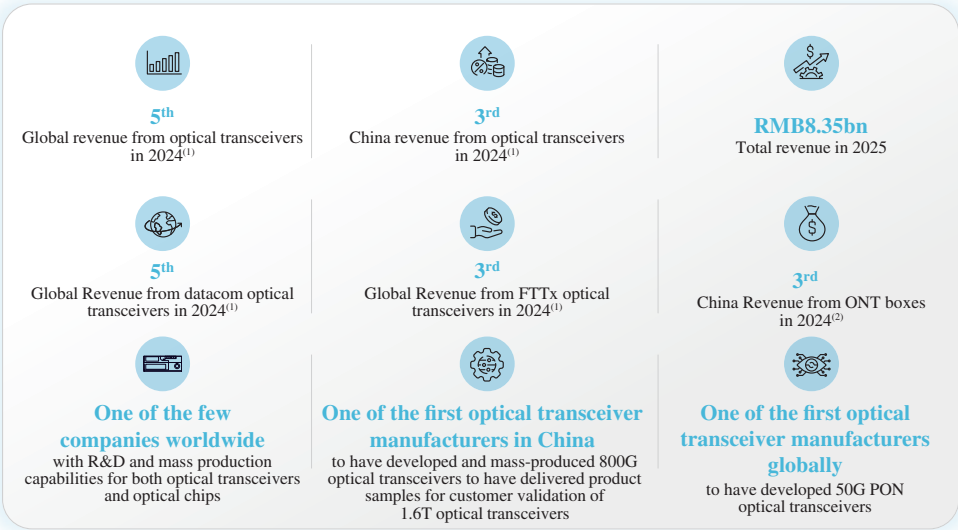


BUSINESS

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%, according to Frost & Sullivan. In addition, according to the same source, in 2024, 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 has R&D and mass production capabilities for both optical transceivers and optical chips, according to Frost & Sullivan. We have been empowering cloud service providers, telecom and network equipment vendors and operators worldwide with our ability to mass-produce and deliver a wide range of high-quality products across AI, cloud computing, FTTx, transmission network and wireless applications.



Source: Frost & Sullivan for industry data

Notes: (1) In terms of revenue from optical transceivers among all specialized optical transceiver manufacturers globally in 2024.
(2) In terms of revenue from ONT boxes among all specialized ONT box manufacturers globally in 2024.

The recent thrive of generative AI has led to huge demand for AI training and inference, which has catalyzed unprecedented massive data transmission. The global computing power is projected to increase substantially at a CAGR of 42.2% from 2024 to 2029. Optical communication technologies provide a key solution to the unprecedented market demand for data transmission with high rate, low latency and low power consumption. As such, the global optical transceiver market is expected to grow at a CAGR of 18.5% from RMB126.7 billion 2024 to RMB295.4 billion in 2029.

BUSINESS

Optical communication is a core technology for high-speed data transmission, empowering AI computing, data centers, metropolitan-area and long-distance backbone networks, and edge computing. Optical chips play a key role in photoelectric conversion by optical transceivers. At the same time, optical network terminals empower different terminal applications by serving as the entrance to edging computing. We believe that we are well positioned to capture the market growth opportunities with our comprehensive product matrix that strategically covers the entire value chain of the optical communication industry. Specifically:

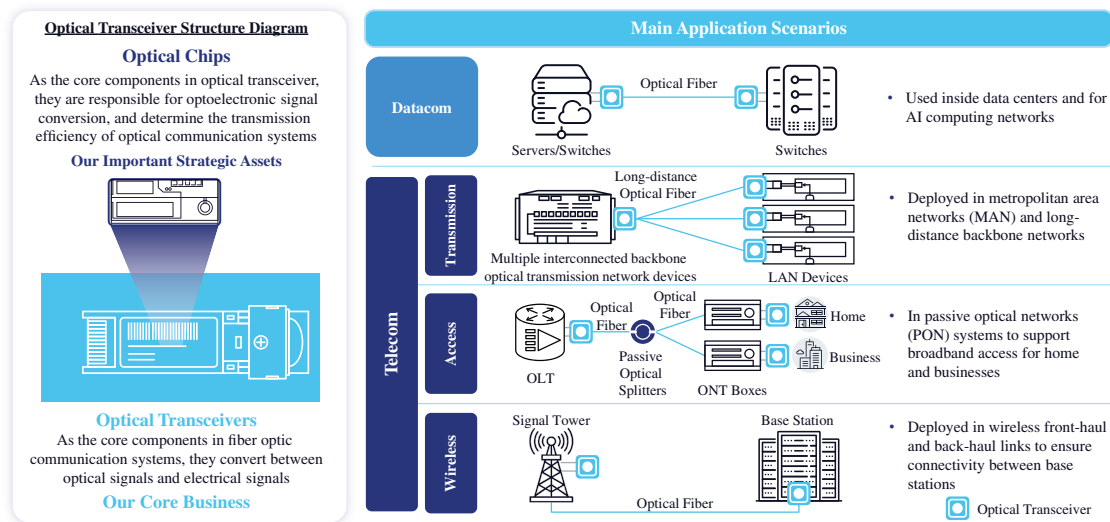
Optical transceivers. We provide major customers of datacom and telecom sectors with a broad selection of optical transceivers. With respect to datacom transceivers, according to Frost & Sullivan, we are one of the first optical transceiver manufacturers in China to have developed and mass-produced 800G optical transceivers and delivered product samples for customer validation of 1.6T optical transceivers. In addition, we are actively engaged in research of next-generation 3.2T optical transceivers. On telecom transceivers, according to Frost & Sullivan, we are one of the first optical transceiver manufacturers worldwide to have developed 50G PON optical transceivers. Moreover, we believe there are significant market opportunities arising from AI and cloud computing, especially large-scale parallel computing, AI training, inference and other high-performance tasks, which require high-rate, low-power-consumption and cost-effective connectivity products. To capitalize on these opportunities, we have been actively developing optical transceivers adopting latest photoelectric conversion technologies to cater to demands of AI computing networks. We have developed and mass-produced our linear-drive pluggable optics (LPO) based optical transceivers, and we have developed and are ready to mass-produce linear receive optics (LRO) based optical transceivers. We are conducting research into near-packaged optics (NPO) and CPO technologies to further introduce high-rate products supporting 3.2T and 6.4T data rates.

Optical chips. As core components in optical transceivers, optical chips play a critical role in determining optical transceivers’ performance and functionality. We have successfully developed and mass-produced distributed feedback (DFB) laser chips, including 75mW high-power CW-DFB laser chips. We are also developing 100G/200G EML laser chips and 100mW-and-above high-power CW-DFB laser chips. These products lay a solid foundation for our future expansion into high-end datacom transceivers. Meanwhile, according to Frost & Sullivan, 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 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.

Optical network terminals. We currently focus on broadband access and Wi-Fi coverage products. In particular, for broadband access products, we have mass-produced optical network terminals at all major and common rates in compliance with the latest industry standards. In addition, we are actively engaged in the R&D of products incorporating emerging technologies, including FTTR+X gateways embedded with computing functions.

BUSINESS

The chart below illustrates our product lines, our products’ application scenarios, and synergies between our product lines:



Our comprehensive product matrix is attributable to our R&D capabilities. As of the Latest Practicable Date, we had 1,525 patents and 746 pending patent applications worldwide, and we were a founding or general member of 18 industry standardization organizations and had participated in the formulation of 60 industry standards. We have established a cross-regional R&D network, comprising four R&D centers in Qingdao, Wuhan, Silicon Valley and Singapore. Through continuous and substantial R&D investments, we have accumulated core proprietary technologies and a comprehensive product portfolio that cover key aspects of the optical communication value chain. For optical transceivers, we possess proprietary capabilities in circuit designs and have managed to deploy core packaging technologies, including TO-CAN, BOX, COB and silicon photonics (SiPh) based packaging technologies. In terms of optical chip designs, we have developed two mature processing platforms for buried heterostructure and ridge waveguide. Moreover, we have proprietary capabilities in developing a wide range of optical network terminals.

We have established a global production and delivery network encompassing four production facilities located in Qingdao and Jiangmen, China, Thailand, and the United States. We deliver optical communication products across the value chain from optical chips to optical transceivers and optical network terminals. In 2025, our aggregate designed production capacity for optical transceivers, optical chips and optical network terminals amounted to approximately 27.2 million, 12.2 million and 28.3 million units, 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 strategically focus on the development and production of high-end laser chips. Based on our 20+ years’ industry experience, we have built manufacturing capabilities with high automation and intelligence levels, which enable us to continuously improve our production efficiency, reduce costs and achieve economies of scale. Our global supply chain allows us to swiftly and efficiently respond to needs of customers across the world and strengthen our customer relationships.

BUSINESS

Leveraging our technological advantages, scalable production capacity and mature supply chain management capabilities, we have built a solid customer base worldwide. Our core customers span major cloud service providers, telecom and network equipment vendors in China and overseas, including Asia, North America and Europe, which provide us with an invaluable opportunity to capitalize on the growth in demand for optical communication and connectivity products for AI computing networks. We collaborate closely with our customers to accurately identify and satisfy their needs and continuously provide them with technical support and product iterations. Attributable to our in-depth understanding of customer needs and superior efficiency, we have been recognized as a trusted partner by our customers.

OUR STRENGTHS

A global optical communication and connectivity product provider, empowering AI computing networks

Benefiting from the increasing connectivity demand in the AI era, particularly from AI computing networks, the optical communication industry is expected to experience robust growth in coming years. Specifically, the global market of optical transceivers, which are core components for optical communication and connectivity, is projected to reach RMB295.4 billion in 2029, representing a CAGR of 18.5% from 2024. In addition, the global datacom optical transceiver market is expected to grow at a CAGR of 20.4% from 2024 to 2029, while the global telecom optical transceiver market is expected to grow at a CAGR of 14.6% during the same period. The global optical chip market is also expected to maintain strong growth momentum at a CAGR of 21.7% from 2024 to reach RMB66.5 billion in 2029. Meanwhile, the global market of ONT boxes is expected to grow at a CAGR of 10.2% from 2024 to reach RMB71.8 billion in 2029. As a reputable global optical communication and connectivity product provider, we believe that we are well positioned to capture these growth opportunities. We were named as a leading enterprise in the manufacturing industry (製造業單項冠軍企業) in 2024 by the Ministry of Industry and Information Technology of China. We have also received the Provisional Science and Technology Progress Award issued by the People’s Government of Shandong Province multiple times.

Comprehensive product matrix covering the entire optical communication value chain

Our comprehensive product matrix encompasses optical transceivers, optical chips and optical network terminals, which collectively cover the entire value chain of the optical communication industry.

Optical Transceivers: We offer a full range of datacom optical transceivers. In response to increasing demand from the datacom sector, we have rolled out a series of high-end optical transceivers supporting high rates and incorporating latest technologies. For example, we jointly developed a 400G QSFP112 SiPh-based optical transceiver with a leading Chinese cloud service provider in 2024. According to Frost & Sullivan, this made us one of the first optical transceiver manufacturers in China to have developed and mass-produced 400G SiPh-based optical transceivers; additionally, we are one of the first optical transceiver

BUSINESS

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. In addition, our datacom optical transceivers leverage various photoelectric conversion technologies, and different optical chip production platforms to cater to customers’ requirements on power consumption and costs. Our 1.6T LPO optical transceivers have achieved power consumption as low as 10 watt, representing an approximately 60% cut compared with conventional DSP based transceivers. In terms of telecom optical transceivers, we have developed a wide range of products spanning FTTx, transmission network and wireless applications. For example, according to Frost & Sullivan, for FTTx applications, we are one of the first manufacturers worldwide to have developed and mass-produced 10G PON optical transceivers. We have delivered product samples for customer validation of our asymmetrical and symmetrical 50G PON optical transceivers both in the form factor of SFP-DD. In addition, we are one of the first optical transceiver manufacturers worldwide to have developed 50G PON optical transceivers. Our FTTx optical transceivers support the multi-generation coexistence of 10G PON and 50G PON standards and are compatible with varying connectivity scenarios of telecom operators with the support of our proprietary laser chips. Benefiting from large-scale commercialization of 5G technologies globally, we also offer a comprehensive product portfolio of 10G to 50G optical transceivers that can satisfy multiple connectivity needs of the 5G front-, middle- and back-haul networks, thus reinforcing our market position in the wireless application sector. We are also developing 100G optical transceivers supporting 6G front-haul networks.

Optical Chips: Optical chips are a key component that affects optical transceivers’ performance and functionality. Scalable optical chip supplies are a significant market barrier in the optical communication industry. Optical chips’ production requires exceptional design capacity and ultrahigh stability for precision manufacturing, and an optical chip manufacturer can achieve mass production only after it has continuously devoted significant R&D resources to the whole process from chip designs to manufacturing. As of the Latest Practicable Date, we were one of the few companies in the world that have R&D and mass production capabilities for both optical transceivers and optical chips. This has enabled us to maintain differentiated competitive advantages in prevailing products and those incorporating emerging technologies. Moreover, we are able to achieve synergies with optical transceiver customers and enjoy cost advantages as we develop and commercialize more optical transceivers. We have successfully developed and mass-produced a number of DFB, EML and high-power CW-DFB laser chips. We are also developing our 100G/200G EML laser chips and 100mW-and-above high-power CW-DFB laser chips. This lays a solid foundation for our future expansion into high-end datacom transceivers. With respect to telecom applications, we are one of the first manufacturers in China to have developed and mass-produced 10G EML laser chips, according to Frost & Sullivan. We have also been expanding our offerings by developing 50G EML laser chips to support next-generation 50G PON optical transceivers for FTTx applications, further solidifying our market position.

Optical Network Terminals: Our optical network terminals primarily cover broadband access and Wi-Fi coverage products, with a strategic focus on the emerging edge computing terminal market. For broadband access products, we have mass-produced optical network

BUSINESS

terminals at all major and common rates in compliance with the latest industry standards. In addition, we have provided our NG-PON2 ONU stick samples, a new-generation pluggable ONT supporting higher-rate connectivity, to customers for validation. We have also delivered product samples for customer validation of 25G ONT boxes, and are actively researching next-generation 50G ONT boxes. Our Wi-Fi coverage products include wireless gateways and home routers. For example, our products that support Wi-Fi 5 and Wi-Fi 6 standards have been validated by mainstream telecom operators and achieved delivery at scale globally. We have also started to market products complying with Wi-Fi 7 standards.

A cross-regional R&D network to drive innovations, with proprietary core technologies reassuring our market position in the optical communication industry

Our ability to achieve significant technological development and quickly innovate and upgrade our products in line with industry trends is critical to our success. We have made significant investments in R&D activities, facilities and personnel. For example, our cross-regional R&D network comprises four R&D centers in Qingdao, Wuhan, Silicon Valley and Singapore. As of December 31, 2025, our R&D team consisted of over 780 personnel, accounting for approximately 74% of our total non-manufacturing employees. As of the same date, approximately 46% of our R&D personnel had a master’s or doctorate degree, and our 88 core R&D personnel also on average had approximately 20 years of working experience in our industry, including in renowned multinational enterprises. In addition, according to Frost & Sullivan, our R&D expenses as a percentage of total revenue in 2024 and our R&D personnel as a percentage of our total non-manufacturing employees as of the end of 2024 were both among the highest in optical communication product manufacturers in China. Our continuous R&D investments have yielded core technologies across key aspects of the entire industry value chain, establishing a superior competitive position for us in both technology and product matrix.

Optical transceivers: Our core optical transceiver technologies remain at the forefront of the industry. We possess proprietary capabilities in circuit designs for optical transceivers. Leveraging our advanced optical transceiver design platform, we have unlocked technical bottlenecks such as noise suppression within DSP and power-supply circuits, high-rate signal chain optimization, optical chips micro-stress packaging, and thermal management. These achievements helped us significantly improve key parameters and promote practical applications of our optical transceivers. Our core packaging technologies, including TO-CAN, BOX, COB and SiPh-based packaging technologies, also help to ensure the long-term stable and reliable performance of our optical transceivers.

Optical chips: We possess capabilities covering the entire design and manufacturing process for our optical chips. We have established two mature processing technologies, namely buried heterostructure and ridge waveguide, which provides us with the flexibility to choose the better technical approach for different products, ensuring the high quality and functionality. Additionally, our R&D and manufacturing capabilities cover all major steps of optical chips manufacturing, from epitaxial growth to grating formation, etching, metallization, film deposition, automated testing, radio frequency testing and reliability testing. Our continued

BUSINESS

R&D efforts have also led to new processing techniques, such as deep etching, low dielectric materials, high-quality butt-joint growth, and coplanar electrodes, supporting our future development and commercialization of high-end laser chips.

Optical network terminals: We possess proprietary capabilities in developing a wide range of optical network terminals. Our core technologies cover hardware relating to PON access, radio frequency and antenna, and thermal design. We also hold proprietary technologies in software development for optical network terminals. Our technical capability is critical for us to maintain customer satisfaction for our optical network terminal products.

