

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a global optical communication and connectivity product provider that develops, manufactures and sells optical transceivers, optical chips and optical network terminals. In 2024, among all specialized optical transceiver manufacturers globally, we ranked 5th in global revenue from optical transceivers with a market share of 2.9% and 3rd in revenue from optical transceivers sold in China with a market share of 7.2%. In the same year, among all optical transceiver manufacturers globally, we ranked 7th in global revenue from optical transceivers and 4th in revenue from optical transceivers sold in China; additionally, we ranked 5th in global revenue from datacom optical transceivers with a market share of 3.5% and 3rd in global revenue from FTTx optical transceivers with a market share of 5.0% among all specialized optical transceiver manufacturers globally, and 3rd in revenue from ONT boxes sold in China with a market share of 4.1% among all specialized ONT box manufacturers globally. As of the Latest Practicable Date, we were also one of the few companies in the world that have R&D and mass production capabilities for both optical transceivers and optical chips.

OUR PRODUCTS

The following table summarises certain information of our products:

Products	Key Features	Major Applications	Main Customers/Users
Optical transceivers			
Datacom transceivers . . .	High compatibility, high speed, high reliability, high performance and low power consumption	AI clusters, cloud computing, data centers, storage area networks	Cloud service providers
Telecom transceivers			
– FTTx	Point-to-multipoint transmission, burst mode signal receipt, and supporting long-distance transmission	Multi-gigabit broadband infrastructure for residential and commercial use	Telecom operators, telecom and network equipment vendors
– Transmission network	Meeting stringent requirements of telecommunications networks, high density, high reliability, and supporting long-distance transmission	Metro ethernet aggregation, provincial backbone network expansion, national backbone networks, submarine optical fiber cables	Telecom and network equipment vendors
– Wireless	Large bandwidth, high speed, low network latency	5G front-, middle- and back-haul networks, small cell coverage, industrial internet of things (IIoT), and wireless front-haul access	Telecom operators, telecom and network equipment vendors

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Products	Key Features	Major Applications	Main Customers/Users
Optical chips – DFB laser chips . – EML laser chips .	Low cost, low power consumption High data rate, long transmission distance	A core component of optical transceivers	Optical transceiver manufacturers
Optical network terminals	High-speed broadband access, Wi-Fi coverage, supporting data, audio, video and other multi-media connections	Wireless networking, smart home and smart office environment, residential and public venues with endpoint devices	Telecom operators, enterprise and household end users

Optical Transceivers

On datacom transceivers, we are one of the first optical transceiver manufacturers in China to have developed and mass-produced 800G optical transceivers and delivered product samples for customer validation of 1.6T optical transceivers. We are actively engaged in research of next-generation 3.2T optical transceivers. Within the telecom sector, FTTx optical transceivers form the backbone of fiber-optic access networks to enable reliable last-mile connections. Their performance directly determines end-user access quality and reliability, making them a critical link in connecting optical networks to terminal applications. Since our inception, FTTx optical transceivers have been an important sector in which we have maintained a strong market position, and during the Track Record Period, they were also the largest sector under our telecom transceivers product line. We are one of the first optical transceiver manufacturers worldwide to have developed 50G PON optical transceivers. We believe there are significant market opportunities from large-scale parallel computing, AI training, inference and other high-performance tasks, which require high-rate, low-power-consumption and cost-effective connectivity products. We have been actively developing optical transceivers adopting latest photoelectric conversion technologies to cater to AI computing networks. We have developed and mass-produced our LPO-based optical transceivers, and we have developed and are ready to mass-produce LRO-based optical transceivers. We are conducting research into NPO and co-packaged optics (CPO) technologies to further introduce high-rate products supporting 3.2T and 6.4T data rates.

Optical Chips

We have developed and mass-produced DFB laser chips, including 75mW high-power continuous CW-DFB laser chips. We are also developing our 100G/200G EML laser chips and 100mW-and-above high-power CW-DFB laser chips. These products lay a solid foundation for our expansion into high-end datacom transceivers. Meanwhile, we are one of the first manufacturers in China to have developed and mass-produced 10G EML laser chips. We are also developing 50G EML laser chips. Both of these EML chips are for PON optical transceivers targeting the FTTx market. We believe that our in-house R&D and mass production capabilities for optical chips set us apart from competitors by enabling us to ensure timely and stable deliveries, and maintain pricing competitiveness.

