commercial aerospace.

FY25 revenue remains handset-led, but diversification is rising. In FY25, Lens generated RMB74.41 bn revenue, up 6.46% y/y. Smartphones and computers contributed RMB61.18bn, or 82.2% of revenue; smart vehicles and cockpits contributed RMB6.46bn; intelligent head-mounted displays and smart wearables contributed RMB3.98bn; and other smart devices contributed RMB1.05bn. This confirms that the handset core remains the revenue anchor, but new hardware categories are becoming increasingly relevant.

Manufacturing footprint supports global customers. Major subsidiaries include Lens Shenzhen for sales and R&D, Lens Changsha for manufacturing, Lens Xiangtan for production/assembly, Lens Taizhou for precision metal, Lens Intelligent Robot for intelligent equipment and robots, Lens System Integration for industrial Internet/system integration, and Lens Vietnam for overseas electronic-component production and optical-equipment maintenance.

Strategic evolution has followed customer hardware cycles. Lens began with glass machining, then expanded into sapphire, 3D curved glass, ceramics, precision metals, smart EV functional modules, intelligent B-pillars, complete-device assembly and overseas production. Since 2025, the company has deepened involvement in humanoid robot components/modules and AI glasses, while the company highlights new progress in embodied intelligence, AI servers and commercial aerospace in FY25.

From Handset Glass to Multi-Silo Hardware Platform. We view Lens as a scaled manufacturing platform with multiple growth silos rather than a pure handset-cover-glass company. The core handset business provides scale, cash flow and customer access; foldables, robotics, auto glass, AI infrastructure and aerospace UTG provide the re-rating layers.

Lens Technology

Management & Strategy

Founder-led execution culture. Lens is led by co-founder Ms. Chau Kwan Fei, Chairman and General Manager, who is responsible for development strategy and overall operations. Mr. Cheng Chun Lung, co-founder and Vice Chairman, is responsible for marketing and procurement, while Mr. Rao Qiaobing is responsible for production and operations. This gives Lens a founder-led structure with direct alignment between strategy, customer relationships and manufacturing execution.

Move from parts to modules and systems. Lens' long-term strategy is to increase content value by moving from structural parts into functional modules and selective assembly. This is visible across foldable iPhone UTG/PET/support plates, Tesla cockpit modules and B-pillars, robotics head/joint/hand modules, AI-server cabinets/liquid-cooling parts, and aerospace UTG solar-wing materials. The strategic logic is consistent: higher value-add, deeper customer stickiness and better margin mix.

Redeploy consumer-electronics manufacturing DNA. The company's moat is its ability to industrialise complex precision processes. Lens' R&D focus on specialty materials, core components, intelligent manufacturing and digital R&D, including aerospace-grade UTG, HDD glass substrates, nano-ceramic glass, liquid metals, optical waveguides, embodied AI modules, AI-server liquid cooling and AI-driven automation.

Use A+H capital platforms for new growth. Management intends to leverage both A-share and H-share capital platforms to support new business expansion, M&A and equity investments, while also maintaining shareholder returns through dividends, share repurchases and employee stock ownership/equity incentive plans. We read this as supportive for acquiring missing capabilities, such as the Yuan Tech AI-server rack and liquid-cooling entry point.

Build a multi-silo AI hardware platform. In 2025, Lens accelerated expansion into embodied intelligence, AI servers and commercial aerospace. Its robotics has already achieved core-component development, new capacity construction and mass deliveries; AI servers targeted customer certifications and order fulfilment; and commercial aerospace moved from ground-segment products toward satellite-segment products verified by core domestic and international customers.

Execution Focus: Ramps, Mix and GP Dollars. We expect management to prioritise projects with both customer validation and manufacturing leverage. Foldable iPhone provides the near-term revenue bridge; robotics and AI infrastructure provide the FY27 growth curve; auto glass strengthens non-handset visibility; and aerospace UTG adds long-duration option value. Execution will be measured by three KPIs: shipment ramp, module mix, and gross-profit dollars.