Well-established long-term relationships with customers worldwide

Leveraging our technological advantages, scalable production capacity and mature supply chain management capabilities, we have built a solid customer base worldwide. Our core customers cover major cloud service providers and telecom and network equipment vendors in China and globally, which positions us well to capture the growth opportunities in optical communication and connectivity products for AI computing networks. In China, for datacom optical transceivers, we are a supplier to most of the major Chinese cloud service providers and network equipment vendors. For telecom optical transceivers and optical network terminals, our customers include most of the major telecom equipment vendors and the three major telecom operators in China. Our overseas customers are mainly located in the rest of Asia, North America, Europe and other regions. On datacom optical transceivers, we have maintained stable relationships with leading global cloud service providers and network equipment vendors. For telecom optical transceivers, we have enjoyed a high reputation among major global telecom equipment vendors and operators. Upholding the integrity of our proprietary core optical transceiver technologies, we collaborate closely with our customers to accurately identify and satisfy their needs and continuously provide them with technical support and product iterations. We believe that this approach can help us improve cost-effectiveness, iterate technologies and gain market shares through scalable customization. Due to our in-depth understanding of customer needs and our superior efficiency, we have been recognized as a trusted partner by our customers as a key supplier and for best customer support.

Large-scale delivery capability supported by our global manufacturing system

We have four production facilities in China, Thailand, and the United States, delivering optical communication products across the entire value chain, including optical transceivers, optical chips and optical network terminals. See “— Overview” for our designed production capacity. Based on our 20+ years’ experience, we have built manufacturing capabilities with high automation and intelligence levels. For example, we have developed our proprietary fully-automated coupling equipment and implemented an AI-empowered visual quality-inspection system, which automatically detects product defects by leveraging deep learning algorithms. Our highly automated and intelligent manufacturing capability enables us to continuously improve our production efficiency, reduce costs and achieve economies of scale. At the same time, our global supply chain allows us to swiftly and efficiently respond to needs of customers across the world and strengthen our customer relationships. Our overseas production facilities possess mass production capabilities. In particular, our production facility

BUSINESS

in Thailand is able to satisfy a substantial majority of our customers’ orders from the United States and overseas. Moreover, we have established stable relationships with our key suppliers. We have cooperated with our five largest suppliers for over a decade on average and have also maintained long-standing relationships with other key raw material suppliers, which helps to ensure stable and timely supplies of key components for our production.

Experienced management team leading our growth roadmap and technological development

Our visionary core management team has rich experience in R&D and business operations in the optical communication industry, which has been a critical driving force for our growth.

Dr. Huang Weiping, our founder, is a renowned expert with over three decades of experience in our industry. Dr. Huang is a senior member of the IEEE and a fellow of the MIT Electromagnetics Society, and was selected as one of the “World’s Top 2%” scientists by Stanford University in 2024. Dr. Huang carried out pioneering researches in the fields of photonic device design, simulation and optimization, and made remarkable contributions to the innovation and development of photonic technologies for optical communications and connectivity. He has published more than 300 papers in various international academic journals and professional conferences and has been awarded seven patents in the United States, which have earned him global reputation as a leading expert in the field. He is a successful entrepreneur who founded two companies and led them to significant commercial success and industrial impact. He has also been a distinguished leader in the photonics and optical communication industry who is highly acclaimed by his good vision and unique perspectives. Under his leadership, we successfully entered the global optical communication and connectivity market and accomplished multiple significant acquisitions, further strengthening our market positions as a global optical communication and connectivity product provider.

Dr. Hong Jin, our CEO, is a visionary leader with deep insight into optical technology and more than 30 years of experience in the global optical communication industry. Over the past two decades, prior to joining us, Dr. Hong was the vice president in a number of prominent public and private optical communication companies in Silicon Valley. Dr. Hong has published more than 80 papers in various international academic journals and professional conferences and has been granted 12 patents in the United States. In addition, Dr. Hong is a senior member of the IEEE and a fellow of the Optica (formerly Optical Society of America).

Our strong engineering culture has been an important driver to achieve our strategic goals, seize market opportunities and sustain business growth. Under the leadership of our core management team, we are committed to developing proprietary technologies for optical transceivers and optical chips to set a solid foundation for our long-term growth.

BUSINESS

OUR STRATEGIES

Strengthen our R&D capabilities, particularly in emerging technologies, to enhance our products’ competitiveness

We will continue to strengthen our R&D capabilities by attracting top talent and increasing R&D investments, thereby solidifying our technology capabilities in the optical communication industry. In particular, we expect to deepen our coverage of emerging technologies to address future application needs. Following our technology-driven development path, we will accelerate key technology R&D and product iteration, with a focus on core aspects across the industry value chain. Specifically, we intend to develop next-generation high-rate optical transceivers, optical chips and optical network terminals. In addition to funds generated from our pre-[REDACTED] financing and business operations, we plan to use approximately [REDACTED] (including [REDACTED] for R&D personnel recruiting) of the [REDACTED] from the [REDACTED] to implement this business strategy.

Optical Transceivers: We plan to continuously iterate our optical transceiver products to maintain the competitiveness of our core products. In terms of datacom transceivers, we will further increase our R&D investments in high-rate optical transceivers that would sustain our first-mover advantages and improve our product portfolio. To achieve this goal, we intend to focus on VCSEL-, EML- and SiPh-based optical transceivers, and deploy multiple technological solutions, including full DSP, LRO and LPO. In addition, we are conducting research into NPO and CPO technologies to further introduce high-rate products supporting 3.2T and 6.4T data rates. We also plan to establish a NPO- and CPO-focused R&D and manufacturing platform, based on which we anticipate to collaborate closely with customers to promote the development of relevant industry standards. We intend to establish a comprehensive matrix of high-rate datacom transceivers featuring low power consumption and improved data rates, to meet the demands of our core customers, such as AI computing centers. On telecom transceivers, we will continue to enhance our product portfolio to support various applications for FTTx, wireless and transmission networks. To this end, we are actively developing and anticipate to commercialize 50G PON transceivers for FTTx, 100G transceivers for wireless and 800G transceivers for transmission networks. We also seek to increase our cost-competitiveness through in-house development and production of optical chips. Lastly, we intend to explore applications in emerging end markets, such as strategic potentials from optical transceivers on vehicles. We expect the opportunities lying in these emerging end-markets to unlock new revenue streams.

Optical Chips: We intend to accelerate the iteration of high-end optical chips and increase relevant production capacity. For datacom applications, we are researching indium phosphide (InP) based single-wave 400G optical transmitters and higher-power (e.g., 200mW/300mW/400mW) CW-DFB laser chips. We are also exploring other advanced optical chips to support 3.2T optical transceivers for application in next-generation data centers. In the third quarter of 2025, we successfully raised approximately RMB1.0 billion to enhance our R&D capabilities and expand our production capacity for optical chips. We expect this will help to significantly strengthen our optical chip development and production capabilities.

BUSINESS

Optical Network Terminals: We will continue to focus on our core areas. As to broadband access products, we plan to continue to offer differentiated ONT and gateway products, with a focus on 25G/50G ONT boxes, NG-PON2 ONU sticks and other high-end products. For Wi-Fi coverage products, we will follow the trend of Wi-Fi 8 standards and have been actively developing the next-generation mainstream products. Looking ahead, recognizing the significance of optical network terminals to computing power, we are developing FTTR+X gateways embedded with computing functions.

Strengthen our customer relationships and expand our customer base with enriched product offerings

We will continuously promote the iteration and upgrade of our existing products and enhance our customer services, particularly for emerging end-markets with high entry barriers, such as AI, cloud computing, smart city, industrial intelligence and in-vehicle optical communications. Moreover, we will deepen our relationships with datacom and telecom customers to further solidify our market shares. We will improve our delivery capability through supply chain coordination, thereby lifting customer satisfaction and lifetime value. We also endeavor to raise our customer stickiness by increasing our products’ success rate during the customers’ validation processes. In addition, through joint developments with core customers, we can be deeply involved in the customers’ product planning and technology evolution processes, which is expected to ensure our prolonged collaborations along the products’ lifecycles. Riding on current waves of computing infrastructure expansion globally, we strategically seek to expand our overseas customer base, thus enhancing our global market shares. We will continue to grow our specialized sales force focusing on penetrating leading high-value customers, particularly in North America and Europe. We are also exploring opportunities in new regional markets, such as the Middle East. To provide localized services and respond swiftly to customer needs, we plan to solidify our global presence by strengthening overseas sales teams, establishing an integrated platform for overseas R&D, production, sales and marketing, and improving our overseas supply chain coverage. In addition to funds generated from our business operations, we plan to use approximately [REDACTED] of the [REDACTED] from the [REDACTED] to implement this business strategy.

Expand our global production capacity and upgrade our manufacturing system

We endeavor to further expand our global production capacity and upgrade our manufacturing system, thus building an integrated platform with flexibility, efficiency and cost competitiveness. We expect that the implementation of this strategy will help to strengthen our global delivery capability, enhance our responsiveness, and reduce our supply chain risk exposures. We are committed to offering market-leading products and services to customers around the world. In this regard, we have been expanding our production capacity in our various production facilities strategically focusing on high-end optical transceivers and optical chips, which is expected to not only lead to economies of scales and optimization of our production cost, but also deepen our localized cooperations and strengthen our overseas supply capabilities. Additionally, we are accelerating the upgrade of the intelligence levels of our manufacturing system. Aside from our well-established core automated production lines, we also intend to upgrade or expand our various production facilities towards full-scale

BUSINESS

automation and intelligence. Specifically, we intend to increase our production lines’ efficiency, product yield and testing accuracy and reduce costs by deploying industrial equipment clusters and AI technologies. Moreover, we will continue to serve the evolving needs of customers for optical communication products by engaging dedicated and extensive communications with them. We will also enforce stringent quality controls to deliver consistently high quality products to customers in an efficient manner. In addition to funds generated from our pre-[REDACTED] financing and business operations, we plan to use approximately [REDACTED] of the [REDACTED] from the [REDACTED] to implement this business strategy.

Continuously attract and retain global top talent

We intend to continuously attract and retain global top talent in line with the demands of our globalization and high-tech manufacturing strategies, thereby supporting our long-term high-quality growth. We will focus on acquiring top global talent with expertise in core technology R&D and intelligent manufacturing and experience working at multinational companies. In addition, we are establishing a flat organizational structure, which is expected to further improve our operational efficiency. Furthermore, we will continue to offer competitive packages and leverage share-based incentives to motivate our talent. We also seek to foster a culture of mutual development by aligning the interests and goals of our employees with our own. In addition to funds generated from our business operations, we plan to use approximately [REDACTED] (including [REDACTED] for R&D personnel and [REDACTED] for sales network deployment) of the [REDACTED] from the [REDACTED] to implement this business strategy.

Strategic investments and acquisitions

We have, in the past, completed a number of successful acquisitions, including acquiring optical chips production capacity and a datacom business. These acquisitions enhanced our technological advantages, enriched our product offerings, strengthened our supply chain management and broadened our customer base. Leveraging our current advantages of covering the entire industry value chain, we will continue to seek strategic investment and acquisition opportunities across the value chain to further solidify our market position. We anticipate to acquire upstream companies with core technologies and, at the same time, tapping into downstream value-added areas. In addition, we would also consider opportunities of investing in or acquiring start-up companies that offer technologies supplementary to our current operations, and opportunities to accelerate our cross-regional market penetrations. We expect these investments and acquisitions to further enhance our competitive position and sustainable development. In addition to funds generated from our business operations, we plan to use approximately [REDACTED] of the [REDACTED] from the [REDACTED] to implement this business strategy. For details, please see “Future Plans and [REDACTED].”

BUSINESS

OUR PRODUCTS

The following table sets forth a breakdown of our revenue by product line in absolute amount and as a percentage of our total revenue:

	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	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	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

The following table sets forth a breakdown of our sales volume by product:

	Year Ended December 31,		
	2023	2024	2025
	(in thousands of units)		
Optical transceivers			
– Datacom transceivers	7,178	9,617	12,222
– Telecom transceivers			
FTTx	6,542	3,689	3,112
Others ⁽¹⁾	5,139	3,915	5,267
Telecom transceivers sub-total	11,681	7,604	8,379
Sub-total	18,859	17,221	20,601
Optical chips	4,862	1,597	1,018
Optical network terminals			
ONT boxes	11,807	15,567	20,817
Others ⁽²⁾	4,613	4,596	5,213
Optical network terminals sub-total	16,420	20,164	26,030

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.

Optical Transceivers

We serve major customers of datacom and telecom sectors with a wide range of optical transceivers. Our high-performance, cost-competitive optical transceivers support a wide range of configurations, including different technical protocols, interfaces, form factors, transmission speeds and distances, wavelengths and other specifications. Such product diversity is mainly achieved by deploying different types of optical chips and packaging technologies.

BUSINESS

We have developed optical transceivers employing various types of optical chips for diverse customer needs. VCSEL-, DFB- and EML-based optical transceivers use different semiconductor materials and structures of resonators. Our typical multi-mode VCSEL-based optical transceivers are relatively inexpensive and ideal for short-range, low-power and high-volume data transmission applications. Our typical single-mode DFB- and EML-based optical transceivers are used for high rate, medium- to long-distance transmission. We have developed and produced in-house some of the EML and DFB laser chips used in our optical transceivers for telecom applications and some of the CW-DFB laser chips used in our optical transceivers for datacom applications. We generally purchase VCSEL laser chips and some other optical chips from third-party suppliers. During the Track Record Period, due to limited in-house laser chip types and capacity, most of the laser chips used in our optical transceivers were purchased from third-party suppliers. We have also been developing optical transceivers employing SiPh chips. SiPh-based optical transceivers demonstrate significant potentials in high rate, high integration, power optimization, cost effectiveness and wavelength flexibility. We have developed and mass-produced our 400G/800G SiPh-based optical transceivers.

We have developed optical transceivers utilizing various photoelectric signal processing technologies. During the Tack Record Period, a large portion of our high-rate optical transceivers used DSPs to compensate for distortions and maintain signal integrity. In addition to the conventional DSP approach, we have developed optical transceivers adopting the LRO technology, which is a half-linear approach yielding high power savings while keeping the DSP only at the transmitter side to maintain flexibility and scalability of a DSP-based transceiver model. We have applied on our optical transceivers the LPO technology, which replaces DSPs with linear analog components and results in significant reduction in power consumption and costs. We have also been developing optical transceivers leveraging NPO and CPO technologies. NPO technology improves signal integrity, power density and bandwidth density by locating optical transceivers close to the switching electronic chips to provide flexibility for deployment. Similar to NPO, CPO technology addresses high power consumption and signal loss by closely co-packaging the optical components and the switching electronic chips to greatly reduce the transmission distance between them.

The following sets forth certain key design parameters for optical transceivers: (i) *Data rate*: This specifies the speed at which data is transmitted. A higher data rate (meaning a higher transmission speed) with low latency is particularly relevant for large-scale data center operations, AI-driven workloads, and real-time data processing. (ii) *Transmission distance*: This indicates the maximum distance over which an optical transceiver can transmit optical signals without significant loss of signal quality. We offer both single-mode and multi-mode optical transceivers, which use single-mode and multi-mode optical fibers, respectively, to cater to different data transmission needs. Single-mode transceivers, while more costly, are effective over longer distances. (iii) *Form factors*: This refers to the physical size and shape of an optical transceiver, which is one of the key factors determining the maximum power dissipation of the transceiver. Size is important because the miniaturization of optical components allows for high integration. Different form factors are designed to support specific data rates and are chosen based on different needs of the applications. (iv) *Wavelength*: This refers to the specific wavelength of light used for transmission. The most common wavelengths are 850 nanometers, 1310 nanometers, or 1550 nanometers, with other wavelength ranges for specific applications.

BUSINESS

Our optical transceivers are broadly categorized into (i) datacom transceivers for AI and cloud computing, and (ii) telecom transceivers for FTTx, transmission network and wireless applications.

Datacom Transceivers

Our datacom transceivers have various application scenarios, including network access servers, storage area networks, AI clusters for both training and inference, and hyperscale data centers. Our key products include high-rate 400G and 800G optical transceivers of various form factors and compatible with various data communication standards. In 2024, we cooperated with a domestic leading cloud service provider in the joint development of 400G QSFP112 SiPh-based optical transceivers. In addition, we have developed and mass-produced our 800G VCSEL- and EML-based DSP optical transceivers and 800G SiPh-based LPO optical transceivers featuring a low bit error rate, efficient heat dissipation and high sensitivity. Consequently, we are one of the first manufacturers in China to have developed and mass-produced 800G optical transceivers and delivered product samples for customer validation of 1.6T optical transceivers. These include EML- and SiPh-based DSP optical transceivers and SiPh-based LPO optical transceivers. Attributable to their high rate and low power consumption, the 1.6T optical transceivers are critical for accelerating the development of next-generation hyperscale data centers and AI training cluster interconnects. We expect to commercialize our 1.6T optical transceivers in the second half of 2026.

The following table sets forth certain details of our major advanced datacom transceivers:

Products	Features
Commercialized 400G Series⁽¹⁾  400G QSFP112 DR4	We offer 400G optical transceivers in the form factors of QSFP-DD, OSFP and QSFP112, which support the transmission of 8×50G 4-level pulse amplitude modulation (PAM4) and 4×100G PAM4 modulated signals, respectively. We offer 400G optical transceivers with various configurations, such as VR4, SR4, DR4, FR4 and LR4*.
800G Series⁽¹⁾  800G OSFP SR8	We offer 800G optical transceivers in the form factors of OSFP and QSFP112-DD, which support the transmission of 8×100G PAM4 modulated signals. We offer 800G optical transceivers with various configurations, such as 2xVR4, VR8, SR8, 2xDR4, DR8, 2xFR4 and 2xLR4*.
Under development 1.6T Series⁽¹⁾  1.6T OSFP 2xDR4⁽²⁾	We have delivered product samples for customer validation of 1.6T optical transceivers in the form factor of OSFP, which will support the transmission of 8×200G PAM4 modulated signals. We expect to commercialize our 1.6T optical transceivers in the second half of 2026.