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Optical Network Terminals

We focus on broadband access (primarily ONT boxes) and Wi-Fi coverage products. Specifically, we have mass-produced optical network terminals at all major and common rates in line with latest industry standards and are developing products such as FTTR+X gateways with computing functions. An ONT box is a key optical network terminal device at the user end of a fiber-optic access network, typically within a PON architecture. It is the primary interface between optical fiber infrastructure and the local area network, converting optical signals into electrical signals for end-user devices. FTTx optical sub-assemblies are typically housed ONT boxes, making ONT boxes a key point where the optical network connects to terminal applications. During the Track Record Period, ONT boxes were the largest sector under our optical network terminal product line.

R&D AND TECHNOLOGIES

As of the Latest Practicable Date, we had 1,525 patents and 746 pending patent applications worldwide, were a founding or general member of 18 industry standardization organizations and had participated in the formulation of 60 industry standards. Leveraging our cross-regional R&D network in Qingdao, Wuhan, Silicon Valley and Singapore, we have accumulated core technologies and products that cover key aspects of the optical communication value chain. For optical transceivers, we possess proprietary capabilities in circuit designs and core packaging technologies, including transistor outline can (TO-CAN), BOX, chip-on-board (COB) and SiPh-based packaging technologies. For optical chip designs, we have developed two mature processing platforms for buried heterostructure and ridge waveguide. We also have proprietary capabilities in developing a wide range of optical network terminals.

PRODUCTION

We have a global network of four production facilities in Qingdao, Jiangmen, Thailand, and the U.S. In 2023, 2024 and 2025, the utilization rate of our Qingdao facility was 61.5%, 76.2% and 76.0% for optical transceivers, and 68.2%, 42.7% and 72.2% for optical chips, respectively; the utilization rate of our Jiangmen facility was 64.1%, 84.9% and 83.4% for optical transceivers, and 76.5%, 74.0% and 72.6% for optical network terminals, respectively; and the utilization rate of our Thailand facility for optical transceivers was 37.1%, 68.3% and 65.0%, respectively. We are upgrading and expanding our overseas production facilities for optical transceivers. We also plan to establish a new R&D and production facility in Xiamen to focus on the development and production of high-end laser chips.

To better deliver customized products, we generally adopt a joint development model, under which we design, develop, manufacture and deliver the final products that satisfy the customers’ needs. Comparing with the original design manufacturing model, this model requires more collaboration and interaction with the customer at each stage from product concept design to manufacturing, allowing for higher efficiency in product development. Such collaboration enables us to obtain market and technological insights and foster enhanced relationships and mutual trust with customers.

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CUSTOMERS AND SUPPLIERS

Our core customers span major cloud service providers, telecom and network equipment vendors in China and overseas. We mainly adopt a direct sales model, supplemented by a limited number of third-party distributors to reach a broader range of potential customers. In each year during the Track Record Period, our revenue derived from these distributors was less than 2% of our total revenue. In each year ended December 31, 2023, 2024 and 2025, sales to our five largest customers contributed 55.8%, 66.9% and 70.2% of our total revenue, and sales to our largest customer contributed 32.1%, 23.5% and 21.8% of our total revenue, respectively. We procure raw materials from third-party suppliers. In each year ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 22.4%, 31.3% and 32.9% of our total purchase amount, and purchases from our largest supplier accounted for 6.9%, 14.7% and 14.2% of our total purchase amount, respectively.

OUR STRENGTHS

We believe that the following strengths contribute to our robust market position:

- A global optical communication and connectivity product provider, empowering AI computing networks;
- Comprehensive product matrix covering the entire optical communication value chain;
- A cross-regional R&D network to drive innovations, with proprietary core technologies reassuring our market position in the optical communication industry;
- Well-established long-term relationships with customers worldwide;
- Large-scale delivery capability supported by our global manufacturing system; and
- Experienced management team leading our growth roadmap and technological development.

OUR STRATEGIES

We plan to implement the following strategies to achieve our vision and mission:

- Strengthen our R&D capabilities, particularly in emerging technologies, to enhance our products’ competitiveness;
- Strengthen our customer relationships and expand our customer base with enriched product offerings;
- Expand our global production capacity and upgrade our manufacturing system;
- Continuously attract and retain global top talent; and
- Strategic investments and acquisitions.