Lens Technology

Key Management Team

Name	Title	Scope & background
Ms. Chau Kwan Fei (周群飛)	Chairwoman; General Manager; Executive Director; Co-founder	Founder of the Group (Dec 2006); chairwoman and general manager since Jun 2011. Fully responsible for strategic planning and overall operation and management of the company. Has also served as chair/director or GM of multiple key subsidiaries, including Lens Changsha, Lens Taizhou, and Lens New Energy, and as director of the Changsha Intelligent Robot Research Institute.
Mr. Cheng Chun Lung (鄭俊龍)	Vice Chairman; Executive Director; Co-founder	Co-founder of the company; vice chairman of the board since Jun 2011 (continuing after redesignation as executive director in Mar 2025). Primarily responsible for marketing and procurement; joined the group in Dec 2006 and has held multiple director/GM roles in subsidiaries including Lens Shenzhen, Lens Xiangtan, and Lens Changsha; previously general manager of Changsha Qunxin (2021-2025).
Mr. Rao Qiaobing (饒橋兵)	Executive Director; Deputy General Manager	Deputy GM since Jun 2011; executive Director since Jul 2021; joined the Group in Dec 2006. Responsible for management of production and operations across the group and possesses over 30 years' experience in optics/precision manufacturing, including roles as executive director & factory manager at Huizhou Gaokeda Photonics, chief engineer & factory manager at Shenzhen Keda Photonics, and factory manager at Aoya Optics.
Mr. Jiang Nan (江南)	Deputy General Manager; President of China Region; Board Secretary; Joint Company Secretary	Deputy GM and president of China region/board secretary since Apr 2023; joined the group in Sept 2021. Responsible for external investments, new business development, and public relations management. Previously president of China region & chief strategy officer at Guangdong Lingyi iTECH, SVP of PR at AAC Technologies, VP at Jumei International, and held senior roles at MOFCOM;. Holds an MBA from the University of International Business and Economics (Beijing).
Mr. Liu Shuguang (劉曙光)	Deputy General Manager; Chief Financial Officer	Deputy GM and CFO since Jun 2011; joined the Group in Oct 2010. In charge of the group's financial operations. Director/supervisor in several key subsidiaries (incl. Lens Taizhou and Changsha Lens New Materials); previously held senior finance roles at Skyworth Group and its Shenzhen appliance subsidiary. Holds an MBA from Hong Kong Baptist University and is a qualified PRC Public Accountant.

Source: Company Data, DBS

Company Background

Lens' history traces back to Lens Shenzhen in 2003. The predecessor of the company was established in Hunan in 2006, and listed on the Shenzhen Stock Exchange in 2015 and the Hong Kong Stock exchange in 2025. The company has been engaged in R&D, production and sales of glass machining and related

products for more than 20 years. Key milestones include providing cover glass for early touch-enabled full-screen smartphones in 2007, entering intelligent robots in 2016, establishing Lens Vietnam in 2017, entering smart cockpit products in 2018, entering complete-device assembly in 2021, and becoming deeply involved in humanoid robot components and AI glasses solutions in 2025.

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Key Assumptions

FY Dec	2024A	2025A	2026F	2027F	2028F
Foldable iPhone shipments ('000 units)	0	0	11,000	30,000	55,000
Avg. content value/ foldable iphone	0	0	110	110	110
Humanoid robots shipments ('000 units)	0	3	20	75	150

Source: Company, DBS

Segmental Breakdown

FY Dec (RMBmn)	2024A	2025A	2026F	2027F	2028F
Revenue					
Structural parts and functional	43,234	45,802	48,880	60,349	71,217
Complete device assembly	14,520	15,382	13,173	13,918	16,284
Smart vehicles and cockpits	5,935	6,462	8,450	10,125	12,806
Intelligent head-mounted displays	3,488	3,978	5,385	6,378	7,440
Other smart devices	1,408	1,051	1,585	2,651	5,151
Others	1,311	734	734	734	734
Robotics	0	1,000	2,980	10,305	19,755
Total	69,897	74,410	81,187	104,461	133,387

Source: Company, DBS

Income Statement

FY Dec (RMBmn)	2024A	2025A	2026F	2027F	2028F
Revenue	69,897	74,410	81,187	104,461	133,387
Cost of Goods Sold	(59,713)	(63,299)	(68,912)	(88,434)	(112,049)
Gross Profit	10,183	11,111	12,275	16,028	21,338
Other Opng (Exp)/Inc	(6,859)	(6,783)	(7,198)	(9,261)	(11,532)
Operating Profit	3,324	4,328	5,077	6,766	9,805
Other Non Op (Exp)/Inc	654	272	503	591	646
Associates & JV Inc	4	27	28	29	30
Net Interest (Exp)/Inc	(133)	(41)	9	38	80
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	3,849	4,586	5,617	7,425	10,561
Tax	(172)	(545)	(795)	(1,191)	(1,691)
Minority Interest	(53)	(23)	(80)	(103)	(147)
Preference Dividend	0	0	0	0	0
Net Profit	3,624	4,018	4,743	6,132	8,724
Net Profit before Except.	3,624	4,018	4,743	6,132	8,724
EBITDA	9,135	10,071	11,293	13,302	16,845
Adj EBIT (ex associates / ex revals)	3,324	4,328	5,077	6,766	9,805
Adj EBITDA (add DA)	8,477	9,771	10,762	12,681	16,169
Adj. Interest expense (include perps)	(388)	(269)	(189)	(189)	(189)