Notes:

- * Standard names for transmission distance of optical transceivers which are generally adopted in the industry. For example, VR stands for very short reach of 50 meters, SR stands for short reach of 100 meters, FR stands for far reach of 2 kilometers, DR stands for data reach of 500 meters, and LR stands for long reach of 10 kilometers.
- (1) A representative product in the relevant series. (2) Product sample.

BUSINESS

In addition, we offer a diverse portfolio of 25G, 40G, 100G and 200G optical transceivers and active optical cable products under our datacom transceivers to cater to diverse needs of our cloud and enterprise customers. In anticipation of the rising demand for optical transceivers to support the even higher-rate data transmission in the AI era, we have been actively engaged in research of next-generation 3.2T optical transceivers.

Telecom Transceivers

The telecom industry involves information transmission over distances using different means. We primarily develop optical transceivers for FTTx, transmission network and wireless applications, mainly targeting telecom equipment vendors and operators.

FTTx

Our telecom transceivers for FTTx applications offer reliable network connections for household and enterprise end users, primarily through telecom operators and telecom and network equipment vendors. Our optical transceivers for FTTx applications provide users with stable high-rate network access that supports data transmission over long distances without interference from external wireless signals. PON is a fiber network infrastructure that utilizes a point-to-multipoint configuration, allowing one single optical fiber to serve multiple downstream users. We have been actively engaged in the design, development and production of optical transceivers for FTTx applications with PON technologies.

10G PON transceivers are our main PON products. We are one of the first manufacturers worldwide to have developed and mass-produced 10G PON optical transceivers. In addition, our Combo-PON transceivers integrate the two generations of PON technologies to achieve compatibility, allowing a higher degree of flexibility and can expand the device applications. Our Combo-PON products are in compliance with the ITU standard. We have delivered product samples for customer validation of our asymmetrical and symmetrical 50G PON optical transceivers both in the form factor of SFP-DD. The 50G PON optical transceivers are expected to be our next-generation standard PON products. The following table sets forth certain details of our major advanced telecom transceivers for FTTx applications:

Products	Features
Commercialized 10G PON Series⁽³⁾  <i>XGS-PON Optical Line Terminal (OLT)</i>	We offer 10G EPON optical transceivers in the form factors of 10 gigabit small form factor pluggable (XFP) and SFP+, which support both PR30 and PR40 power budget classes. We offer XGS-PON optical transceivers in the form factor of SFP+, which support a transmission distance up to 60 km with N1, N2 and E1 classes⁽¹⁾. We offer Combo-PON optical transceivers in the form factor of SFP+, supporting B+, C+ and D classes⁽²⁾.
NG-PON2 Series⁽³⁾  <i>NG-PON2 OLT</i>	We offer NG-PON2 optical transceivers in the form factor of XFP, which support a transmission distance up to 20 km with N1 and N2 classes⁽¹⁾.

BUSINESS

Products	Features
Under development 50G PON Series⁽³⁾  <i>SFP-DD 50G PON (i.e., 50G & XGS & G SFP-DD Combo-PON OLT)⁽⁴⁾</i>	We have delivered product samples for customer validation of 50G PON optical transceivers in the form factor of SFP-DD, which supports asymmetrical 25Gb/s-50Gb/s speed for upstream/downstream bandwidth with various configurations. We have also delivered product samples for customer validation of 50G PON optical transceivers in the form factor of SFP-DD, which supports symmetrical 50Gb/s speed for upstream/downstream bandwidth with various configurations. We expect to commercialize the asymmetrical and symmetrical 50G PON optical transceivers in the form factor of SFP-DD by the end of 2026.

Notes: (1) Refers to different optical-path loss-budget classes under ITU standards. In GPON standards, N1 and N2 are considered nominal classes, representing standard reach and loss characteristics, while E1 is the extended class, allowing for longer reach and higher loss compared to nominal classes. Higher loss budgets generally allow for longer reach. (2) Refers to different classes of transmit power and receive sensitivity under the ITU standards. In GPON standards, higher classes refer to higher transmit power and receive sensitivity. (3) A representative product in the relevant series. (4) Product sample.

Over the past two decades, we have continuously advanced our technologies and upgraded our FTTx product portfolio, including launching our first 10G EPON optical transceiver in 2008 and participating in the ITU-led 10G PON standard in 2012. In 2018, we also participated in the project initiation of the 50G TDM-PON international standard led by the ITU as one of the representatives from China’s optical access network industry, which was approved by the ITU in 2021 and aims to define the next-generation PON technology. We also completed the development and testing of the 50G PON OLT optical transceivers in 2020, which support a transmission distance of 20 km.

Transmission Network

A transmission network refers to data-carrying network infrastructure encompassing various scales from local to backbone networks. Our transmission network products empower such connectivity by enabling high-rate and reliable data transmission meeting different networking standards, including the ethernet, optical transport network, and open radio access network standards. Telecom equipment vendors are the primary customers of our telecom transceivers for transmission network applications. Our transmission network products can be applied in multiple metro network scenarios, such as metro ethernet aggregation, provincial backbone network expansion, national backbone networks and submarine optical fiber cables. We have developed a comprehensive product portfolio, including 100G LR1/LR4, 200G LR4, 400G LR4/ZR/ZR+, and 800G LR4 high-rate optical transceivers, to support the deployment of these scenarios. The following table sets forth certain details of our major advanced telecom transceivers for transmission network applications:

Products	Features
Commercialized 100G Series⁽¹⁾  <i>100G QSFP28 LR1</i>	We offer 100G optical transceivers in the form factor of QSFP28, supporting a transmission distance from 10 km to 30 km. Our 100G optical transceivers have various configurations, such as LR4, LR1, LR1 BiDi (bidirectional), and ER BiDi.

BUSINESS

Products	Features
200G Series⁽¹⁾  200G QSFP-DD LR4	We offer 200G optical transceivers in the form factor of QSFP-DD, supporting a transmission distance up to 10 km. Our 200G optical transceivers have various configurations, including both single-rate (at 200G) and dual-rate (at 200G and 100G) models.
400G Series⁽¹⁾  400G QSFP112 LR4	We offer 400G optical transceivers in the form factors of QSFP112 and QSFP-DD, supporting a transmission distance up to 10 km. Our 400G optical transceivers have various configurations, such as LR4 and FR4.
Coherent 400G ZR/ZR+  400G QSFP-DD ZR	We offer coherent optical transceivers that support 400Gb/s coherent transmission, featuring a highly compact QSFP-DD form factor and supporting a transmission distance up to 1,200 km.
<i>Under development</i> 800G Series⁽¹⁾  800G QSFP-DD LR4⁽²⁾	We have delivered product samples for customer validation of our 800G QDD/OSFP 2xLR4, and are developing a number of 800G optical transceivers, such as 800G QDD LR4, 800G OSFP FR4, and 800G OSFP LR4, which can support 10 km transmission distance.

Notes: (1) Representative products in the relevant series. (2) Product sample.

In addition, our telecom transceivers for transmission network applications also include a portion of optical transceivers at other data rates, such as 1.25G and 10G optical transceivers that support a transmission distance of from 10 km to 80 km.

Wireless

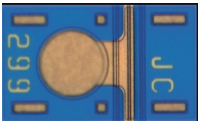
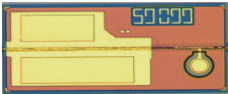
We offer a comprehensive portfolio of wireless broadband products from 10G to 50G optical transceivers. With multi-rate options, our wireless broadband transceivers can satisfy the multiple connectivity needs of the 5G front-, middle- and back-haul networks. This allows us to improve one-stop infrastructure and expand service to our major telecom operators. Our wireless products can also be applied in small cell coverage, IIoT, and wireless front-haul access, mainly by system integrators and equipment manufacturers who aim to deploy more comprehensive, customized network for their clients.

Optical Chips

Optical chips play a critical role in determining the performance and functionality of optical transceivers. 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. As core light-emitting elements, III/V compounds are widely used for optical chip production and play an irreplaceable role in optical transceivers. We develop and

BUSINESS

produce a selective range of III/V compound semiconductor-based laser chips. In anticipation of the next-generation optical transceivers, it has become essential for optical transceiver manufacturers to master technologies in connection with high-end optical chips and advanced packaging solutions. Laser chips are a vital part of optical transceivers, relying on the photoelectric effect in III/V compound semiconductor materials, typically gallium arsenide (GaAs) and InP, to transmit optical signals. Laser chips are processed and packaged into transmitter optical sub-assemblies (TOSA) to convert electrical signals into optical signals, and photoelectric detectors are packaged into ROSA to convert optical signals into electrical signals. These components are then further assembled with electronic and other structural components to form optical transceivers. Our current in-house laser chip development and manufacturing are mainly used for TOSA. Laser chips vary in light emission types or modulation methods. We have developed and produced a number of laser chips, primarily DFB and EML laser chips. Our DFB laser chips feature a simple single design and low power consumption, fitting into more compact configurations. EML laser chips are widely used due to their low-noise, narrow linewidth features. Additionally, we also produce Fabry-Pérot laser chips, which are common and generally inexpensive and are widely used in short-range wireless transmission. The following table sets forth certain details of our major laser chips:

Products	Features
Commercialized For datacom applications CW-DFB laser chips⁽¹⁾  75mW CW-DFB	Our CW-DFB laser chips support various output power and can operate at various wavelengths. We had commercialized 75mW CW-DFB laser chips which had been applied to 400G DR4 and 800G DR8 SiPh-based optical transceivers.
For telecom applications DFB laser chips⁽¹⁾  25G DFB	Our DFB laser chips support a full range of transmission rates from 2.5G to 25G and can operate at the wavelengths of 1270 to 1650 nm.
EML laser chips⁽¹⁾  10G 1577 nm EML	Our 10G EML laser chips can operate at the wavelengths of 1550 to 1577 nm and can support various long-range transmission with a distance of 80 km or above.
Under development For datacom applications EML laser chips⁽¹⁾  100G CWDM4 EML⁽²⁾	We are developing 100G/200G EML laser chips which will mainly be used in 800G/1.6T EML-based optical transceivers. We expect to complete the development by the second quarter of 2026.
CW-DFB laser chips⁽¹⁾  100mW CW-DFB⁽²⁾	We are developing our high-power 100mW CW-DFB laser chips which will mainly be used in 1.6T 2×DR4 and 1.6T 2×FR4 SiPh-based optical transceivers. We expect to complete the development by the first quarter of 2026.

BUSINESS

Products

Features

For telecom applications

EML laser chips⁽¹⁾



50G EML SOA⁽²⁾

We are developing our 50G EML semiconductor optical amplifier (SOA) laser chips which will mainly be used in PON products. We expect to complete the development by the third quarter of 2026.

Notes: (1) A representative product in the relevant series. (2) Product sample.

We are developing 100G CWDM4 EML laser chips — one of the major light sources to be used in 800G 2×FR4 and 800G DR8 EML-based optical transceivers. We are also developing 200G CWDM4 EML laser chips which are a major light source to be used in 1.6T 2×FR4 and 1.6T DR8 EML-based optical transceivers. We tapped into the optical chip sector over a decade ago and were one of the first optical transceiver manufacturers in China to have developed and mass-produced optical chips, according to Frost & Sullivan. We believe that our in-house R&D and mass production for optical chips serve as a significant competitive edge to ensure key component supplies, foster closer customer relationships, and enjoy cost advantages as we develop and commercialize more optical transceivers.

Optical Network Terminals

Optical network terminals serve as the key devices of an optical network and enable connectivity for household and enterprise users. Leveraging our extensive experience in optical communication industry, we have rapidly established a solid market position in the market of optical network terminals in China. Our optical network terminals mainly target household and enterprise end users to support connectivity functions such as network access and multimedia data transmission. We are also developing products that perform computing functions, a distributed computing model that brings computation and data storage closer to the sources of data, which we believe will further unlock market potentials along with the trend of decentralized data processing. Our optical network terminals primarily include the following:

Broadband access products: We offer various broadband access products built on ONT boxes, meeting the high-rate multi-media connectivity needs of end users, such as data, voice and video. Broadband access products, mainly ONT boxes, convert fiber optic signals to electrical signals that can be used in home or businesses to enable high-rate broadband access. Our broadband access products offer multi-service convergence realizing functions and fiber-to-the room (FTTR) master gateways that can be connected to smart terminals and serve as a multi-device control center. These products allow remote configurations and equipment upgrade, improving maintenance efficiency.

Wi-Fi coverage products: We offer hardware devices to receive, transmit and extend Wi-Fi signals, which provide stable and high-rate wireless connectivity for particular areas and settings, such as home, businesses and public areas. Our Wi-Fi coverage and booster devices are able to perform comprehensive tasks such as wireless signal transmission, access control, network management and coverage optimization.

BUSINESS

We also produce multimedia set-top boxes, which are terminal devices that typically connect to a television or other display devices. They are mainly used for receiving, decoding and outputting high-definition audio and video content, and supports live TV, network streaming media and interactive services. In addition, we are jointly developing with a customer an optical network terminal embedded with AI computing functions, which acts as an FTTR+X gateway to offer reliable local computing power and flexible but extendable AI solutions. We expect these terminals to be used in many scenarios, including full-coverage ultra-gigabit smart life solutions, smart home data hubs and intelligent control hubs, home network optimization and security linkage. The following table sets forth certain details of our major optical network terminals:

Products	Features
Commercialized	
Broadband access products⁽¹⁾  <i>XGS-PON ONT</i>	Our XGS-PON ONT features a 10GE interface and supports an equal download and upload speed of 9.95328Gb/s.
Wi-Fi coverage products⁽¹⁾  <i>AX3000 Wi-Fi router</i>	Our AX3000 router complies with Wi-Fi 6 protocol and supports Wi-Fi 6 MU-MIMO (multi-user multiple input, multiple output), 1024-QAM (quadrature amplitude modulation) data transmission capacity and 160MHz bandwidth. Our AX3000 router comes with four external 5dBi antennas and has a maximum speed of 2402Mbps on the 5GHz band and 574Mbps on the 2.4GHz band.
Under development	
Broadband access products⁽¹⁾  <i>NG-PON2 ONU stick⁽²⁾</i>	We have delivered product samples for customer validation of our NG-PON2 ONU stick, a new-generation pluggable ONT supporting higher-rate connectivity. Our NG-PON2 ONU stick supports tunable 4 x 100GHz channels and a maximum speed of 9.95328Gb/s. Our NG-PON2 ONU stick is in the form factor of SFP+.
 <i>25GS-PON ONT box⁽²⁾</i>	We have delivered product samples for customer validation of our 25GS-PON ONT box, which supports an equal download and upload speed of 24.8832Gb/s.
Computing power gateways	We are jointly developing with a customer FTTR+X gateways embedded with computing functions.

Notes: (1) Representative products in the relevant series. (2) Product sample.

BUSINESS

RESEARCH AND DEVELOPMENT

Our industry features fast technological innovations with the emergence of next-generation products every few years. We are committed to continuously advancing our technologies to maintain our competitiveness, market share and success. As such, we place significant emphasis on strengthening our R&D capabilities. In 2023, 2024 and 2025, our R&D expenses amounted to RMB553.3 million, RMB623.1 million and RMB663.7 million, respectively, accounting for 13.1%, 12.3% and 7.9% of our total revenue in these respective periods. We have four R&D centers. Our Qingdao center focuses on R&D projects for datacom transceivers and FTTx-application related telecom transceivers, while our Wuhan center focuses on R&D projects for other telecom transceivers. Our Silicon Valley center primarily engages in R&D activities to support our customers in North America. Our R&D center in Singapore established in early 2026 focuses on R&D on high-rate datacom optical transceivers. We actively participate in domestic and overseas industry associations and organizations, which not only increases our exposure and market position in the industry but also allows us to keep pace with the latest industry insights and market trends. As of the Latest Practicable Date, we were one of the editors in charge of establishing two industry standards for optical transceivers of the China Communications Standards Association and one industry standard for optical chips of the China National Institute of Standardization.

Product Design and Development

We have established detailed protocols and standard operating procedures for our product design and development processes. In addition to our in-house R&D, we also collaborate with some customers in product design and development to offer customized products meeting their special specifications or requirements. Under our joint development model for certain customized products, we are typically responsible for the product design, research and development and submit our product design proposal to the relevant customer for assessment and review. We maintain constant communications with the customer to collect its requirements and feedback throughout the design and development process. At the prototype design and production phase, we timely deliver the prototype to the relevant customer for its testing. The joint development project will only be concluded after the relevant final products are inspected and accepted by the customer. See “— Joint Development Model.”

Planning and Product Proposal: Our product development process begins with the decision on initiation of a project by a business unit manager, including after receiving requests for quote from customers or carrying out market research. Led by our product management team, we initiate product planning and our technical team works on the product’s technical designs. The initial product planning is subject to feasibility studies and will be submitted to our product approval committees (PACs) for evaluation and approval, which are the key decision-making bodies with respect to our product development processes.

R&D and Testing: Once the product planning is approved, a designated project team is assigned to lead the entire development process, starting from formulating project budgets and schedules. Following such budgets and schedules, the designated project team commences various designs for prototype production. We conduct quality, performance and various design validation testing during the prototype production process to ensure its functionality and design integrity. This stage is critical for the product’s manufacturability during the subsequent trial production stage.