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COMPETITION

According to Frost & Sullivan, the industry in which we operate is highly competitive and fragmented. The overall optical communication industry is extremely large and features diversity and a multi-layered value chain of a wide range of products. Many of these products have interdependent upstream-downstream relationships. In 2024, top five specialized optical transceiver manufacturers globally had an aggregate market share of 44.1%, and we had a market share of 2.9%, in global revenue from optical transceivers; additionally, top five specialized optical transceiver manufacturers globally had an aggregate market share of 45.9%, and we had a market share of 7.2%, in revenue from optical transceivers sold in China. The optical chips and optical network terminals markets also have a large number of manufacturers with various advantages. See “Business — Competition” and “Industry Overview.”

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed “Financial Information.”

Summary of Consolidated Statements of Profit or Loss

The following table sets forth selected data from our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	4,238,989	100.0	5,086,600	100.0	8,354,680	100.0
Cost of sales	(3,365,077)	(79.4)	(4,203,511)	(82.6)	(6,682,449)	(80.0)
Gross profit	873,912	20.6	883,089	17.4	1,672,231	20.0
Other income and gains	121,622	2.9	105,924	2.1	141,373	1.7
Gains on disposal of a joint venture	—	—	—	—	352,785	4.2
Selling and marketing expenses	(68,387)	(1.6)	(60,452)	(1.2)	(78,051)	(0.9)
Research and development expenses	(553,278)	(13.1)	(623,132)	(12.3)	(663,730)	(7.9)
Administrative expenses	(188,840)	(4.5)	(164,107)	(3.2)	(322,138)	(3.9)
Reversal of impairment/ (impairment) of financial assets, net	1,247	0.0	(1,315)	(0.0)	(183)	(0.0)
Impairment of property, plant and equipment	—	—	(7,456)	(0.1)	(4,216)	(0.1)
Reversal of impairment/ (impairment) of contract assets, net	(736)	(0.0)	1,917	0.0	(295)	(0.0)
Fair value loss on financial liabilities at fair value through profit or loss (FVTPL)	(30,038)	(0.7)	(12,045)	(0.2)	(116,274)	(1.4)
Other expenses and losses	(16,443)	(0.4)	(22,757)	(0.4)	(12,535)	(0.2)
Finance costs	(28,420)	(0.7)	(56,416)	(1.1)	(47,383)	(0.6)
Share of profits of a joint venture	131,860	3.1	55,149	1.1	—	—
Profit before tax	242,499	5.7	98,399	1.9	921,584	11.0
Income tax expenses	(26,978)	(0.6)	(8,909)	(0.2)	(48,944)	(0.6)
Profit for the year	215,521	5.1	89,490	1.8	872,640	10.4

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Revenue

Revenue by Product Line: The following table sets forth a breakdown of our revenue by product line, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Optical transceivers						
– Datacom transceivers	1,055,988	24.9	2,776,454	54.6	5,469,325	65.5
– Telecom transceivers						
FTTx	1,108,306	26.1	542,377	10.7	601,580	7.2
Others ⁽¹⁾	572,855	13.5	363,276	7.1	463,707	5.6
Telecom transceivers sub-total	1,681,162	39.7	905,653	17.8	1,065,287	12.8
Sub-total	2,737,150	64.6	3,682,107	72.4	6,534,612	78.2
Optical chips	112,081	2.6	23,790	0.5	28,931	0.3
Optical network terminals						
ONT boxes	845,789	20.0	936,695	18.4	1,232,226	14.7
Others ⁽²⁾	543,969	12.8	444,008	8.7	558,911	6.7
Optical network terminals sub-total	1,389,758	32.8	1,380,703	27.1	1,791,137	21.4
Total	4,238,989	100.0	5,086,600	100.0	8,354,680	100.0

Notes: (1) Includes telecom transceivers for transmission network and wireless applications. (2) Includes other broadband access products, Wi-Fi coverage products and other optical network terminals.

The majority of our revenue was from sales of optical transceivers. The growth of our revenue from datacom optical transceivers since 2023 was primarily driven by increased market demand for AI and cloud computing related applications. Our revenue from optical chips declined significantly in 2024 mainly because our new optical chips were still being developed while customer demand for our existing optical chips declined. Our revenue from optical chips increased from 2024 to 2025.

