
BUSINESS

OVERVIEW

Who We Are

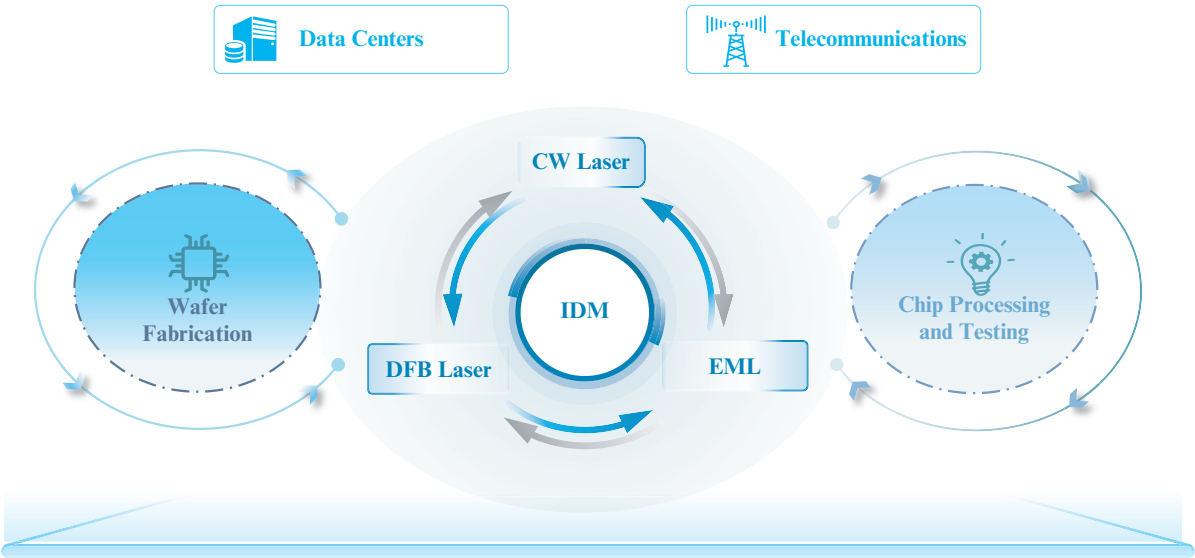
We are a leading global provider of laser chips. Leveraging our deep expertise in optoelectronic semiconductor design and manufacturing, we provide high-reliability, high-speed laser chips at scale with consistent quality to enable advanced data interconnectivity. Our core product portfolio, including continuous wave (“**CW**”) lasers, electro-absorption modulated lasers (“**EML**”) and distributed feedback (“**DFB**”) lasers, serves critical applications across AI data centers, 5G infrastructure and fiber access networks. According to CIC, measured by revenue from external sales in 2025, we ranked as the sixth largest laser chip provider globally and the second largest provider of laser chips for silicon photonics (“**SiPh**”)—based high-speed optical interconnect products globally. We are one of the few companies worldwide capable of delivering CW lasers at a ten-million-unit scale, which underscores our unique position and reliability in the global supply chain.

Rapid advancements in AI models and applications are driving a massive increase in demand for computing power, which has in turn driven the need for high-speed, low-latency data transmission capabilities. To meet the new-generation AI data center requirements for large-scale, high-speed and high-reliable interconnection, optical interconnects have emerged as a critical solution, offering advantages like higher bandwidth potential, lower transmission loss and effective immunity to electromagnetic interference. At the core of optical interconnect systems, laser chips play a pivotal role by converting electrical signals into optical signals for transmission, directly influencing key performance metrics of optical transmission, such as quality, stability and bandwidth. This has driven strong and sustainable demand for EMLs and CW lasers used in data center applications, particularly high-performance laser chips, which are well suited to support the growing needs of AI data centers. Similarly, the telecommunications market continues to demand laser chips at low-to-mid data rates, while also generating demand for advanced laser chips to support high-speed applications.