BUSINESS

Small-batch Trial Production: We commence small-batch trial production after the prototype meets the initial specifications and requirements detailed in the product proposal. The results of the trial production are submitted to our relevant departments, including R&D, technical, testing, quality control and marketing, for final evaluation and approval. We may submit product samples to relevant customers for validation. This allows us to collect feedback and make final adjustments to the product before commencing ramp-up production. Under our joint development model, we are required to deliver a specified amount of product samples and relevant documentation to the customer for inspection and confirmation. We are also typically obligated to notify the relevant customer in advance of planned product testing, so that the customer can designate technical staff to inspect the product testing process on-site.

Ramp-up and Mass Production: We carry out ramp-up production to test and verify the yield and statistical process controls. Ramp-up production enables us to plan production capacity for full-scale manufacturing and ensure that digitalized systems are integrated and functioning. Mass production commences following the ramp-up if no material defect is identified.

Quality Control on R&D Process

We have established an advanced product quality planning (APQP) system, which spans the processes from product design, development through mass production. The APQP system focuses on upfront quality planning, such as design robustness, specification compliance, process design, testing and validation. Additionally, we have formulated research and testing protocols in line with industrial standards.

R&D Collaborations

To supplement our in-house R&D, we have collaborated with business partners and universities in R&D projects. Collaborations cover a broad spectrum of research areas and subjects, including studies on optical chip growth methods, studies on design and development for coherent products, and various simulation design and testing by leveraging the platforms and algorithms the relevant university may possess.

Key R&D Programs

Our key R&D efforts include: (i) *LRO*: We have developed and are ready to mass-produce LRO-based optical transceivers. (ii) *NPO and CPO*: We are researching NPO and CPO technologies to further introduce high-rate products supporting 3.2T and 6.4T data rates. We also plan to establish a NPO- and CPO-focused R&D and manufacturing platform, based on which we anticipate to collaborate closely with customers to promote the development of relevant industry standards. (iii) *Higher data rates and ultra-high bandwidths*: We have developed and mass-produced 800G optical transceivers and delivered product samples for customer validation of 1.6T optical transceivers. We are also developing higher-rate optical transceivers, such as 400G/lane-based 3.2T optical transceivers.

BUSINESS

OUR TECHNOLOGIES

Major Technologies in Product Design and Development

Our core optical transceiver technologies remain at the forefront of the industry. We possess proprietary capabilities in circuit designs for optical transceivers. Leveraging our advanced optical transceiver design platform, we have unlocked a number of technical bottlenecks, such as noise suppression within DSP and power-supply circuits, high-rate signal chain optimization, optical chips micro-stress packaging, and thermal management. These achievements helped us to significantly improve key parameters and promote practical applications of our optical transceivers. We possess capabilities covering the entire design and manufacturing process for our optical chips. For optical chip designs, we have developed two mature processing platforms for buried heterostructure and ridge waveguide, which provides us with the flexibility to choose among different design plans. We also possess proprietary capabilities in developing a wide range of optical network terminals. Currently, our core technologies cover hardware relating to PON access, radio frequency and antenna, and thermal design. Additionally, we also hold proprietary technologies in software development for optical network terminals. Moreover, we have developed control systems that facilitate gateway to fulfill different functions. In particular, our self-developed cloud management systems provide centralized but remote data management capabilities for multi-device networks, such as data storage and restoration, remote status diagnose and system upgrades.

The following discusses some of our key technologies used in our product design and development: (i) *DSP*: DSP is a key component that enables high-speed optical connectivity and optical communications. A large portion of our high-rate optical transceivers are DSP-based optical transceivers. (ii) *LPO*: LPO replaces the DSP with a transimpedance amplifier and driver chip with excellent linearity and equalization capabilities, which results in a significant reduction in power consumption, latency and costs. The evolution of LPO technology marks a significant advancement in the field of optical transceivers. According to Frost & Sullivan, we are one of the first manufacturers in China to have developed and mass-produced 800G SiPh-based LPO optical transceivers and delivered product samples for customer validation of 1.6T SiPh-based LPO optical transceivers. Our 1.6T SiPh-based LPO optical transceivers have achieved power consumption as low as 10 watt, representing an approximately 60% cut compared with that of conventional DSP-based transceivers. (iii) *PON*: PON reduces equipment costs compared to point-to-point networks. We have successfully developed and commercialized a number of optical transceivers in compliance with GPON and EPON standards which are widely applied in FTTx market. 50G PON products are one of our major FTTx transceivers under development. We have delivered product samples for customer validation of our asymmetrical and symmetrical 50G PON optical transceivers both in the form factor of SFP-DD. (iv) *SiPh-based optical transceivers*: We believe SiPh-based optical transceivers represent a new and promising technological development that can address the critical demand for reduced power consumption efficiency. We had developed and mass-produced our 400G/800G SiPh-based optical transceivers. (v) *Buried heterostructure laser technology*: Buried heterostructure laser technology features with high reliability and high beam quality. Taking advantage of such technology, we have successfully developed and commercialized a number of laser chips, including 2.5G DFB, 10G EML, 10G EML SOA and 75mW CW-DFB laser chips. In addition, we are developing 100G EML laser chips deploying buried heterostructure laser technology.

BUSINESS

Major Optical Packaging Technologies in Optical Transceivers

Optical transceivers deploy various packaging methods to house and protect the internal components. Packaging methods are significant to the performance and application of the optical transceivers. Leveraging our in-depth industry knowledge and experience over the past two decades, we have mastered various packaging technologies. For example: (i) *TO-CAN packaging*: TO-CAN packaging is a compact and relatively cost-effective method. We have adopted TO-CAN packaging for our production for years and have developed our own coupling and welding equipment ensuring high precision and yield. (ii) *BOX packaging*: BOX packaging ensures reliable protection against demanding environmental factors, which provides a robust solution for optical transceivers requiring high performance and long-term stability. We have adopted the BOX packaging method in the production of a number of our high-rate optical transceivers, such as 400G and 800G optical transceivers. (iii) *COB packaging*: COB packaging offer several advantages such as reduced size, lower cost of production, and improved performance. We use COB packaging technology in producing both multi-mode and single-mode optical transceivers for applications requiring cost efficiency, high integration and high transmission speed. (iv) *SiPh-based packaging technology*: SiPh-based packaging features high-integration and low-cost attributable to SiPh-based materials, while leveraging InP-based lasers as the light source. The SiPh-based packaging technology is able to efficiently improve transmission rate and reduce power consumption, representing a core technology in developing high-rate datacom and coherent optical transceivers.

Key Technologies Used in Our Optical Chips’ Production

Our production facilities cover all major steps of optical chips manufacturing, from epitaxial growth to grating formation, etching, metallization, film deposition, automated testing, radio frequency testing and reliability testing. Our continued R&D efforts have also led to new processing techniques, such as deep etching, low dielectric materials, high-quality butt-joint growth, and coplanar electrodes, supporting our future development and commercialization of high-end optical chips. The following discusses some of our key technologies used in our laser chips’ production: (i) *Metal organic chemical vapor phase deposition (MOCVD) technology*: MOCVD is the most significant technology during the epitaxial growth stage of our optical chip manufacturing process. We have mastered MOCVD technology delivering high yield and high quality. (ii) *Electron-beam lithography (EBL) technology*: EBL technology offers a high level of accuracy in creating nanoscale grating patterns by using precise beam positioning. We deploy EBL technology in the grating formation process, which could achieve a pitch accuracy within ± 0.01 nm. Grating accuracy has a significant impact on the spectral resolution. (iii) *Buried heterostructure and ridge waveguide*: Buried heterostructure and ridge waveguide represent two major processing technologies that form waveguides on chips to confine and control light path. Our mastering of these two mature processing technologies provides us with the flexibility to choose most appropriate technical approaches for different products.

BUSINESS

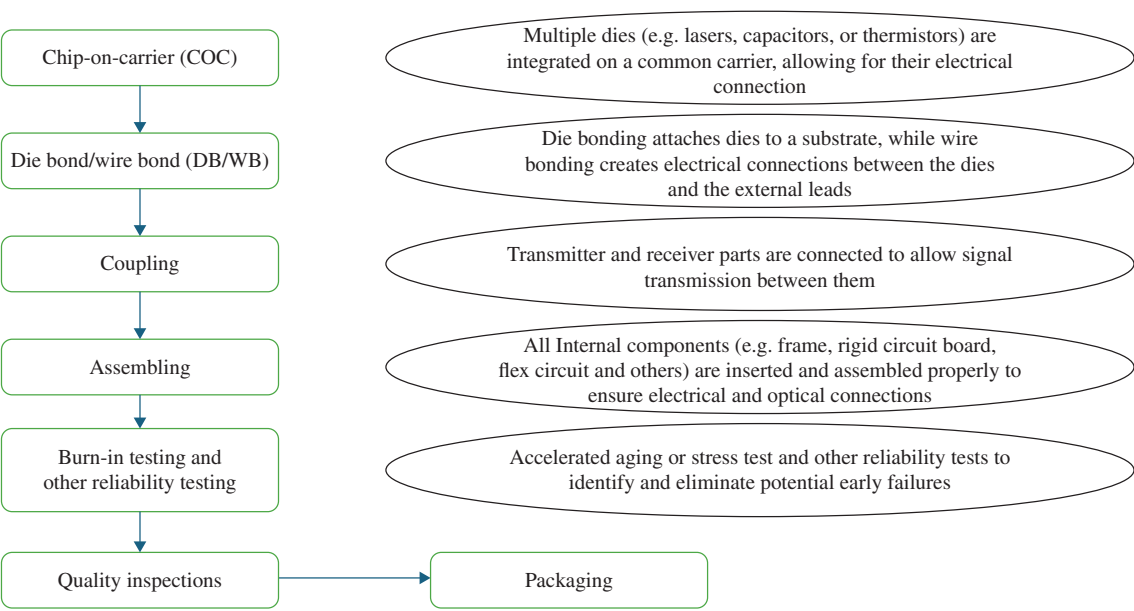
PRODUCTION

Our global production facilities and our intelligent manufacturing capability enable us to efficiently bring our high-quality products to the market. Most of our products are manufactured in-house. We may from time to time engage contract manufacturers to manufacture certain components (i.e., raw materials) and certain optical network terminal products (i.e., finished products). Our other finished products, including optical transceivers, optical chips and most optical network terminals (such as ONT boxes) are produced in-house. Finished products manufactured by our contract manufacturers were zero in 2023 and accounted for approximately 3% and 5% of our total revenue in 2024 and 2025, respectively.

Production Process

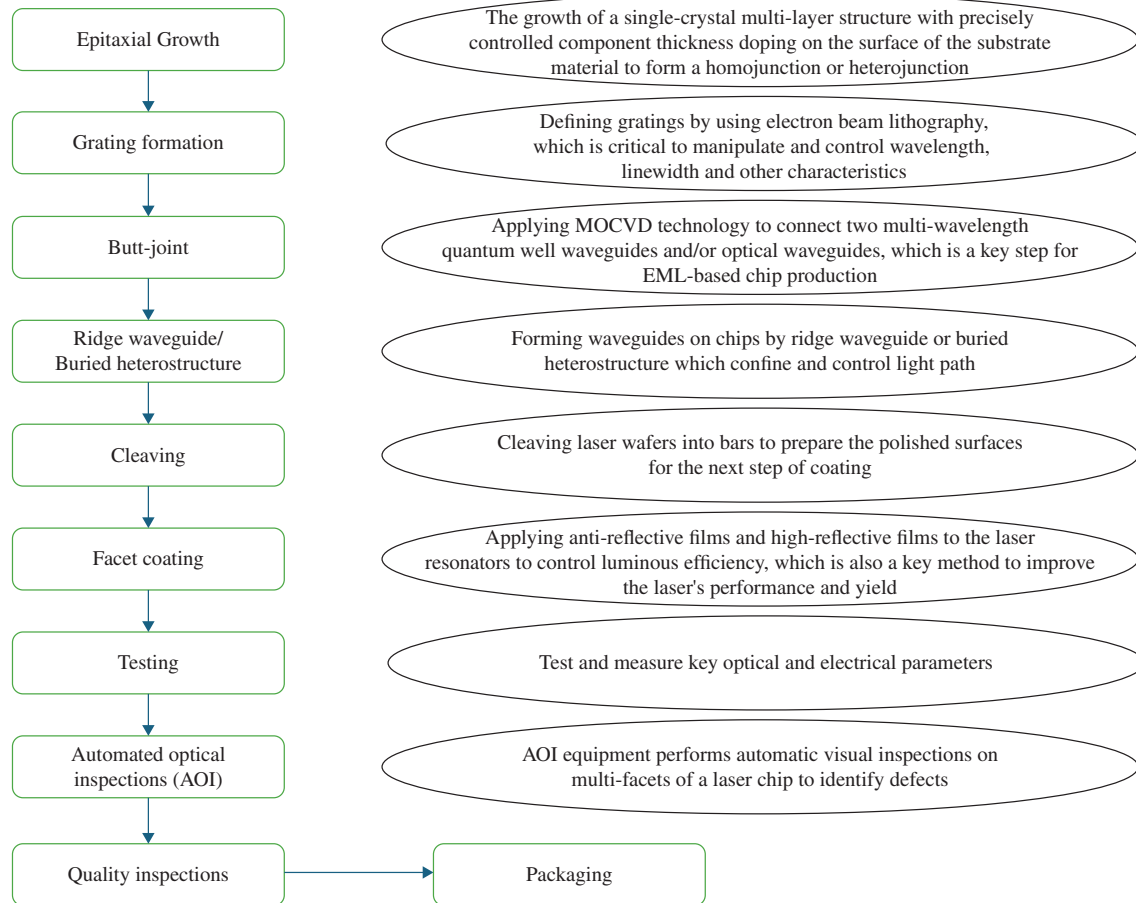
The following diagram illustrates the key production steps of our optical transceivers, optical chips and optical network terminals, respectively.

Optical Transceivers

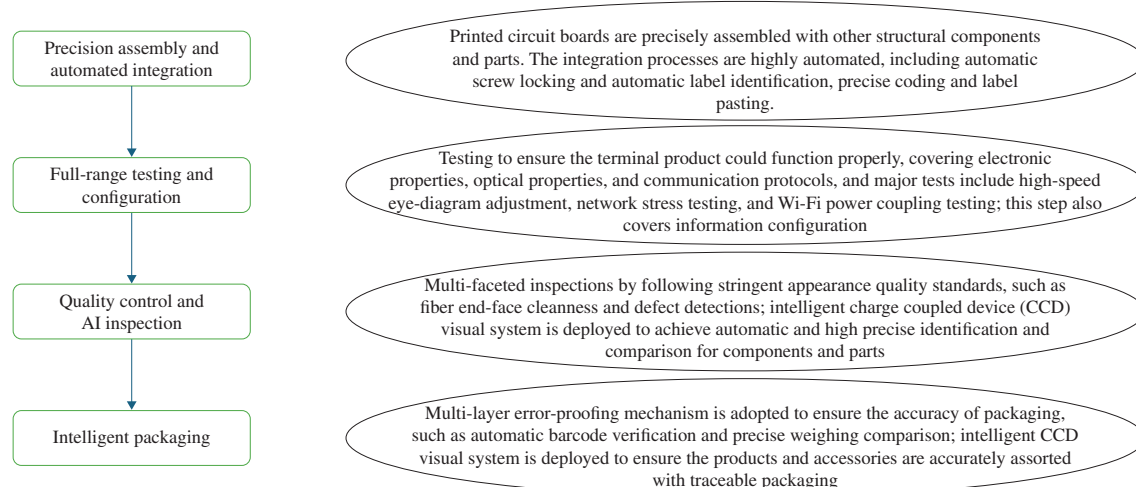


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Optical Chips



Optical Network Terminals



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Production Facilities

We have four production facilities in China, Thailand and the United States, with a total gross floor area (GFA) of over 100,000 sq.m. Our international presence enables us to efficiently serve customers in our target markets worldwide. Details of our production facilities are below:

Production Facilities	Major Products	GFA (sq.m.)	Began Commercial Production
Qingdao, China	Optical transceivers and optical chips	12,694	2011
Jiangmen, China	Optical transceivers and ONT	59,476	2014
Changwat Nonthaburi, Thailand . .	Optical transceivers	6,964	2020
New Jersey, the United States . . .	Optical transceivers and optical chips	21,053	2012

The production capacity, production volume and utilization rate of our production facilities for the years indicated are below:

	Year Ended December 31,								
	2023			2024			2025		
	Designed Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Designed Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Designed Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾
	(in thousand units)	(in thousand units)	%	(in thousand units)	(in thousand units)	%	(in thousand units)	(in thousand units)	%
Qingdao facility									
Optical transceivers	8,067	4,963	61.5	4,597	3,502	76.2	6,188	4,703	76.0
Optical chips	21,219	14,470	68.2	20,385	8,708	42.7	12,193	8,802	72.2
Jiangmen facility									
Optical transceivers	13,159	8,440	64.1	13,183	11,189	84.9	17,140	14,299	83.4
Optical network terminals . .	18,125	13,863	76.5	24,093	17,838	74.0	28,296	20,539	72.6
Thailand facility									
Optical transceivers	1,937	718	37.1	1,921	1,311	68.3	3,810	2,478	65.0
New Jersey facility⁽⁴⁾									
Optical transceivers	–	–	–	18	7	40.3	31	10	32.8

Notes: (1) Calculated as the maximum possible production volume for the relevant period, which is based on the number of production machines in operation, machine time for standardized products (assuming operations for 19 hours a day and 26 days a month), and estimated yield rates for different products based on our historical records. The production volume of non-standardized products is adjusted by the production time that would otherwise be required to produce similar standardized products. (2) Including optical chips produced for internal use in our production of optical transceivers. (3) Calculated as actual production volume for the period divided by the designed production capacity for the same period. (4) Our New Jersey facility commenced production of optical transceivers since June 2024. In addition, during the Track Record Period and up to the Latest Practicable Date, our New Jersey facility produced laser wafers, which were shipped to our Qingdao facility for its subsequent production of laser chips.