Revenue by Geographical Market: The following table sets forth our total revenue by geographical regions of our customers, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Asia						
– China	2,768,316	65.3	3,494,280	68.7	5,883,333	70.4
– Rest of Asia ⁽¹⁾	541,258	12.8	670,878	13.2	839,349	10.0
North America						
– United States	543,806	12.8	654,524	12.9	1,248,100	14.9
– Rest of North America ⁽²⁾	61,900	1.5	28,978	0.5	38,982	0.5
Europe and others ⁽³⁾	323,709	7.6	237,940	4.7	344,916	4.1
Total⁽⁴⁾	4,238,989	100.0	5,086,600	100.0	8,354,680	100.0

Notes: (1) Mainly including Singapore and Malaysia. (2) Including Canada and Mexico. (3) Mainly including Finland and Ireland. (4) No single country other than China and the U.S. contributed 5% or above of our total revenue in each year during the Track Record Period.

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Cost of Sales

The following table sets forth a breakdown of our cost of sales in absolute amount and as a percentage of total cost of sales, for the years indicated. See “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of Sales.”

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Raw material costs	2,839,560	84.4	3,583,675	85.3	5,693,447	85.2
Labor costs	268,154	8.0	272,093	6.5	447,724	6.7
Depreciation	100,594	3.0	126,320	3.0	187,109	2.8
Utilities and others	156,767	4.7	221,423	5.3	354,169	5.3
Total	3,365,077	100.0	4,203,511	100.0	6,682,449	100.0

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product line for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Optical transceivers						
– Datacom transceivers	305,296	28.9	700,515	25.2	1,334,544	24.4
– Telecom transceivers	302,696	18.0	105,685	11.7	203,307	19.1
Sub-total	607,992	22.2	806,200	21.9	1,537,851	23.5
Optical chips	27,786	24.8	(37,454)	(157.4)	(35,006)	(121.0)
Optical network terminals	238,135	17.1	114,342	8.3	169,386	9.5
Total	873,912	20.6	883,089	17.4	1,672,231	20.0

Our gross profit margin fluctuated due to factors including changes in our selling prices and the mix of products sold. Gross profit margins of our optical chips were negative in 2024 and 2025 primarily because their revenue was relatively small and insufficient to cover fixed costs, such as depreciation of property, plant, and equipment and labor costs.

Profit

Our profit decreased by 58.5% from RMB215.5 million in 2023 to RMB89.5 million in 2024. Our net profit margin decreased from 5.1% in 2023 to 1.8% in 2024, primarily because of a decrease in our gross profit margin. Our profit increased significantly from RMB89.5 million in 2024 to RMB872.6 million in 2025, and our net profit margin increased from 1.8% in 2024 to 10.4% in 2025 primarily due to increases in our revenue and gross profit margin and our recognition of gains on disposal of a joint venture in 2025, offset in part by our recognition of fair value loss on financial liabilities at FVTPL in this year.

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Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial positions as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Total current assets	4,193,092	5,913,941	6,218,791
Total non-current assets	1,287,762	1,845,928	1,524,353
Total assets	5,480,854	7,759,869	7,743,144
Total current liabilities	2,774,035	4,503,514	3,265,318
Total non-current liabilities	773,245	1,328,079	720,104
Total liabilities	3,547,280	5,831,593	3,985,422
Net current assets	1,419,057	1,410,427	2,953,473
Net assets	1,933,574	1,928,276	3,757,722
Share capital	100,744	100,744	109,134
Treasury shares	—	(6,980)	—
Reserves	1,832,830	1,834,512	3,595,822
Non-controlling interests	—	—	52,766
Total equity	1,933,574	1,928,276	3,757,722