We have deep expertise and extensive experience in the research, development and manufacturing of laser chips, and our forward-looking strategy enables us to capture opportunities in this high-growth market. Operating under an integrated device manufacturer (“**IDM**”) model, we cover the entire value chain, including R&D, wafer fabrication, chip processing, testing and packaging. This full integration ensures consistent product quality, reliable supply, and scalable manufacturing capacity while allowing us to rapidly develop new products and accelerate product iteration in an AI-driven world. We currently offer a comprehensive portfolio of laser chips across various types to serve two critical applications: data centers and telecommunications. By

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maintaining strict control over production, we meet the stringent requirements of our customers and remain at the forefront of the optical interconnect value chain. The following diagram illustrates our simplified business model, our offerings and their key applications:



Over time, we have translated our capabilities into notable achievements, including breakthroughs in product development, successful customer certifications, large-scale manufacturing expansion and effective commercialization. The following diagram illustrates our key achievements:



Notes:

(1) As measured by revenue for external sales in 2025, according to CIC.

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- (2) As measured by the global sales volume of optical transceivers in 2025, according to CIC.
- (3) According to CIC.
- (4) As measured by sales volume in 2025, according to CIC.
- (5) From 2023 to 2025.

Our Products

We provide a comprehensive portfolio of laser chips designed to meet a wide range of data rates, performance requirements and applications, showcasing our broad spectrum coverage across the industry. Our product portfolio is divided into two key product lines:

- **Data center laser chips.** We deliver DFB lasers, EMLs, and CW lasers that support 400G/800G and above optical transceivers and next-generation optical interconnect solutions, enabling high bandwidth, high-speed, low-latency data transmission for rapidly growing data center demands.
- **Telecommunications laser chips.** We offer a full range of FP lasers, DFB lasers and EMLs tailored for fiber access as well as 4G/5G front-haul and mid-haul deployments, addressing the evolving needs of high-speed telecommunications networks.

We are one of the few companies globally whose CW lasers, EMLs and DFB lasers have passed rigorous certifications from leading industry players and achieved large-scale commercialization. This broad product offering underscores our ability to serve diverse market segments with cutting-edge laser chip solutions.

In today’s data center market, optical interconnect solutions are primarily implemented through optical transceivers. These transceivers follow two major technology approaches: the earlier-developed EML design, which relies on high-performance EMLs for advanced data rates like EMLs for 400G and 800G optical transceivers, and the more integrated SiPh architecture, which requires CW lasers to support its high integration. Each approach presents distinct technical requirements for laser chips, making companies with more comprehensive technological capabilities critical to meeting evolving market demands. We are uniquely positioned to capture growth opportunities across both technology routes because of our comprehensive product portfolio. Our ability to deliver high-performance, reliable laser chips tailored to both EMLs and SiPh architectures enables us to address the diverse demands of the AI-driven data center era, solidifying our leadership in the rapidly advancing optical interconnect landscape. In addition, in the telecommunications market, DFB lasers and EMLs are more widely used.

We continue to expand and upgrade our product portfolio in response to evolving market demand. In the near term, we are focused on further scaling shipments of CW lasers and advancing the commercialization of 100G/200G EMLs. Over the medium to long term, we plan to continue advancing higher-end CW lasers toward commercialization and driving the evolution of EMLs toward higher speeds, thereby reinforcing our market leadership and supporting next-generation optical interconnect solutions.

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Our Growth Opportunities

The rapid advancement of AI and evolving connectivity demands are creating substantial growth opportunities for high-performance laser chips. We are strategically positioned to capitalize on these opportunities across both data center and telecommunications markets.

Surging AI Infrastructure Investment

AI technologies are scaling rapidly and driving a transformative increase in productivity across industries, fueling strong demand for computing power, storage and high-speed connectivity. In response, major global cloud service providers are expanding infrastructure investment to support next-generation AI workloads, accelerating the evolution of data center architectures. Therefore, AI capital expenditure (“CAPEX”) is expected to increase significantly. According to CIC, the total global AI CAPEX is expected to total an aggregate of US\$4.7 trillion from 2026 to 2030, more than five times that of the preceding five years.

Rising Demand for High-Speed Optical Interconnects

As large-scale AI computing clusters and high-performance computing hardware continue to expand, interconnect performance has become a critical bottleneck, driving demand for higher bandwidth and data-rate capacity. Scale-out network architectures require higher bandwidth per lane and an increased number of lanes to support the growing data exchange across distributed nodes. Scale-up GPU and accelerator systems demand high-speed, low-latency interconnects to enable efficient communication within and between tightly integrated components. Next-generation optical interconnect integration technologies, such as near-packaged optics (“NPO”) and co-packaged optics (“CPO”), are further driving the transition toward high-performance optical interconnects. With advantages like superior bandwidth, lower latency, interference resistance, and energy efficiency, optical interconnects have become a critical enabling technology for next-generation AI infrastructure. Accordingly, the global data center optical interconnect market is projected to grow from US\$13.7 billion in 2024 to US\$144.4 billion in 2030, representing a CAGR of 48.1% from 2024 to 2030.