Our production activities, particularly our production volume for different products, are largely driven by purchase orders we receive from our customers in a specified period, which may change from time to time. In addition, the fluctuations in the utilization rates are also

BUSINESS

attributable to changes in the product mix in relevant periods, as different products may require distinct production equipment or may be at different stages of their life cycles. The utilization rates of our various product lines remained relatively stable during the Track Record Period except as discussed below:

Our utilization rate for optical transceivers increased from 2023 to 2024, primarily due to an increase in sales volume of our optical transceivers, and because we lowered our designed production capacity for telecom optical transceivers by rendering some of the production equipment obsolete, considering declines in market demand. In particular, the decreases in the designed production capacity for our optical transceivers from 2023 to 2024 were mainly because we gradually switched to produce a larger proportion of higher-rate optical transceivers in line with market demand; higher-rate optical transceivers generally have more complicated production processes and require more equipment to produce than lower-rate products, resulting in lower maximum possible production volume in a given period. While we adapted some of our obsolete telecom production equipment, to the extent feasible, to produce datacom optical transceivers and built additional production capacity for our datacom optical transceivers in 2024, this process took time and did not result in an increase in our overall designed production capacity for optical transceivers in that year. The utilization rate for optical transceivers at our Thailand facility decreased in 2025 compared to that in 2024, primarily due to a significant increase in the designed production capacity following the commissioning of new automated production lines in 2025 in anticipation of strong market demand for higher-rate products from overseas customers.

Most of our in-house produced optical chips are used in our optical transceiver production, and the rest are sold to external customers. Decreases in the utilization rate of our optical chips in 2024 were primarily because we were in a transition period in which our new optical chips were still being developed while demand from external customers for our existing optical chips declined. The utilization rate for our optical chips increased in 2025, primarily because of a decrease in our designed production capacity, which was in turn because we devoted more space to the production of certain new laser chips (which were still ramping up their production volume) while removing some of our production equipment for our existing laser chips (particularly those for lower-rate products) in light of declines in customer demand.

Considering our global production capacity planning for optical chips, during the Track Record Period and up to the Latest Practicable Date, our U.S. production facility manufactured laser chip wafers, which were mainly shipped to our Qingdao production facility to produce laser chips. These laser chips are either sold to external Chinese and overseas customers or used for our in-house production of optical transceivers. The laser chip wafers imported from our U.S. production facility to China are subject to a 10% “reciprocal” tariff imposed by the Chinese government. While an additional 25% Section 301 counter-tariff is applicable to these laser wafers, we have been able, and expect to continue, to obtain waiver of this tariff from the Chinese government. Because (i) PRC domestic enterprises that purchase light-emitting diodes (which cover laser chip wafers) from the United States are eligible to apply for exclusion from the additional 25% Section 301 counter-tariff according to the Announcement of the Customs Tariff Commission of the State Council on Market-based Procurement Exclusion of Goods

BUSINESS

Subject to Additional Tariffs on the United States (《國務院關稅稅則委員會關於開展對美加徵關稅商品市場化採購排除工作的公告》) and (ii) since 2022, Qingdao Broadband has obtained government approvals for waiver of such tariff, our PRC Legal Advisor is of the view that it is reasonable to expect that we will continue to receive waiver of the additional 25% Section 301 counter-tariff imposed by the PRC government on our laser chip wafers imported from our U.S. production facility provided that the relevant laws, regulations and policies remain unchanged. We do not rely on the U.S. production facility for these laser chip wafers, as our Qingdao production facility has been able to produce these laser chip wafers locally. We currently intend to maintain U.S. operations for laser chip wafer production for subsequent in-house production of laser chips in China, instead of producing finished laser chips in the U.S. However, we consider that maintaining this production facility in the U.S. may provide us with more maneuver strategically in light of the evolving global trading environment and geopolitical landscape. In particular, we can leverage our U.S. operations to potentially produce finished laser chips in the U.S., if needed, to satisfy the demand of our U.S. customers in the future, especially if these customers decide to purchase laser chips from the U.S. domestic market, instead of China, in the event the U.S. government imposes additional tariffs or other restrictions on products manufactured in China. The utilization rate of laser chip wafer production at our U.S. production facility, considering the number of production machines in operation, machine time and employees’ available work time, was approximately 88.0%, 85.0% and 74.4% in 2023, 2024 and 2025, respectively. The relatively low utilization rate in 2025 was primarily due to reduced market demand for our existing optical chips while our new optical chips were still under development or ramping up production.

Primarily due to our product iteration and customer development efforts, orders for our ONT boxes steadily increased since 2023. The utilization rate for our optical network terminals in 2025 decreased slightly compared to 2024, primarily due to the increase in our designed production capacity.

Upgrade and Expansion Plans

We plan to further expand and upgrade our production facilities, particularly to strategically increase our production capacity for high-end optical transceivers, which generally have relatively high gross profit margins and present strong market potentials. To meet requirements of our overseas customers, we plan to establish a new production facility in Thailand. We have leased a property and commenced construction of this new production facility. We expect to commence commercial production at this facility around mid-2026. To better meet the needs of customers located in the United States, we are also expanding our production facility for optical transceivers in the United States. We are installing the assembly and testing lines for this facility. We expect to commence commercial production of optical transceivers at the expanded part of this facility by the end of 2026. We will strategically produce high-end optical transceivers (such as 400G, 800G and 1.6T) at these new or expanded facilities, and our expanded U.S. optical transceiver facility will primarily manufacture and provide these products and related services to our U.S. customers. In the third quarter of 2025, we raised approximately RMB1.0 billion to enhance our R&D capabilities and expand our

BUSINESS

production capacity for optical chips, including to establish a new R&D and production facility in Xiamen. The Xiamen production facility will strategically focus on the development and production of high-end laser chips. We expect to commence commercial operation at this facility in 2027.

The table below sets forth the expected timeframe for key stages of our new or expanded production facilities, subject to factors out of our control, including time for premises acquisition/leasing, regulatory approvals, construction progress, customer demand and geopolitical relationships, such as any unanticipated changes in U.S. tariff policies.

Key stages	Expected timeline		
	Thailand new facility	U.S. expanded facility	Xiamen facility
Complete construction	By mid-2026	By the first quarter of 2026	By the end of 2026
Commence commercial operation	By mid-2026	By the end of 2026	By the third quarter of 2027
Designed annual production capacity upon commencement of operation	Approximately 1.9 million units of optical transceivers	Initially approximately 120,000 units of optical transceivers	N/A ⁽¹⁾

Notes: (1) The Xiamen facility is to commence commercial operation after the completion of product R&D and the installation and configuration of relevant production equipment. We cannot accurately estimate the facility's designed annual production capacity now, as it will depend on our high-end laser chip R&D progress and prevailing market demand.

We are accelerating the upgrade of the intelligence levels of our manufacturing system and intend to upgrade or expand our various production facilities towards full-scale automation and intelligence. Specifically, we intend to increase our production lines' efficiency, product yield and testing accuracy and reduce costs by deploying industrial equipment clusters and AI technologies.

Our Intelligent Manufacturing Process

We have built manufacturing capabilities with high automation and intelligence levels, which have enabled us to continuously improve our production efficiency, reduce costs, achieve economies of scale, and maintain competitiveness. We have received the intelligent-manufacturing maturity level-3 certifications (integration level).

Our Intelligent Manufacturing Process

Automated production: We have adopted automated production processes. Our Jiangmen facility established a fully automated production line for medium- and low-rate optical transceivers in 2016, and our Qingdao facility launched a fully automated testing line for PON products in 2023, each of which was one of the first in our industry in China, according to Frost & Sullivan. We also established fully automated production lines at our Qingdao facility with respect to the COC bonding process in 2021, which allowed us to successfully reduce consumables and labor costs for our optical transceiver production. We have intelligent warehousing systems at our Qingdao, Jiangmen and Thailand facilities, which are equipped

BUSINESS

with automated guided vehicles that can materially optimize our labor costs. We have further transformed the warehousing systems to a vertical lift mode, which takes up a minimum footprint allows automatic storage and delivery.

AI-empowered intelligent manufacturing: Our proprietary Hi-Test platform is an advanced intelligent optical transceiver testing platform empowered by various AI functions including equipment utilization analysis, defect diagnose, online testing and quality control. For example, leveraging its cloud computing capability, the Hi-Test platform is able to better allocate resources for testing tasks on a dynamic on-demand basis, which significantly increases the testing equipment utilization rate. Separately, we have implemented an AI-empowered visual quality-inspection system which automatically detects product defects with an accuracy rate over 97%. We also undertake to enhance the penetration of AI applications across all of other key operational stages. For instance, by taking advantage of an AI-empowered supply chain management system, we are able to improve the accuracy of demand forecasts of key raw materials, which allows us to better manage our supply chain risk exposure.

Digitalization of production steps: We have achieved the full digitalization for all major production steps by centralizing key operational data through our manufacturing execution system (MES). Our digitalized MES enables us to carry our real-time management of resource allocation, production scheduling, quality control, defect detecting and raw material tracing in a more streamlined and efficient manner.

Equipment Procurement and Maintenance

We purchase all of our manufacturing machinery and equipment from reputable equipment suppliers. We generally do not rely on any single supplier for material machinery and equipment. Leveraging our real-time monitoring system, we are able to monitor and analyze key machine performance data to predict potential system failures. We perform regular maintenance check on the status of our production and testing machines and equipment. In addition, our in-house technical and engineering staff upgrade and re-configure our machinery and equipment from time to time to meet the specification requirements of tailor-made orders. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material production disruption due to unexpected failure of production equipment.

Quality Controls

We have established stringent quality control programs covering product design and development, procurement, production, and product testing and verification. As of December 31, 2025, we had a quality control team of 75 employees, among whom over 25% had a master’s degree or above. To align with the latest industry standards and regulatory requirements, we provide regular training to our quality control personnel and periodically update our internal quality standards and production in-progress requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product liability claim due to quality issues that was material to our business, results of operations or financial position.

BUSINESS

We have obtained the ISO9001 quality management certification for our Qingdao, Jiangmen and Thailand facilities. These three facilities have also obtained a number of other quality management certifications, including the OHSAS 18001 (health and safety) certifications, TL 9000 quality management certifications for the telecommunications industry, ISO45001:2018 certifications occupational health and safety management systems and the ANSI/ESD S20.20 IEC 61340-5-1:2016 (for electrostatic discharge control programs). Our products for the U.S., Germany and the U.K. are certified by Underwriters Laboratories, Technischer Überwachungsverein and the UK Conformity Assessed, each a globally recognized quality certification organization, respectively. Our Jiangmen and Qingdao facilities have been certified under the ISO14064-1:2018 ISO50001. These certifications demonstrate our compliance with international quality management standards.

Our quality controls cover raw materials, in-process production and finished products at each production stage. We select suppliers prudently to ensure the quality of raw materials. All of our major suppliers are ISO certified, and our critical materials are required to meet national or international standards. We apply standard operating procedures for each major production step. Our statistical process control system and other systematic error-prevention designs allow us to monitor production in real time. In addition, we have established a material coding and tracing system covering from raw materials to finish goods to identify the flawed process. We use advanced testing equipment and stringent procedures to verify the performance, functionality and compliance of our finished products with applicable specifications. We regularly analyze failure rates and other quality data to assess the effectiveness of our quality controls.

Arrangements Supplementary to In-house Production

We produce a substantial majority of our products in house, but may also engage contract manufacturers to manufacture certain components and certain ONT products. We may engage contract manufacturers in circumstances where (i) the components or finished products have relatively low technological production requirements (ii) customer order volume is relatively small or unstable, and contract manufacturers can manufacture the products cost-effectively, (iii) our in-house production capacity is insufficient, (iv) our in-house production does not have cost advantages, and the products are not our strategic focus, or (v) contract manufacturing is required to supplement our procurement of certain components. The fees we paid to contract manufacturers for their manufacturing services were accounted for in our cost of sales (for products, or components incorporated in products, that were sold in the period) or inventories (for components or products not utilized or sold yet). These fees to the contract manufacturers as a percentage of our total cost of sales were 7.5%, 5.4% and 3.6% in 2023, 2024 and 2025, respectively. Among our contract manufacturers during the Track Record Period, one was our related party, namely, Guangdong Hisense Communication Co., Ltd., a wholly-owned subsidiary of Hisense Group Holding, and the remaining were all Independent Third Parties. Our fees paid to this related party as a percentage of our total cost of sales were 1.9%, 2.4% and 1.1% in 2023, 2024 and 2025, respectively. Our arrangements with this related party were on normal commercial terms substantially consistent with our other contract manufacturers. During the Track Record Period and up to the Latest Practicable Date, we did not experience material quality issues in connection with our contract manufacturing arrangements.

BUSINESS

Our contract manufacturing agreements typically set out the products to be provided by the contract manufacturers. Detailed product specifications and technical requirements, quantity, price, delivery schedules are typically set forth in purchase orders under the relevant agreement. We are generally responsible for providing the product types, specifications and technical requirements in each purchase order. We are responsible for specifying key raw materials to be used in their production. Without our approval, the contract manufacturers are prohibited from using the designated raw materials for other purposes or to sub-contract. Product specifications, including parameters, manufacturing processes and prototypes, provided by us belong to us and may only be used by the contract manufacturers within the scope of the relevant agreements. Under certain agreements, we may prohibit the relevant contract manufacturers from designing or developing similar products that may compete with us. We are typically required to settle the payment within 60 days after receipt of the invoice. The fees payable to the contract manufacturers for their manufacturing services generally include contract manufacturing service fees, costs and expenses relating to packaging, logistics, ancillary materials sourced by the contract manufacturers, and other items approved by us in advance. The contract manufacturers are liable for any failure to meet the agreed delivery schedules or specified product specifications or quality requirements. Any dispute between us and the contract manufacturers is typically required to be resolved through amicable negotiations and, failing which, by competent courts. The agreement may be terminated by us in the event of a material breach by the contract manufacturer, which it fails to rectify the breach within specified time periods. Either party is entitled to terminate the agreement if achieving the purpose of the agreement becomes impossible due to the change in relevant laws and regulations.

Joint Development Model

To better deliver customized products, we generally adopt a joint development model, under which we design, develop, manufacture and deliver final products that satisfy the customers’ needs. Comparing with traditional original design manufacturing model, the joint development model requires more collaboration and interaction with the relevant 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 the relevant customers.

Our agreements with customers under the joint development model typically set out the scope of services to be provided by us, and the customer’s product specifications and technical requirements. Our customers generally require us to complete product development, prototype delivery, and product validation in accordance with the agreed project timeline. We are generally responsible for the design, development, manufacturing, delivery, and on-site installation of the products in accordance with the specifications set out in the agreements. Our customers are entitled to supervise and inspect the development process, provide feedback on our proposed solutions, and validate the product samples. We typically provide our customers with a warranty period subject to mutual agreement, during which we also offer technical support services without additional charges. Intellectual property related to the product design provided by a customer belongs to it and may be used by us only within the scope of the

BUSINESS

agreement and with its prior written consent. Intellectual property developed during the course of the project is jointly owned by us and the customer. Our customers are typically required to settle the payment within a credit term subject to mutual agreement after receipt of our invoice. We are liable for failure to meet the agreed project milestones or product specifications. Any dispute between us and the customer is typically required to be resolved through amicable negotiations and, failing which, by competent courts. The agreement may be terminated by our customers in the event of a material breach by us.

INVENTORY MANAGEMENT

We actively manage our inventory to avoid under- or over-stocking. Our production schedules are largely order-oriented and, therefore, we are generally not exposed to significant over-stocking risk. Based on our production and sales progress, we review our inventory levels and adjust our raw material procurement budget plans on a monthly basis to maintain our inventory of raw materials at an appropriate level. Our procurement department generally holds monthly meetings to analyze the buildup and consumption of inventory, which provides more visible guidance on our production and sales activities.

RAW MATERIALS AND SUPPLY CHAIN MANAGEMENT

Raw Materials

We procure raw materials, including parts and components, such as optical chips, control circuits and various structural components and parts, from third-party suppliers. We source raw materials from China and certain overseas countries. In 2023, 2024 and 2025, cost of raw materials represented 84.4%, 85.3% and 85.2%, of our total cost of sales, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of, or quality issues with, our raw materials.

Supply Chain Management

To maintain sourcing stability and bargaining power, we generally retain multiple suppliers for principal raw materials. We adopt prudent supply chain management, and generally procure raw materials based on our projected production and sales volumes for the upcoming six months. As a supplement, some customers provide us with non-binding purchase forecasts on a regular basis to refine our demand planning. We endeavor to achieve economies of scale and manage price fluctuations through collective sourcing practices for most of our raw materials, except for a limited number of packaging and auxiliary materials that are typically subject to a shorter warehouse period. Meanwhile, we closely monitor market conditions and procurement lead times for raw materials that are more susceptible to supply chain volatility.

Each of our production facilities maintains warehouses to provide “just-in-time” delivery services to our customers worldwide. These warehouses also help us to maintain safety stock. We have established a comprehensive process to ensure the timely customs clearance and

BUSINESS

safety of our products. We are typically responsible for the transportation of the products to the locations designated by our customers. We engage reputable third-party logistic service providers for domestic and international product transportation and delivery. Our warehouse and transportation management system allow us to track products on a real-time basis and our experienced customer service and customs clearance service teams provide timely assistance to our customers.