We had net current assets of RMB1,419.1 million, RMB1,410.4 million and RMB2,953.5 million as of December 31, 2023, 2024 and 2025, respectively. Our net assets (total equity) decreased from RMB1,933.6 million as of December 31, 2023 to RMB1,928.3 million as of December 31, 2024, primarily due to dividend declared of RMB123.6 million in 2024, partially offset by our profit in 2024 of RMB89.5 million. Our net assets (total equity) increased from RMB1,928.3 million as of December 31, 2024 to RMB3,757.7 million as of December 31, 2025, primarily due to our profit in 2025 of RMB872.6 million, issue of shares of RMB780.0 million, termination of redemption rights of financial liabilities of RMB511.4 million and contribution from non-controlling interests of RMB220.0 million, partially offset by redemption liabilities of Shares of RMB320.9 million, redemption liabilities of a subsidiary's shares of RMB213.9 million and dividend declared of RMB51.3 million.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows generated from/(used in) operating activities	798,762	(615,871)	1,388,382
Net cash flows (used in)/ generated from investing activities	(993,450)	(696,184)	1,577,576
Net cash flows from/(used in) financing activities	216,203	1,433,125	(1,949,098)
Net increase in cash and cash equivalents	21,515	121,070	1,016,860
Cash and cash equivalents at beginning of year	116,018	138,503	260,906
Effect of foreign exchange rate changes, net	970	1,333	(4,149)
Cash and cash equivalents at the end of the year	138,503	260,906	1,273,617

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We may experience mismatches of operating cash inflows and outflows from time to time primarily due to our relatively long cash conversion cycle, which is in turn attributable to the nature of our business. Our inventory turnover days remained relatively high during the Track Record Period. This was rooted in the nature of our business and industry and, in particular, was mainly because we procured critical raw materials such as optical chips (which may be subject to shortfalls from time to time) for a relatively long period in advance to prepare for future production, needed time to manufacture our products that have complex production processes, and maintained finished products inventory to meet customers’ orders. In addition, our trade receivables turnover days were also relatively high in the same period, mainly attributable to our relatively high proportion of sales to customers in China who require relatively long credit terms. These customers are typically major telecom and network equipment vendors and operators with significant bargaining power and generally require relatively long credit terms from their suppliers, including us and other market players. A prolonged cash conversion cycle could impose pressure on our cash flows and working capital.

Our net cash flows used in operating activities in 2024 were RMB615.9 million, primarily attributable to negative working capital changes, partially offset by an adjustment for depreciation of property, plant and equipment of RMB225.8 million for additions of production and R&D equipment to support our business operations, and our profit before tax of RMB98.4 million. Our negative working capital changes were primarily attributable to an increase in trade and bills receivables of RMB793.4 million, an increase in inventories of RMB769.7 million and an increase in prepayments, other receivables and other assets of RMB120.5 million, partially offset by an increase in trade and bills payables of RMB482.0 million and an increase in other payables and accruals of RMB204.9 million.

KEY FINANCIAL RATIOS

The table sets forth our key financial ratios as of dates and for years indicated. See “Financial Information — Key Financial Ratios” for more information.

	As of/for the Year Ended December 31,		
	2023	2024	2025
Current ratio	1.51	1.31	1.90
Quick ratio	1.13	0.93	1.16
Debt-to-equity ratio	62.1%	147.0%	N/A
Gearing ratio ⁽¹⁾	58.5%	71.1%	35.9%
Gross profit margin	20.6%	17.4%	20.0%
Net profit margin	5.1%	1.8%	10.4%
Return on equity	11.2%	4.6%	30.7%
R&D to revenue ratio	13.1%	12.3%	7.9%

Note: (1) Gearing ratio is calculated by dividing net debt (being lease liabilities, interest-bearing bank and other borrowings, redemption liabilities, trade and bills payables, and financial liabilities at fair value through profit or loss less cash and cash equivalents) by the sum of capital and net debt (being equity attributable to owners of the parent plus net debt) and multiplied by 100%.

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RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors.” You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. We believe the most significant risks we face include but are not limited to the following:

- Any slowdown in the growth of the end markets that adopt our products could adversely affect our business, financial condition and results of operations;
- If we are unable to compete effectively, our results of operations and financial condition could be materially and adversely affected;
- If we are unable to continuously optimize our product portfolio to adapt to developments in technologies and customer preferences and advance our R&D capabilities, our prospects and results of operations could be materially and adversely affected;
- Product defects or quality instability may adversely affect our business and reputation;
- Any failure to acquire new customers or retain existing customers could adversely affect our business, financial condition and results of operations;
- If sales of our customers’ products decline or if their products do not achieve market acceptance, our business and operating results could be adversely affected;
- An increase in prices of raw materials or any shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers;
- We rely on a number of major suppliers, and any disruption in supply or deterioration in supplier relationships could adversely affect our business and results of operations; and
- We are exposed to regulatory, operational and other risks associated with our global operations.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Hisense Group Holding, directly and indirectly via CKL, will be interested in and control [REDACTED] Shares, representing approximately [REDACTED] of our issued share capital. Therefore, Hisense Group Holding and CKL will constitute a group of Controlling Shareholders upon [REDACTED]. We will enter into a number of continuing connected transactions with Hisense Group Entities, including provision of goods and related services, property leasing, shared services and financial services. See “History, Development and Corporate Structure”, “Relationship with Our Controlling Shareholders”, “Connected Transactions” and “Substantial Shareholders.”