Accelerating SiPh Adoption

SiPh has emerged as an innovative optical interconnect solution design technology, offering high integration, energy efficiency, and cost advantages. Leveraging these strengths, SiPh supports a broad range of optical interconnect solutions, from pluggable designs to emerging integration technologies such as NPO and CPO, to enhance interconnect efficiency and meet the accelerating demands of next-generation data centers. According to CIC, the market for SiPh-based optical interconnects for data center applications is expected to be one of the fastest-growing industry segments between 2024 and 2030. In addition, SiPh technology penetration rate in the data center market is projected to rise from 29.4% in 2024 to 63.7% in 2030. This evolution is further underscoring the strategic importance of CW lasers, which offer strong compatibility with these advanced integration technologies and serve as essential enablers for next-generation high-speed optical interconnects in AI data centers.

Rising Technology Demand in Telecommunications

Beyond the data center market, demand for higher bandwidth and stronger processing capability is also increasing in the telecommunications market, driving the emergence of 25G/50G PON. These technologies provide higher bandwidth and lower latency, enabling household

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connectivity scenarios such as smart home ecosystems, ultra-HD content and immersive cloud gaming. By proactively deploying and shipping relevant advanced products, we have successfully established an early-mover advantage in this widening market.

We are strategically positioned to capitalize on the historic growth in optical interconnects through forward-looking R&D, global integration, and robust production capacity. By identifying the potential of SiPh at an early stage and through continuous innovation, we have established a leading position in CW lasers. In addition, supported by our comprehensive product portfolio of CW lasers and high-speed EMLs, we are well positioned to capture growing demand driven by the explosive growth of AI computing and applications. With a global operational footprint and integration into the supply chains of leading technology companies, we support customers worldwide. Our robust production capacity, backed by ongoing investment, ensures a stable supply of high-quality products, reinforcing our competitiveness in next-generation optical interconnects.

Our Results

Founded in 2013 in Shaanxi Province, China, we have upheld a forward-thinking industrial vision combined with a pragmatic approach centered on process optimization, steady growth, and continuous improvement. Our focus remains on meeting the core customer requirements of stable mass production and high-quality laser chips. In 2022, we completed our initial public offering and listed on the SSE STAR Market, enabling us to accelerate the execution of our strategy with greater speed and scale.

During the Track Record Period, we proactively captured the trends of global AI-driven computing upgrades. We expanded our product portfolio from 2.5G, 10G and 25G DFB lasers and EMLs to high-end offerings, including 25G, 50G and 100G EMLs and 50mW, 70mW and 100mW CW lasers. In 2025, driven by surging AI computing demand, revenue from our data center laser chip products exceeded that from our telecommunications laser chip products, becoming our primary growth driver. As a result, our revenue increased from RMB144.4 million in 2023 to RMB601.4 million in 2025, representing a CAGR of 104.1%. Meanwhile, our gross profit increased from RMB41.5 million in 2023 to RMB334.8 million in 2025, representing a CAGR of 184.0%.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors:

Leading Laser Chip Provider with a Broad and Advanced Portfolio for High-Speed Optical Interconnects

We are a leading global provider of laser chips with a comprehensive portfolio covering CW lasers, EMLs and DFB lasers. Our diverse offerings are designed to meet the varying needs of customers across the optical interconnect landscape. We provide high-performance EMLs and DFB lasers to support the requirements of mainstream optical transceivers, ensuring reliable, high-speed data transmission. In addition, we offer CW lasers specifically tailored to address the needs of SiPh-based optical interconnects. We are one of the few companies worldwide capable of delivering CW lasers at a ten-million-unit scale, distinguished by our certification from leading players in the optical interconnects industry, which underscores our unique position and reliability in the global supply chain.

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Committed to innovation, we continuously adapt our offerings to meet the evolving demands of customers for advanced optical interconnect solutions, including the demands generated by higher-speed optical transceivers and next-generation optical interconnect integration technologies such as NPO and CPO. Backed by strong technical performance, customer certifications, and large-scale manufacturing capabilities, our high-performance CW lasers and EMLs are well-positioned to address the rapidly growing demand for high-speed optical interconnects driven by AI workloads. As AI adoption accelerates, we leverage our end-to-end process expertise and scalable production capabilities to help customers overcome interconnect bottlenecks and enhance their AI infrastructure, further integrating ourselves into the AI ecosystem.