Our Suppliers

We place great emphasis on selecting and maintaining stable relationships with our suppliers. We select suppliers primarily based on their product and service quality, prices and the reliability of on-time delivery. We typically ask our supplier candidates to provide samples for testing. Our personnel from the procurement, quality control and other relevant departments may jointly conduct on-site inspection on the supplier candidates’ production facilities. We regularly review their technologies, product quality, timely delivery, and cost effectiveness, and terminate underperforming suppliers as appropriate.

During the Track Record Period, the credit terms that our five largest suppliers provided to us generally ranged from partial prepayment to 30-90 days after the invoice date, with payments made through letters or credit, acceptance bills or wire transfers. One of our top five suppliers for each year during the Track record Period was Hisense Group Holding, a Controlling Shareholder of our Company, and its subsidiaries (collectively, Hisense Group). Save for Hisense Group, to the best knowledge of our Directors, all of the remaining five largest suppliers for each year during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholders who owned or to the knowledge of our Directors owned more than 5% of our issued share capital had any interest in any of such remaining largest suppliers for each year during the Track Record Period. In addition, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee, or otherwise in the past or present) between any of our five largest suppliers for each year during the Track Record Period and us. The tables below set forth certain details of our five largest suppliers for each year during the Track Record Period.

Year Ended December 31, 2023

Rank	Supplier	Purchase Amount	Percentage of Our Total Purchase Amount	Rank	Supplier	Purchase Amount	Percentage of Our Total Purchase Amount
		(RMB million)	(%)			(RMB million)	(%)
1 . .	Hisense Group	229.7	6.9	3 . .	Supplier B ⁽²⁾	132.8	4.0
2 . .	Supplier A ⁽¹⁾	175.2	5.3	4 . .	Supplier C ⁽³⁾	106.5	3.2
				5 . .	Supplier D ⁽⁴⁾	98.4	3.0
					Total	<u>742.6</u>	<u>22.4</u>

BUSINESS

Year Ended December 31, 2024

Year Ended December 31, 2025

Rank	Supplier	Purchase Amount (RMB million)	Percentage of Our Total Purchase Amount (%)	Rank	Supplier	Purchase Amount (RMB million)	Percentage of Our Total Purchase Amount (%)
1 . .	Supplier C ⁽³⁾	808.8	14.7	1 . .	Supplier C ⁽³⁾	1,009.5	14.2
2 . .	Hisense Group	326.5	5.9	2 . .	Supplier A ⁽¹⁾	601.7	8.4
3 . .	Supplier A ⁽¹⁾	292.5	5.3	3 . .	Supplier F ⁽⁶⁾	264.3	3.7
4 . .	Supplier E ⁽⁵⁾	161.8	2.9	4 . .	Hisense Group	235.2	3.3
5 . .	Supplier F ⁽⁶⁾	139.3	2.5	5 . .	Supplier G ⁽⁷⁾	235.0	3.3
	Total	<u>1,728.9</u>	<u>31.3</u>		Total	<u>2,345.7</u>	<u>32.9</u>

Notes: (1) **Supplier A** is a Hong Kong subsidiary of a Taiwan specialized electronic component distributor with global distribution networks and over 7,000 employees as of December 31, 2024 according to publicly available information that is publicly listed on the Taiwan Stock Exchange. Supplier A primarily provided chip components to us during the Track Record Period. We commenced business relationship with Supplier A before 2012. (2) **Supplier B** is a Hong Kong privately-owned semiconductor and electronic component distributor. Supplier B primarily provided electronic chip components to us during the Track Record Period. We commenced business relationship with Supplier B in 2012. (3) **Supplier C** is a Hong Kong private electronic component distributor, broadly serving customers in industries including telecommunications, data centers, consumer electronics, automotive electronics and others. Supplier C primarily provided optical chips and chip components to us during the Track Record Period. We commenced business relationship with Supplier C in 2015. (4) **Supplier D** is a Chinese privately-owned optical component developer and manufacturer with approximately 4,000 employees according to publicly available information. Supplier D primarily provided contract manufacturing services to us for certain optical transceivers and optical chip components during the Track Record Period. We commenced business relationship with Supplier D in 2012. (5) **Supplier E** is a Hong Kong private specialized distributor of electronic part and components and electronic communications equipment. Supplier E primarily provided optical chips and chip components to us during the Track Record Period. We commenced business relationship with Supplier E in 2015. (6) **Supplier F** is a Hong Kong privately-owned distributor of electronic components, focusing on communications, photovoltaics, and light emitting diode industries. Supplier F primarily provided optical chips and optical components to us during the Track Record Period. We commenced business relationship with Supplier F in 2012. (7) **Supplier G** is an American manufacturer of optical materials and semiconductors with approximately 30,000 employees as of June 30, 2025 according to publicly available information and is publicly listed on the New York Stock Exchange, and its subsidiaries. Supplier G primarily provided optical transceiver raw materials to us during the Track Record Period. We commenced business relationship with Supplier G in 2012.

Procurement Agreements

We enter into procurement agreements with our suppliers which generally have a term of two years, subject to automatic renewal unless a party disagrees. Our procurement for specific products is typically carried out through purchase orders under the procurement agreements. Our purchase orders typically contain the products’ specifications, quantity, delivery schedules and payment terms, and prices, as applicable. Our suppliers are typically responsible for the transportation of products to the locations designated by us. We usually perform on-site inspection before accepting the relevant products. Our suppliers are obliged to provide products meeting the agreed quality standards and specifications, and we are entitled to claim indemnification from the suppliers for losses suffered due to their defective products. We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality or product specifications. We have the right to terminate purchase orders in instances such as late delivery and nonconforming delivery. Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including upon any material breach of contract.

BUSINESS

CUSTOMERS

Our products are widely used in various end-markets, and our customers primarily include major cloud service providers, telecom and network equipment vendors and operators. We have established a diversified and stable customer base, many of which are domestic and global leaders in their respective industries with well recognized brand names. Specifically, we are an optical transceiver supplier of leading cloud service providers and telecom and network equipment vendors in China, and an optical network terminal supplier of the top three telecom network operators in China. We have also established stable business relationships with leading global telecom and network equipment vendors and operators. Our international customers are located in Asia, North America, Europe and other regions.

During the Track Record Period, the credit terms that we provided to our five largest customers generally ranged from 30 to 120 days after the invoice date, with payments made through wire transfers or banks’ acceptance bills. To the best knowledge of our Directors, all of our five largest customers for each year during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholders who owned or to the knowledge of Directors owned more than 5% of our issued share capital had any interest in any of our five largest customers for each year during the Track Record Period. In addition, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee, or otherwise in the past or present) between any of our five largest customers for each year during the Track Record Period and us. The tables below set forth the amounts of sales to our five largest customers during the Track Record Period.

Year Ended December 31, 2023

Rank	Customer	Sales Amount	Percentage of Our Total Revenue	Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	(%)			(RMB million)	(%)
1 . .	Customer A ⁽¹⁾	1,359.9	32.1	3 . .	Customer C ⁽³⁾	259.8	6.1
2 . .	Customer B ⁽²⁾	342.8	8.1	4 . .	Customer D ⁽⁴⁾	208.9	4.9
				5 . .	Customer E ⁽⁵⁾	196.0	4.6
					Total	<u>2,367.4</u>	<u>55.8</u>

Year Ended December 31, 2024

Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	(%)
1 . .	Customer A ⁽¹⁾	1,196.1	23.5
2 . .	Customer F ⁽⁶⁾	1,034.0	20.3
3 . .	Customer C ⁽³⁾	488.0	9.6
4 . .	Customer G ⁽⁷⁾	426.8	8.4
5 . .	Customer H ⁽⁸⁾	256.2	5.0
	Total	<u>3,401.0</u>	<u>66.9</u>

Year Ended December 31, 2025

Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	(%)
1 . .	Customer F ⁽⁶⁾	1,819.0	21.8
2 . .	Customer A ⁽¹⁾	1,713.5	20.5
3 . .	Customer G ⁽⁷⁾	1,154.3	13.8
4 . .	Customer C ⁽³⁾	852.6	10.2
5 . .	Customer D ⁽⁴⁾	329.5	3.9
	Total	<u>5,868.9</u>	<u>70.2</u>

Notes: (1) **Customer A** is a leading global provider of information and communications technology infrastructure and smart devices, headquartered in China with over 200,000 employees according to publicly available information, and its subsidiaries. Customer A primarily purchased optical transceivers and optical network terminals from us during the Track Record Period.

BUSINESS

We commenced business relationship with Customer A in 2010. (2) **Customer B** is a global leader in integrated information and communication technology, serving global telecom operators, government and enterprise customers, and consumers that is headquartered in China with over 60,000 employees as of June 30, 2025 according to publicly available information and is publicly listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange, and its subsidiaries. Customer B primarily purchased optical transceivers and optical chips from us during the Track Record Period. We commenced business relationship with Customer B in 2009. (3) **Customer C** is a U.S.-based supply chain solutions provider with approximately 20,000 employees as of December 31, 2024 according to publicly available information, specialized in electronic equipment distribution and services that is publicly listed on the New York Stock Exchange, and its subsidiaries. Customer C primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer C in 2015. (4) **Customer D** is a Chinese state-owned provider of information and communications with over 400,000 employees as of June 30, 2025 according to publicly available information that is publicly listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, and its subsidiaries. Customer D primarily purchased optical network terminals from us during the Track Record Period. We commenced business relationship with Customer D in 2014. (5) **Customer E** is a Finnish multinational telecommunications, information technology and consumer electronics corporation with over 70,000 employees in 2024 on average according to publicly available information that is publicly listed on Nasdaq Helsinki and the New York Stock Exchange, and its subsidiaries. Customer E primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer E in 2005. (6) **Customer F** is a leading global internet and technology company headquartered in China with over 100,000 employees according to publicly available information, known for its short-form video platform products, and its subsidiaries. Customer F primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer F in 2018. (7) **Customer G** is subsidiaries of a world-leading internet and technology company headquartered in China with over 100,000 employees as of June 30, 2025 according to publicly available information that develops innovative products and services to support its clients’ digital transformation and business growth and that is publicly listed on the Hong Kong Stock Exchange. Customer G primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer G in 2023. (8) **Customer H** is a Chinese state-owned provider of information and communications and one of China’s leading telecommunications operators and wireless carriers with over 200,000 employees as of December 31, 2024 according to publicly available information that is publicly listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, and its subsidiaries. Customer H primarily purchased optical network terminals from us during the Track Record Period. We commenced business relationship with Customer H in 2013.

The optical transceiver sector features with high quality standards, rapid technological innovations and continuous product upgrades. As such, before officially entering into a sales agreement, the potential customer typically initiate a pre-validation process, during which it conducts inspections on our qualifications, manufacturing capacity and quality control systems to ensure that the final products could meet its technical specifications and anticipated delivery schedules. Requirements of this pre-validation process may be rigorous and extensive and may vary from customer to customer. After being validated, we would enter into sales agreements and/or purchase orders with relevant customers.

Under our sales agreements, we are typically not the exclusive supplier to our major customers. Our sales agreements typically have a term ranging from one to three years. Our sales agreements typically set forth rights and obligations of the supplier and the purchaser and specifications of the products to be manufactured and delivered. The credit term is typically negotiated based on the length of our business relationship with a customer, its historical payment records and the scale of operations of such customer. We typically do not require advance payments from our customers. During the Track Record Period, we did not experience any material default in payment from our customers. We are typically responsible for the transportation of the products to the locations designated by our customers. Subject to the negotiation and mutual agreement with our customers, trade terms commonly used by us may include FOB (free on board), DDP (delivered duty paid), FCA (free carrier), FAS (free alongside ship) and others, which set forth different arrangements with respect to delivery, payment and transfer of ownership and risks of relevant products. Under the master sales agreements, our customers place purchase orders with us based on their purchase needs, which may set forth the detailed purchase amount or quantity, quality specifications, warranty, payment terms, unit prices and delivery schedules. We may also enter into separate project-based blanket orders which summarize the purchase amount, purchase prices and delivery schedules. Our sales agreements generally do not contain any minimum purchase

BUSINESS

commitment. We are generally obliged to keep confidential the commercial and technical information that we receive from the customers, including to restrain from improperly utilizing any proprietary technologies belonging to the customers for purposes other than the production activities as agreed under the sales agreements. We are obliged to provide products meeting the quality standards and specifications detailed in the sales agreements or purchase orders. We are typically required to indemnify our customers for claims or losses suffered by our customers as a result of defective products. During the Track Record Period, we did not experience any product quality claim that was material to our business, results of operations or financial position.

We typically set prices of our products based on prevailing market prices for comparable or similar products, while also considering local competition, pricing of our competitors, production costs, customer relationships, projected sales volume, technical complexity, commercial needs and competition landscape, the credit profiles of the customers and their delivery schedules, our raw material costs, applicable tariffs and foreign exchange rates.

Overlapping Customer and Supplier

In 2023, 2024 and 2025, seven, four and five, respectively, of all of our suppliers (i.e., not limited to top five suppliers) or their affiliates were also our customers who were among our top five customers in at least one year during the Track Record Period, and the aggregate of our revenue derived from these suppliers or their affiliates (in their capacity as our customers) accounted for 50.6%, 15.0% and 49.3%, respectively, of our total revenue. We mainly purchased certain raw materials from these suppliers. Aggregate purchases from these suppliers accounted for less than 1% of our total purchase amount in each year during the Track Record Period. Out of our top five customers, only Customer C (and their respective affiliates) were not our suppliers in any year during the Track Record Period.

In addition, in 2023, 2024 and 2025, three, four and two, respectively, of all of our customers (i.e., not limited to top five customers) or their affiliates were also our suppliers who were among our five largest suppliers in at least one year during the Track Record Period, and the aggregate of our purchases from these customers or their affiliates (in their capacity as our suppliers) accounted for 12.0%, 22.3% and 4.6%, respectively, of our total purchase amount. We sold optical transceivers, optical network terminals and/or optical chips to these customers. Aggregate revenue derived from these customers accounted for less than 1% of our total revenue in each year during the Track Record Period. Hisense Group was one of such overlapping customers/suppliers in 2023 and 2024, but not in 2025. Out of our top five suppliers, only Supplier A, Supplier E and Supplier G were not our customers in any year during the Track Record Period.

During the Track Record Period, there was no instance where we repurchased from our customers the same products we had sold to them, or resold to our suppliers the same products we had purchased from them. Our sales to and purchases from the above supplier-customers are not inter-conditional upon each other. The pricing and other terms of contracts that we entered into with our overlapping customers and suppliers are substantially the same as those

BUSINESS

we enter into with other customers and suppliers, respectively, for similar products and services. As advised by Frost & Sullivan, it is not uncommon to have overlapping customers/suppliers in the optical communication industry.

Customer Service and Product Returns

We typically offer a warranty term ranging from one to three years, depending on the contractual terms. Our product warranty does not cover normal wear and tear, nor any defects resulting from the misconduct of the customers, including unauthorized physical configuration or modification. Our technical support team focuses on customer requirement analysis, product selection consultation, product testing and configuration, and technical data outputs. Our after-sales customer quality engineering team navigates the return material authorization process, including failure analysis and customer-specific solutions. We also have a designated team of professional and experienced field application engineers (FAE) who work at our and our key customers’ production facilities to provide immediate technical support. Another team of FAE is based in our Qingdao R&D center to offer all-around remote technical support and customer services. Once a product quality issue is raised by a customer, the responding FAE team will collect the relevant sample on site and conduct tests to analyze the defects. If the defect is attributable to our product design, materials used, or production processes or techniques that are our responsibilities under the sales agreements, we will provide repair or replacement services for free. If the defect is due to the customer’s misconduct, we will provide repair or replacement services at the customer’s expense. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, or any claims from customers that materially and adversely affected our results of operations or financial position. Due to our low level of warranty claims and product returns, we did not make any provision for product liabilities during the Track Record Period.

Sales and Marketing

We have established a sales and marketing team of 70 employees based in China and the United States, who respond promptly to customer needs worldwide and promote new products. We mainly adopt a direct sales model, supplemented by a limited number of third-party distributors to reach a broader range of potential customers. These distributors are primarily experienced sales agents in the optical transceiver market with established distribution channels, skilled sales teams and service support capabilities, and local networks. Our optical transceiver distributors could only sell products to customers as authorized by us. In each year during the Track Record Period, our revenue derived from these distributors was less than 2% of our total revenue. We tailor our marketing and promotional plans for different regions. Our sales personnel are required to communicate with customers on product specifications and quality standards. We also communicate with our key customers and pay courtesy visits on a regular basis to understand their business needs, collect their feedback and increase customer satisfaction. We have also implemented a multi-layer inquiry and complaint response system, which provides different response time and internal reporting requirements based on the complexity and emergency of the issue. Moreover, we frequently attend trade fairs and conferences to enhance our visibility and brand recognition.