PRE-[REDACTED] INVESTMENTS

We received investments from the Pre-[REDACTED] Investors from July 2009 to August 2025 as further detailed in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”.

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USE OF [REDACTED]

We estimate to receive [REDACTED] from the [REDACTED] of [REDACTED] based on an indicative [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]) and assuming no exercise of the [REDACTED], or [REDACTED] if the [REDACTED] is exercised in full, after deducting estimated [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED]. See “Future Plans and [REDACTED]”. We plan to use the [REDACTED] from the [REDACTED] for the purposes set forth below: (1) approximately [REDACTED], or approximately [REDACTED], is expected to be allocated to investment in the R&D of new products and technologies; (2) approximately [REDACTED], or approximately [REDACTED], is expected to be allocated to expanding our production capacity for optical transceivers and optical chips, and enhancing automation across our product lines; (3) approximately [REDACTED], or approximately [REDACTED], is expected to be allocated to enhance business promotion and overseas market expansion; (4) approximately [REDACTED], or approximately [REDACTED], is expected to be allocated to strategic investments and acquisitions in domestic and overseas markets; and (5) approximately [REDACTED], or approximately [REDACTED], is expected to be allocated for working capital and general corporate purposes to support our business operation and growth.

[REDACTED]

RECENT DEVELOPMENT

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial, operational or prospects since December 31, 2025, being the latest balance sheet date of our combined financial statements in the Accountants’ Report.

IMPACT OF COVID-19 PANDEMIC

During the COVID-19 outbreaks, cloud service providers and telecom and network equipment vendors and operators including our major customers accumulated high levels of optical transceiver inventories and then used their inventories after the pandemic’s impact eased in 2023, which adversely affected our optical transceiver sales. In 2024, the destocking cycle gradually ended, and our sales of datacom optical transceivers increased significantly, driven primarily by increased AI and cloud computing demand and our expanded product portfolio, while our sales of telecom optical transceivers was adversely affected by major Chinese telecom operators’ tightening of capital expenditures.

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[REDACTED]

	Based on the indicative [REDACTED] of [REDACTED] per [REDACTED]	Based on the indicative [REDACTED] of [REDACTED] per [REDACTED]
[REDACTED] of our Shares ⁽¹⁾	[REDACTED]	[REDACTED]
[REDACTED] per Share as at December 31, 2025 ⁽²⁾⁽³⁾	[REDACTED]	[REDACTED]

Notes: (1) The calculation of the [REDACTED] is based on [REDACTED] Shares expected to be in [REDACTED] immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised). (2) The [REDACTED] attributable to owners of the parent per Share are arrived at by dividing the [REDACTED] by [REDACTED] Shares, being the number of Shares in [REDACTED] assuming that the [REDACTED] had been completed on December 31, 2025, without taking into account of the exercise of the [REDACTED]. (3) No other adjustment has been made to the [REDACTED] of the Group to reflect any trading result or other transactions entered into subsequent to December 31, 2025.

DIVIDENDS

We are a holding company registered under the laws of the Cayman Islands and rely on dividends distributed by our PRC subsidiaries. Any declaration and payment and the amount of dividends will be subject to our Articles and the Cayman Companies Act and at the discretion of our Directors, and any final dividend will be subject to our Shareholders’ approval. In 2023, 2024 and 2025, we declared and have paid off dividends of RMB259.4 million, RMB123.6 million and RMB51.3 million, respectively. The past dividend distribution record may not be used to determine the level of our future dividends. We do not have a formal dividend policy or a pre-determined dividend payout ratio. See “Financial Information — Dividends.”

[REDACTED]