Source: Company, DBS

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Balance Sheet

FY Dec (RMBmn)	2024A	2025A	2026F	2027F	2028F
Net Fixed Assets	45,121	49,255	50,388	53,066	57,632
Invt in Associates & JVs	326	338	352	366	382
Other LT Assets	4,796	5,272	5,387	5,380	5,559
Cash & ST Invt	11,614	10,417	11,031	13,320	15,219
Inventory	7,161	6,932	7,564	9,732	12,427
Debtors	11,876	12,089	12,863	15,281	19,475
Other Current Assets	122	35	54	44	49
Total Assets	81,016	84,339	87,638	97,190	110,743
ST Debt	6,566	5,344	5,356	5,362	5,371
Creditors	16,378	18,161	17,249	21,254	26,935
Other Current Liab	120	219	219	219	219
LT Debt	7,959	4,488	4,514	4,528	4,548
Other LT Liabilities	1,146	1,040	1,095	1,284	1,509
Shareholder's Equity	48,657	55,023	59,143	64,469	72,047
Minority Interests	189	64	63	75	114
Total Cap. & Liab.	81,016	84,339	87,638	97,190	110,743
Non-Cash Wkg. Capital	2,660	677	3,013	3,585	4,797
Net Cash/(Debt)	(2,912)	584	1,161	3,430	5,301
Total Debt incl Perp	14,526	9,832	9,870	9,890	9,918
PPE	45,121	49,255	50,388	53,066	57,632
Development Properties	0	0	0	0	0
Investment Properties	0	0	0	0	0
Debtors Turn (avg days)	58.28	58.78	56.09	49.17	47.55
Creditors Turn (avg days)	98.87	108.95	102.20	85.15	83.21
Inventory Turn (avg days)	46.30	44.45	41.84	38.25	38.26
Asset Turnover (x)	0.88	0.90	0.94	1.13	1.28
Current Ratio (x)	1.33	1.24	1.38	1.43	1.45
Quick Ratio (x)	1.02	0.95	1.05	1.07	1.07
Net Debt/Equity (X)	0.06	cash	cash	cash	cash
Net Debt/Equity ex MI (X)	0.06	Cash	Cash	Cash	Cash
Capex to Debt (%)	0.43	0.91	0.68	0.86	1.09
Z-Score (X)	n.a.	n.a.	n.a.	n.a.	n.a.
Debt to EBITDA (x)	1.71	1.01	0.92	0.78	0.61
Net Debt to EBITDA (x)	0.98	0.01	(0.11)	(0.41)	(0.48)
(Debt + Perp) / Asset	0.18	0.12	0.11	0.10	0.09
(Debt + Perp) / Asset (ex Intangibles)	0.18	0.12	0.11	0.10	0.09
Debt / Capital (TE + TD + Perp)	0.23	0.15	0.14	0.13	0.12
Debt / Asset (%)	18%	12%	11%	10%	9%
Cash/ST debt (%)	167%	183%	194%	237%	272%
ST debt / total debt (%)	45%	54%	54%	54%	54%

Source: Company, DBS

Cash Flow Statement

FY Dec (RMBmn)	2024A	2025A	2026F	2027F	2028F
Pre-Tax Profit	3,849	4,586	5,617	7,425	10,561
Dep. & Amort.	5,153	5,444	5,684	5,915	6,364
Tax Paid	(414)	(355)	(795)	(1,191)	(1,691)
Assoc. & JV Inc/(loss)	(4)	(27)	(28)	(29)	(30)
(Pft)/ Loss on disposal of FAs	(157)	22	(206)	(202)	(141)
Chg in Wkg.Cap.	1,905	1,458	(2,336)	(572)	(1,213)
Other Operating CF	849	592	(388)	(403)	(615)
Net Operating CF	11,180	11,720	7,549	10,944	13,235
Capital Exp.(net)	(6,203)	(8,943)	(6,674)	(8,463)	(10,814)
Other Invts.(net)	127	(405)	0	0	0
Invts in Assoc. & JV	0	0	220	216	155
Div from Assoc & JV	40	26	0	0	0
Other Investing CF	(13)	(295)	84	206	201
Net Investing CF	(6,050)	(9,617)	(6,369)	(8,041)	(10,457)
Div Paid	(1,528)	(2,555)	(623)	(805)	(1,146)
Chg in Gross Debt	(2,572)	(4,931)	38	20	29
Capital Issues	111	4,823	0	0	0
Other Financing CF	(347)	(364)	20	171	239
Net Financing CF	(4,336)	(3,028)	(565)	(615)	(878)
Currency Adjustments	59	(32)	0	0	0
Chg in Cash	734	(893)	615	2,289	1,899
Opg CFPS (RMB)	1.9	2.0	1.9	2.3	2.8
Free CFPS (RMB)	1.0	0.5	0.2	0.5	0.5
Capex	5,737	9,457	6,674	8,463	10,814
Free Cashflow	4,977	2,777	875	2,481	2,422

Source: Company, DBS

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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