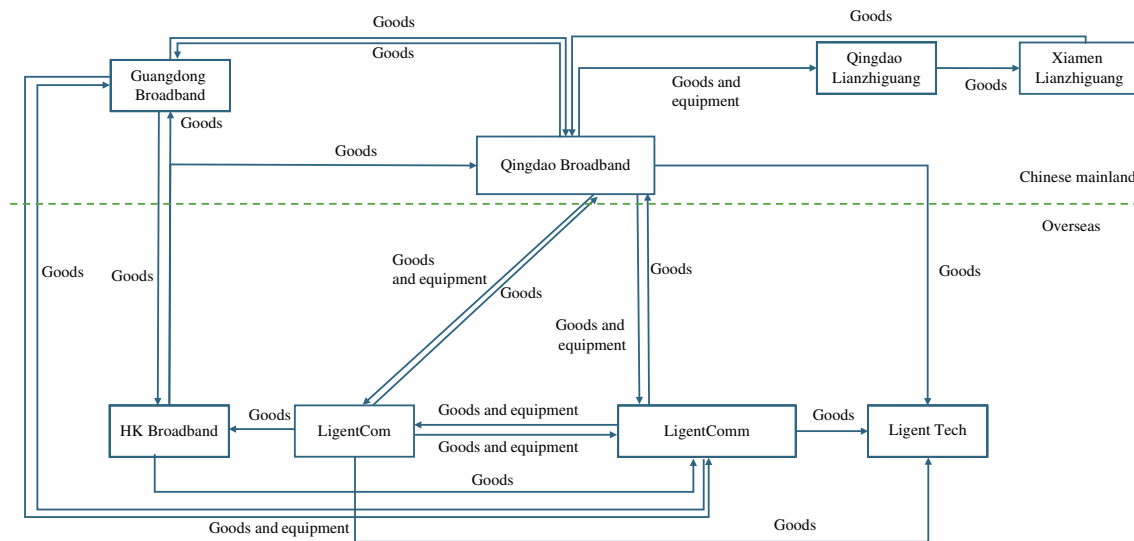
BUSINESS

TRANSFER PRICING ARRANGEMENTS

Certain of our subsidiaries in the PRC (namely Qingdao Broadband, Guangdong Broadband, Qingdao Lianzhiguang and Xiamen Lianzhiguang), Hong Kong (namely HK Broadband), the United States (namely LigentCom and Ligent Tech), Thailand (namely LigentComm) and our Company (each a “**Relevant Entity**”) conducted intra-group transaction in accordance with our transfer pricing policy. We follow the fundamental principle that intra-group transactions must be conducted on an arm’s length basis.

Intra-group Transactions

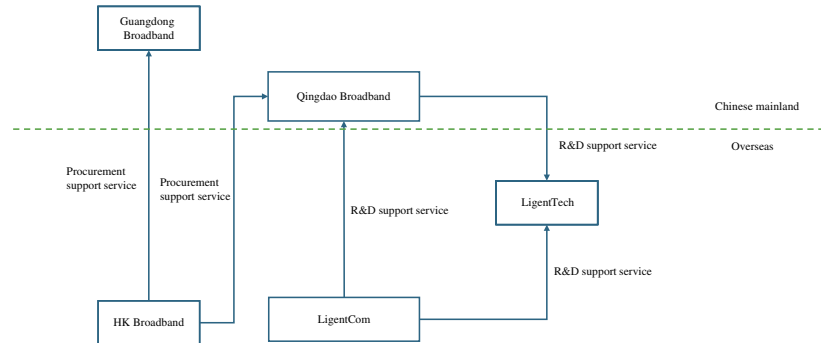
- *Purchases and Sales of Raw Materials and Products*



During the Track Record Period, our intra-group buy-sell transactions were mainly related to (i) purchases and sales of raw materials from Relevant Entities for further production, and (ii) purchases and sales of finished products to Relevant Entities for further distribution. Qingdao Broadband was engaged in R&D, manufacturing and sales activities. Each of Guangdong Broadband, LigentComm, and LigentCom was engaged in the manufacturing, and they purchased raw materials for further production and sold finished products. HK Broadband and Ligent Tech were each characterized as a limited-risk distributor, and they purchased raw materials and finished products for on-sales. Qingdao Broadband also provides after-sales services to the Relevant Entities.

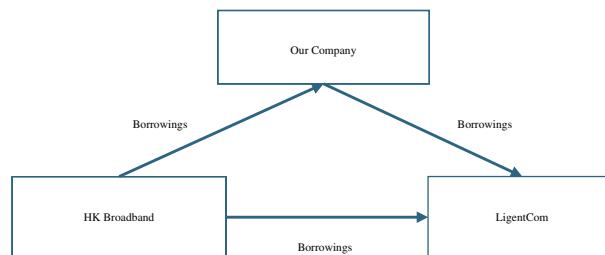
BUSINESS

- Provision of Services to and Receipt of R&D Support Services from Related Parties***



During the Track Record Period, LigentCom provided R&D support services to the Relevant Entities.

- Intra-group Financing Transactions***



During the Track Record Period, LigentCom entered into U.S. dollar-denominated intercompany financing transactions with HK Broadband and our Company. The interest rates were set based on the quarterly federal short-term rates released by the Federal Reserve Board of the U.S. at the time of signing the relevant contract.

Transfer Pricing Assessment

We have engaged Ernst & Young (China) Advisory Limited Beijing Branch, an independent transfer pricing tax consultant, to conduct a transfer pricing review, including benchmarking studies, to evaluate the transfer pricing arrangement in relation to the above-mentioned intra-group transactions. With respect to the transactions of purchases and sales of raw materials and products and R&D support service transactions, the transactional net margin method is selected as the most appropriate transfer pricing method to evaluate the intra-group transactions. Based on the assessment by the transfer pricing consultant, subject to applicable adjustments, (i) all the Relevant Entities that are engaged in manufacturing activities achieved the profitability within the arm’s length profit ranges derived from the sets of their respective comparable companies; (ii) the pre-set transfer pricing policy for our intra-group R&D support service transactions, falls within the interquartile range of those earned by the comparable companies; and (iii) the interest rates applied were generally above

BUSINESS

the opportunity costs of the lenders and not higher than market interest rates from a borrower’s perspective. Based on the foregoing, the transfer pricing consultant has concluded that our transfer pricing policy generally falls within an arm’s length range in terms of the intra-group transactions.

As of the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit or investigation by any tax authorities with respect to our transfer pricing arrangements. As advised by the transfer pricing consultant and upon reviewing the corresponding reports, our Directors and our transfer pricing consultant are of the view that the above-mentioned intra-group transactions of our Group were in line with the arm’s length principle and that our Group had been in compliance with the relevant transfer pricing laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Our Directors and our transfer pricing consultant are further of the view that the risk of our transfer pricing arrangements during the Track Record Period being challenged by the relevant tax authorities for profit shifting is relatively low.

To ensure ongoing compliance with applicable transfer pricing laws and regulations, we are adopting the following measures: (i) engage an external tax consultant on transfer pricing matters annually; (ii) formulate transfer pricing policy of the transactions through financial budgeting; (iii) provide training to our management and finance team; (iv) review all reporting forms before submitting to tax authorities; (v) ensure the profit arrangement is aligned with each entity’s value contribution; (vi) document and file relevant supporting documents of value contribution of each entity; and (vii) submit to our Directors for review the terms of the material intra-group transactions and our transfer pricing policy.

INTELLECTUAL PROPERTY

Key patents, trade secrets or know-how related to our production, sales and marketing are critical to our business and we protect them via a combination of patent and trade secret laws and confidentiality and non-compete agreements. As of the Latest Practicable Date, we had obtained 1,399 patents (of which 860 were invention patents) in China and 126 overseas patents overseas, and we had 654 pending patent applications in China and 92 pending patent applications overseas. As of the same date, we owned 352 software copyrights and two layout-designs (topography), one registered trademark, and one domain name that are material to our business in China, and we had three registered trademarks and one domain name overseas. See “Appendix IV — Statutory and General Information.”

We design a multi-year intellectual property application roadmap, a global patent layout strategy and an annual patent application plan. Our patent classification evaluation system and core patent application objectives outline the types, numbers and priority of patents that we consider material to our business. Our legal team also, jointly with the R&D team, performs regular risk assessments on key products or projects under development. We have implemented intellectual property and licensed software management measures applicable to all employees and procedures to protect customers’ intellectual property and confidential information. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge,

BUSINESS

we were not involved in any third-party intellectual property claims against us or legal proceedings concerning infringement on any third parties’ intellectual property rights that had or would have materially and adversely affected our business, financial position or results of operations.

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. For example, optical chips are incorporated into optical transceivers, which are then integrated into network equipment, making the industry complex and interconnected. The optical chips and optical network terminals markets also have a large number of manufacturers with competitive advantages in different products. We face direct competition both in China and globally across all products and price ranges over the optical communication industry’s value chain. The competition is expected to be further intensified as new domestic entrants are currently seeking to enter into the market. Moreover, in recent years, leading optical transceiver manufacturers in China have been actively enhancing their vertical integration capabilities, building a collaborative, full-industry-chain system that spans optical transceivers, optical chips and optical network terminals. See “Industry Overview.”

EMPLOYEES

We believe that attracting and maintaining a highly motivated and professional workforce is critical to our success. As of December 31, 2025, a majority of our employees were based in China, and approximately 11% of our employees were located overseas, mainly in the United States, Thailand and Singapore. The following table sets forth a breakdown of our employees by function as of December 31, 2025:

Function	Number of Employees	% of Total
Administration and management	164	3.9
Finance	38	0.9
Sales and marketing.	70	1.7
R&D	782	18.9
Manufacturing	3,090	74.6
Total	4,144	100.0

We have targeted recruitment programs to attract talent, through external human resources services and on-campus recruitment. To attract and retain top-notch talent, we provide our employees with competitive remuneration packages and incentives. To support our globalization and digitalization strategies, we have established a comprehensive training system that provides regular and role-tailored programs to enhance employees’ industry and technology knowledge and soft and technical competencies, and we incorporate managerial skills and proficiency into our performance evaluation. We have also formulated detailed evaluation procedures and criteria to ensure a fair and transparent work environment.

BUSINESS

We generally enter into written employment agreements with our employees. We also enter into separate non-competition and confidentiality agreements with our senior management and key R&D personnel. In China, we participate in government-mandated employee benefit plans, including social insurance for pensions, medical care, unemployment, work-related injury and maternity, and the housing provident fund. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution to social insurance and housing provident funds for certain employees in accordance with the relevant PRC laws and regulations. See “— Legal Proceedings and Regulatory Compliance — Social Insurance and Housing Provident Fund.”

We believe that we generally have a good working relationship with our employees. Throughout the Track Record Period, we did not experience any strikes, work stoppages, or labor disputes that materially affected our business operations.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions from national, provisional and local governments and various industry associations. In 2024, we were named as a leading enterprise in the manufacturing industry (製造業單項冠軍企業) by the Ministry of Industry and Information Technology of China. We have also received the Provisional Science and Technology Progress Awards issued by the People’s Government of Shandong Province for multiple times.

PROPERTIES

Our headquarters are located in Qingdao and we currently have four production facilities in China, Thailand and the United States, respectively. We occupy some properties in China, Thailand, the United States and Singapore in connection with our business operations. They mainly include premises for our production facilities, logistics and warehousing facilities, R&D centers, and office premises.

We do not engage in any property activities as defined in Rule 5.01 of the Listing Rules. The total carrying amounts of our property interests comprising buildings and construction in progress accounted for 3.5% of our total assets as of December 31, 2025, and, consequently, no single property interest had a carrying value exceeding 15% of our total assets as of the same date. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this document any valuation report of our property interests, and, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

BUSINESS

Owned Properties

As of the Latest Practicable Date, we owned one parcel of land in Jiangmen, China with aggregate site area of 41,193 sq.m. primarily for our Jiangmen production facility and 22 properties in China, with an aggregate GFA of approximately 892 sq.m. principally used as our employees’ dormitories. In addition, we also owned a parcel of land with an aggregate site area of 72,155 sq.m. in New Jersey, the United States primarily for our U.S. production facility.

Leased Properties

As of the Latest Practicable Date, we leased 39 properties in China, with 34 of them having an aggregate GFA of approximately 99,677 sq.m. (the leased areas of the remaining five leases used as our employees’ dormitories were not specified in the lease agreements). These properties are principally used for our production facilities, warehousing and offices. We also leased four properties in Thailand with an aggregate GFA of approximately 28,642 sq.m. primarily used for production facility and warehousing purposes, two properties in the United States with an aggregate GFA of approximately 623 sq.m. principally used for offices, and one property in Singapore with a GFA of approximately 310 sq.m. principally used as our R&D center.

As of the Latest Practicable Date, the lessors of three of our leased properties had not provided the ownership certificates, and hence we cannot ensure that they have the rights to lease such properties to us. As of the same date, one of these properties had an aggregate GFA of 89 sq.m., and the leased areas of the remaining two leases used as our employees’ dormitories were not specified in the lease agreements. These leased properties are mainly used for our office and employee dormitory purposes, which are immaterial to our business operations. In the event that we are required to relocate from any of these leased properties as a result of the foregoing, our Directors are of the view, and Frost & Sullivan concurs, that there is sufficient supply of alternative properties for lease for office and employee dormitory purposes, and therefore we do not expect to encounter any practicable difficulty in identifying alternative premises in a timely manner or to incur any material relocation costs. Based on the foregoing, our Directors believe that any such relocation, if required, will not result in any material disruption to our business operations.

We have not completed registration for 19 of the lease agreements for our leased properties, primarily due to the difficulty in procuring our lessors’ cooperation for the registration. These leased properties are used for our office, R&D, production, warehouse and employee dormitory purposes. As advised by our PRC Legal Advisor, while the lack of registration will not affect the validity of the lease agreements, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. Therefore, the maximum amount of penalties will be approximately RMB190,000 for our failure to complete the lease registration within the prescribed period. As advised by our PRC Legal Advisor, if the lease registration is completed within the prescribed time limit ordered by competent government authorities, the risk of government authorities

BUSINESS

imposing any penalty on us with respect to these leased properties is remote. See “Risk Factors — Certain of our leased property interests may have defective titles, and some of our leased properties did not complete the government filing and registration.”

We have designated employees to communicate with the lessors to obtain their cooperation for the relevant lease registrations. As of the Latest Practicable Date, we had not been subject to any penalty, nor had we received any notification of actual or contemplated actions, claims or investigations by any relevant government authorities or third parties against us with respect to the above matters. On this basis and having considered our PRC Legal Advisor’s advice, we believe that the above matters will not, individually or in the aggregate, materially affect our business or results of operations.

INSURANCE

We maintain property insurance to cover potential damages to our properties, equipment, inventory. The insurance coverage varies at entity level to accord with local and industry practice. Subject to the needs of their business operations, our subsidiaries also maintain accounts receivable insurance and cargo insurance to cover relevant potential losses. We believe the coverage of such property insurance is adequate to cover any material property damages and is in line with the industry norm. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us. With the expansion of our business and potential new risk exposure we may have, we may take out other insurances as we deem appropriate.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We may from time to time face legal or administrative claims and proceedings arising from the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration pending or threatened against us or our Directors, and no non-compliance incident, that had and would have a material adverse effect on our business, financial condition, or results of operations.

Social Insurance and Housing Provident Fund

We are required by applicable PRC laws and regulation to contribute to social insurance and housing provident fund for our employees based in China. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution to social insurance and housing provident fund for some employees. Such shortfall in payment was primarily because the relevant employees were not willing to cooperate and make these contributions at the applicable statutory rates, which would lead to a reduction in their disposable income. We estimate that the shortfalls that we may be required to contribute to social insurance and housing provident fund for these employees would be approximately RMB9.6 million, RMB10.9 million and RMB12.6 million in 2023, 2024 and 2025, respectively.

BUSINESS

According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and may also be subject to an additional late payment penalty at a daily rate of 0.05% of the shortfalls. We estimate that in the event that we were required to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum late payment penalties would be approximately RMB6.3 million as of December 31, 2025. If we still fail to make such contributions and payments by the deadline provided by the relevant authorities, we may be liable to a penalty of one to three times of the outstanding contribution amount. The relevant government authorities may also demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. Enforcement actions may be taken against us if we fail to rectify by that deadline. However, no late payment fees are provided in relevant regulations for housing provident fund contributions.

As advised by our PRC Legal Advisor, the Interpretation No. 2 aligns with the regulatory requirements set forth in the Labor Contract Law; and therefore, the release of Interpretation No. 2 will not impact our compliance with PRC social insurance-related laws and regulations. If employees for whom we did not make full social insurance contributions file lawsuits to assert the termination of their labor contracts and seek compensation, we may face a loss of workforce. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or notices of lawsuits from employees in this regard requesting to terminate their labor contract and seek economic compensation. Additionally, if the relevant authorities order us to fully contribute to the social insurance and housing provident fund going forward, we will do so and take such rectification measures in accordance with applicable laws and regulations within the deadline provided by the authorities to avoid any administrative penalties. Therefore, we do not expect the release of Interpretation No. 2 to have any material adverse impact on our results of operations or financial condition.

We have confirmed with the relevant government authorities during the interviews conducted by our PRC Legal Advisor that (i) the relevant government authorities are competent to advise on our compliance status in this regard, (ii) they were fully aware that we had not made full social insurance and housing provident fund contributions for certain of our employees, and (iii) they generally would not proactively take enforcement actions against us for such non-compliance. As advised by our PRC Legal Advisor, such confirmations were made by the competent authorities in charge of social insurance and housing provident fund contribution matters under applicable laws and regulations.

As further advised by our PRC Legal Advisor, the likelihood that the relevant social insurance and housing provident fund authorities would require us to pay for the shortfall of social insurance and housing provident fund or impose administrative penalties on us due to our failure to make full payment of the social insurance and housing provident fund is remote, on the basis that (i) we have not received any notifications from the relevant authorities requiring us to pay the shortfalls, (ii) we have not been subject to any administrative penalties relating to inadequate contributions of social insurance and housing provident fund during the Track Record Period and up to the Latest Practicable Date, (iii) the relevant government authorities confirmed that they generally would not proactively take enforcement actions against us, (iv) we were neither aware of any material employee complaints nor were involved

BUSINESS

in any material labor disputes with our employees with respect to social insurance or housing reserve funds, and (v) we undertake to pay any shortfall within the prescribed time period upon request by relevant government authorities or upon the complaint by any affected employee. Based on our PRC Legal Advisor’s view above, we did not make any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

We have designated our human resources department to monitor our reporting and contributions of social insurance and housing provident fund. In addition, we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments. In an effort to make full contributions to the extent and as soon as practicable, we plan to communicate with our employees to seek their understanding and cooperation in complying with the applicable social insurance and housing provident fund requirements, which require additional contributions from them.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, approvals and permits required for our business operations in China and relevant overseas jurisdictions. We are required to renew such licenses, approvals and permits from time to time. We do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities. The following table sets forth details of our material licenses, approvals and permits.

License/Approval/Permit	Holder	Issuing Authority	Expiration Date
Telecommunications equipment network access permits (電信設備進網許可證) . . .	Qingdao Broadband	MIIT	From August 7, 2026 to November 17, 2028
Radio transmitting equipment type approval certificates (無線電發射設備型號核准書) . .	Qingdao Broadband	MIIT	From July 8, 2026 to July 31, 2030
Custom declaration entity registration certificate (海關報關單位註冊登記證書) . . .	Qingdao Broadband	Qingdao Economic Development Zone Customs	N/A

DATA SECURITY AND PRIVACY PROTECTION

Data Security

We have adopted a multi-layered strategy to safeguard our systems and data privacy. Our IT department protects the security of our IT infrastructure and our data compliance joint work group ensures compliance of our collection and protection of data with our internal rules and applicable laws and regulations. We have adopted a comprehensive cloud security management framework which continuously monitors and assesses misconfigurations and vulnerabilities in our IT infrastructure systems, servers and hosts, identity security, and data security. Firewalls and intrusion detection tools are in place to detect and prevent unauthorized access and harmful activity. We have established detailed data classification and grading measures focusing on data masking, data encryption, and data loss prevention. Our authentication mechanism only

BUSINESS

allows authorized personnel to access sensitive systems and data. We perform regular audits of network logs to collect insights into past online activities and help us identify risky patterns or potential breaches. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material system failure in our IT infrastructure.

We have implemented comprehensive policies and measures to ensure secured data collection, storage and transmission, and to prevent unauthorized access of data. All data generated and collected from our production, R&D activities and business operations in Chinese mainland is stored within Chinese mainland. In addition, data generated from our overseas production, R&D activities and business operations is generally stored locally and undergoes limited-scale cross-border data transmission. We also transmit limited non-sensitive employee information, such as names and ages, to designated personnel in different jurisdictions where we operate, for business coordination and human resource management purposes. We have internal procedures to ensure that such cross-border transfer of personal data is conducted in accordance with the applicable laws, including to ensure no cross-border transfer of personal data overseas in violation of applicable personal data protection laws. We use secured cloud collaboration tools with multi-factor authentication and role-based access controls to facilitate cross-border data transmission. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties by regulatory authorities for violations of data protection laws, nor had we received any significant complaints from third parties regarding data privacy and security issues in jurisdictions where we operate or experienced any material data breaches that could adversely affect our business operations. As advised by our PRC Legal Advisor and local counsel in Thailand, U.S. and Hong Kong, based on their due diligence, we had been in compliance with such laws and regulations of these respective jurisdictions in all material aspects during the Track Record Period and up to the Latest Practicable Date.

Privacy Protection

Given the nature of our products and the counterparties we interact with, we generally do not collect end-user data that may be considered as personal information under the applicable laws and regulations. Despite the limited access to any sensitive personal information, we believe that appropriate collection, storage and protection of any user data, such as data involving our customers and suppliers, is critical to our reputation and success. As such, we have implemented relevant internal procedures and policies to ensure the privacy protection. Sensitive user data stored on cloud servers are encrypted with restricted administrative access controls. We do not transfer personal data to third parties, except with the explicit consent of the relevant person and in circumstances as permitted by applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations relating to user privacy and data security in all material aspects, and to the best of our knowledge, we had not encountered any material data breaches or personal information leaks.

BUSINESS

ENVIRONMENTAL, HEALTH, SAFETY AND SOCIAL MATTERS

ESG Governance

We have established a three-tier ESG governance framework comprising our Board of Directors, an ESG leader team, and an ESG executive task force. Our Board of Directors serves as the highest leadership and decision-making body for our ESG efforts, primarily responsible for reviewing, approving, and updating our ESG, policies, strategic objectives, and plans. The ESG leader team is composed of our chief executive officer, chief financial officer, and certain of our Directors and other senior management members. Led by our Board of Directors, the ESG leader team breaks down the ESG strategic goals, coordinates the implementation of such goals among the various departments, and reports progress to the Board. The ESG executive task force, composed of multiple operational functions, is responsible for integrating our ESG performance indicators into our daily business operations and management. Our costs for compliance with applicable environmental regulations amounted to approximately RMB0.5 million or below in each year during the Track Record Period which were immaterial. We do not expect there to be substantial changes to such costs in the near future.

Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the PRC ESG-related laws and regulations in all material aspects. In addition, during the Track Record Period and up to the Latest Practicable Date, no finding of nuisance within the meaning of the Thailand’s Public Health Act had been made against our operations in Thailand, no finding of violation within the meaning of the U.S. federal and state environmental protection law, and no public health authority had determined that the our operations had caused pollution to the nearby community or environment for our Thailand or U.S. production facilities. Accordingly, our local counsel in Thailand and our local counsel in the U.S. are of the view that we had complied in all material respects with applicable environmental protection laws and regulations in Thailand and the U.S., respectively, relating to our production facility there during the Track Record Period and up to the Latest Practicable Date.

We have also developed internal sustainable development management policies: (i) *ESG Policy*: This policy defines our ESG governance structure and responsibilities, incorporates ESG strategic considerations, and ensures coordinated and unified ESG practices and sustainable development across the organization. (ii) *Environmental Protection Management Measures*: These measures seek to establish and improve our environmental management system, clarifying key focus areas, and promoting resource conservation and pollution prevention. (iii) *Occupational Disease Prevention and Control Measures*: These measures are designed to establish and improve our occupational disease management mechanisms and preventive measures, thus ensuring that our workplaces comply with health and safety standards to safeguard employees’ occupational health. (iv) *Anti-Corruption Risk Proactive Investigation Mechanism*: We have developed and continually enhance our anti-corruption risk investigation procedures to foster a clean corporate environment, which include improving risk warning and reporting mechanisms, optimizing complaint and whistleblowing channels, and promoting a culture of integrity.

BUSINESS

Environmental Matters

We have established an environmental management system that complies with ISO 14001 standards and continuously refine our environmental risk management by environmental impact assessments. Annual environmental monitoring and audits are organized to promptly eliminate latent environmental and safety hazards, ensuring that all production and operational activities comply with the applicable environmental regulations. For high-risk scenarios, such as hazardous chemical leaks or sudden pollution incidents, we have established multi-tiered emergency response plans that outline emergency procedures, resource allocation, and responsibilities. We also conduct regular emergency drills to enhance employee preparedness, ensuring that our risk prevention capabilities are aligned with our business expansion efforts. In addition, we actively foster a green workplace culture, encouraging all employees to adopt low-carbon practices. Our initiatives include implementing refined water and electricity conservation management, advancing waste sorting, and promoting a paperless office environment. We also provide environmental awareness training to generally all of our employees to promote their sustainable habits and reduce our carbon footprint.

Emissions

Wastewater Management: Our wastewater primarily consists of domestic sewage, which is discharged into municipal sewage systems via wastewater pipelines. We engage qualified third-party service providers to conduct annual testing of our discharged domestic sewage to ensure compliance with the latest regulatory standards. In 2023, 2024 and 2025, our wastewater discharge were approximately 12,733 tons, 18,879 tons and 32,081 tons, respectively, and the concentration levels of our wastewater pollutants complied with regulatory discharge standards.

Exhaust Gas Management: We have implemented a comprehensive volatile organic compound control plan to ensure compliant collection and treatment of exhaust gases before discharge and to minimize atmospheric pollution. With qualified professionals conducting annual testing of our exhaust gas emissions, during the Track Record Period, the concentration levels of all exhaust gas discharged by us complied with regulatory discharge standards.

Solid Waste Management: For hazardous waste, we formulate and submit annual hazardous waste management plans to local regulatory authorities to ensure compliant disposal. We collect and manage hazardous waste in centralized storage facilities that are equipped with anti-leakage, rainproof, and anti-dispersal features. Our designated storage areas feature explosion-proof equipment and clear warning signs, and our designated personnel are responsible for detailed record-keeping of waste intake and discharge. In addition, we engage certified third-party waste treatment service providers to handle hazardous waste’s treatment and disposal in compliance with relevant regulatory requirements. For non-hazardous waste, we commission qualified recyclers for their collection and treatment, and report disposal activities to environmental regulators via an online filing system.

BUSINESS

The table below sets forth quantity of solid waste discharges for years indicated.

Indicators	Year ended December 31,		
	2023	2024	2025
	<i>(in tonnes)</i>		
Hazardous solid waste discharges	38.96	46.03	51.33
Non-hazardous solid waste discharges	443.78	594.08	804.47
Total	482.74	640.12	855.80

Noise Management: We engage qualified third-party service providers to conduct annual testing of our noise levels. By implementing sound insulation and vibration reduction measures and installing soundproof doors and windows, we minimize noise from machinery and equipment to reduce the impact on the surrounding environment and nearby residents.

Resource Use

Energy Management: We have established and continuously improved internal energy management systems by clearly defining responsibilities, strengthening process controls, and implementing precise management measures to standardize energy management comprehensively. We have also taken energy-saving initiatives such as equipment upgrades and retrofits and production process optimization to continuously improve energy efficiency, and promote our green and low-carbon transition. In 2023, 2024 and 2025, we consumed electricity of approximately 34,245MWh, 42,650MWh and 71,199MWh, respectively. In 2025, renewable energy electricity of accounted for approximately and 3.4% of our total amount of electricity consumed. Relatedly, our Jiangmen facility completed a 2MW photovoltaic (PV) project in 2023, which generated 1,900MWh and 2,036MWh of electricity in 2024 and 2025, respectively. Meanwhile, we completed the construction of a 1MW PV project at our Thailand facility in the fourth quarter of 2025, which would generate 900MWh of electricity annually.

Water Resource Management: Our water consumption primarily consists of domestic water. We adhere to water resource protection principles by implementing measures such as flow control on taps and water-saving signage display to strengthen water resource management. We continuously enhance water use efficiency through water monitoring system deployment and regular leak detection and maintenance of pipelines, promoting the utilization of recycled water and rainwater. In 2023, 2024 and 2025, our total water consumption was approximately 84,888 tons, 125,861 tons and 213,874 tons, respectively.

Packaging Materials Management: We use recyclable and reusable packaging bags and pallets in our production and operation activities to reduce packaging material waste. We also encourage our suppliers to adopt environmentally friendly and recyclable materials such as recycled plastics and corrugated cardboard for packaging. In addition, we have established our restricted substances list, which establish clear environmental requirements for raw materials, printing processes and other stages of packaging.

BUSINESS

We currently aim to reduce our water, energy and steam consumption intensity per RMB10,000 of output value by at least 10% annually in the foreseeable future.

Climate Change

We routinely identify and assess climate risks and opportunities, including physical risks (such as extreme heat, heavy precipitation, and tropical cyclones), transition risks (such as changes in policies and regulations, technological advancements, market trends, and corporate reputation), and transition opportunities, and promptly develop and update response measures. We monitor domestic and international climate-related laws, regulations, policies, market developments, trends in green product demand and advancements in environmental technologies. We continuously monitor the impacts of extreme weather events on our operations and employee well-being and the real-time impacts of climate-related risks on our assets and business, and regularly quantify and analyze changes in the values of affected assets and the scale of the affected operations, providing robust support for informed decision-making. In line with the national goals of “carbon peaking and carbon neutrality,” we continuously improve our carbon emission management framework and conduct annual carbon inventories to understand our current emission profile. By reference to the greenhouse gas reduction targets and industry emission management policies applicable to our operating regions, we have adopted strict energy-saving and emission reduction practices to proactively establish group-level carbon reduction targets and action plans, thereby enhancing the scientific rigor and effectiveness of our carbon reduction efforts. We also promote climate-related investment and focus our financing activities on energy conservation and emission reduction.

The following table sets forth our greenhouse gas emissions during years indicated.

Indicators	Year ended December 31,		
	2023	2024	2025
	<i>(in tonnes of carbon dioxide equivalent)</i>		
GHG Scope 1 emissions	2,055.41	2,558.56	2,575.30
GHG Scope 2 emissions (location-based)	21,461.49	22,745.76	39,057.44
GHG Scope 3 emissions	728,343.48	318,872.59	N/A ⁽¹⁾
Total GHG emissions	<u>751,860.39</u>	<u>344,176.92</u>	<u>41,632.74</u>

Note: (1) The Scope 3 emission for 2025 is not yet available at the date of this document.

We conduct annual greenhouse gas emissions accounting in accordance with the ISO 14064 standard. The annual accounting scope includes Scope 1, Scope 2, and Scope 3 emissions. Building upon the completion of the GHG emissions inventory (i.e. the detailed accounting of all GHG emissions and removals within a specific geographic area or for specific entities over a defined period) and taking into consideration our business development plans

BUSINESS

and stakeholder expectations, we plan to reduce absolute Scope 1 and Scope 2 emissions by approximately 50% by 2040, compared to the 2021 level. We target to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2050.

Occupational Health and Safety

We have implemented guidelines to ensure the occupational health of our employees and safety of our work environment. We conduct regular checks on occupational hazards in accordance with applicable laws and regulations. In addition, we have maintained our certification under the ISO: 45001 Occupational Health and Safety Management System. We have established a work safety management framework which is responsible for employee training, hazard identification, hazard rectification and follow-ups, among other tasks. We have signed work safety responsibility agreements with managers at all levels to enforce accountability for work safety management. We also conduct regular employee safety training, emergency drills and inspections to enhance safety awareness of all staff and ensure that corrective measures are effectively implemented. In addition, we have formulated emergency response plans and we will regular emergency drills to ensure prompt and effective responses of all departments to safety emergencies. We have also set up a volunteer firefighting team equipped with emergency supplies and conduct regular training sessions. Medical kits are placed in designated areas and managed by assigned personnel, while automated external defibrillators are installed to protect the health and safety of employees. During the Track Record Period and up to the Latest Practicable Date, our operations had not experienced any incidents that resulted in severe work injuries.

Social and Welfare Matters

We are committed to fulfilling our social responsibilities and giving back to the community, including to building an equal, inclusive, diverse, healthy and safe workplace environment and creating a clean office and business environment. We also aim to co-operate with our stakeholders in a win-win manner and implement sustainable development in our supply chain.

Anti-corruption

In accordance with applicable anti-corruption laws and regulations, we have established the code of business ethics for employees and the employee grievance and complaint reporting system, which clearly define our business ethics. We conduct regular anti-corruption and business ethics training for our employees and require each business unit to carry out internal anti-corruption audits. Additionally, we organize self-inspections annually to monitor and control corruption and business ethics risks, We have implemented whistleblowing procedures for corrupt practices and a reporting system for suppliers and customers. Our discipline inspection is responsible for handling relevant reports. We also have a designated email and hotline to accept whistleblower information. Meanwhile, the discipline inspection commission is also responsible for handling business ethics and anti-corruption related matters. There were no corruption lawsuits involving us during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Social Charitable Efforts

We focus on various areas such as caring for the disadvantaged, education support, assisting agriculture and poverty alleviation, and environmental protection. We actively carry out public welfare and charity activities through systematic funding, activity organization and participation to demonstrate our responsibility and commitment. We regularly map employees in difficulty and provide them with targeted assistance. Meanwhile, we continue to carry out our “Charity One-Day Donation” public welfare program, support basic education through the “Hisense Global Charity Day” public welfare student donation, and carry out the “Study Dream Action” to help employees improve their academic level and technical skills.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board of Directors and senior management are responsible for devising and supervising the execution and efficacy of our internal control framework. This framework is structured to adhere to pertinent legal and regulatory mandates that govern our business activities and corporate governance, thereby preventing any compliance failures.

In the ordinary course of business, we are exposed to operational, market, legal and financial risks, and we have implemented comprehensive internal control and risk management policies and procedures to address such risks. We also periodically review these procedures to ensure their effectiveness. Our policies and procedures relate primarily to managing our R&D, procurement and production related risks and monitoring our sales performance and product quality. To monitor the ongoing implementation of our internal control and risk management policies after the [REDACTED], we have adopted primarily the following risk management measures: (i) establishing an audit committee to review and supervise our financial reporting process and internal control system; (ii) adopting policies to ensure compliance with the Listing Rules, including aspects related to risk management, connected transactions and information disclosure; (iii) organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong; (iv) providing anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; (v) setting guidelines for identifying and addressing currency risks, ensuring structured and compliant hedging arrangements ; (vi) enhancing our reporting and records system for production facilities, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities; (vii) establishing a set of emergency procedures in the event of major production safety related issues; (viii) providing enhanced training programs to our employees on quality assurance and production safety procedures and strengthen their compliance awareness; and (ix) strengthening fund management to prevent the misappropriation of funds, and enhanced the efficiency of fund utilization.