Our strong growth trajectory has made us one of the fastest-growing companies in the global laser chip market. Our revenue increased from RMB144.4 million in 2023 to RMB601.4 million in 2025 at a CAGR of 104.1%, and our gross profit increased from RMB41.5 million to RMB334.8 million over the same period at a CAGR of 184.0%. In particular, revenue generated from our data center laser chips has experienced explosive growth, increasing from RMB4.6 million in 2023 to RMB48.0 million in 2024 and further to RMB393.3 million in 2025. In 2025, revenue generated from our data center laser chips accounted for 65.4% of our total revenue, serving as the primary engine of our overall growth.

Comprehensive Technological Capabilities Built on Advanced Design, Manufacturing Expertise and Rigorous Quality Control

Our competitive strength is rooted in the comprehensive technological expertise and process know-how we have built across product design, manufacturing and quality management. These capabilities have been developed through years of R&D investment and industrialization, enabling us to consistently deliver high-performance laser chips at scale.

- *Superior design capabilities.* We have established industry-leading design capabilities through sustained R&D investment, extensive project experience and advanced simulation tools. Drawing on more than a decade of experience, we have developed design capabilities that integrate multidisciplinary expertise in high-speed RF circuits and electronics, micro-waveguide optics, semiconductor quantum mechanics and semiconductor materials science. We are proficient in utilizing advanced simulation software to guide the development of laser chip structures, enabling us to accurately simulate the optical and electrical characteristics of the micro- and nanoscale structures of our laser chips. Additionally, we possess strong design-process co-optimization capabilities. With a profound understanding of manufacturing processes, including etching precision and doping distribution, we are able to predict and avoid performance degradation caused by process deviations during the design stage, thereby effectively shortening the development cycle. Leveraging our solid design foundation, extensive project experience and advanced simulation capabilities, we are well positioned to maintain a leading position in the R&D of next-generation products, such as 300 mW and higher-power CW lasers and next-generation 200G EMLs.
- *Industry-leading manufacturing capabilities.* Translating advanced designs into high-performance physical chips is highly challenging. For instance, the production of our CW lasers involves hundreds of process steps, each requiring precise control to ensure final product quality. We are proficient in MOCVD process technologies for epitaxial growth, achieving precision control of quantum well growth, material composition accuracy deviation and quantum-well strain control error. We have also developed in-house expertise in high-precision electron-beam lithography, development and etching

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processes, achieving precise control in grating fabrication. Furthermore, through years of R&D investment and process refinement, we have achieved proficiency in core processes including optical waveguides, spot-size converter fabrication and optical coatings, ensuring high performance and high reliability of our products.

- *Rigorous quality control.* We have established a systematic reliability engineering and quality control framework covering material inspection, in-process monitoring, accelerated aging tests, lifetime evaluation and failure analysis. This framework ensures that our products meet or exceed industry standards, enabling long-term stable operation in customer applications. To further ensure shipment quality, we continuously upgrade our inspection and testing infrastructure. Our advanced testing systems enable precise assessment of optoelectronic parameters, reliability metrics and visual quality. Each chip undergoes comprehensive inspection before delivery, ensuring strict consistency and full traceability across batches. With this rigorous quality control framework, we are able to maintain high product reliability, reinforce customer confidence, and support scalable commercialization of advanced laser technologies.

Strong Delivery Capabilities Enabled by Our IDM Model, End-to-End Autonomy and Scalable Manufacturing Capabilities

Our IDM model serves as the cornerstone of our technological and operational strengths. Through this model, we maintain full control of the entire production flow, from chip design, wafer fabrication to chip processing and testing, enabling independent and stable operations, high product consistency and rapid iteration. Such structure allows us to respond quickly to customer needs and continuously improve quality and performance across product generations. The ability to deliver large quantities of high-precision, high-reliability laser chips in short lead times provides a solid foundation for addressing AI-driven interconnect growth and reinforces our position as a key enabler in the optical interconnect value chain.

By integrating R&D, manufacturing and delivery within a unified IDM framework, we have built comprehensive capabilities across the entire value chain. Owning key equipment such as MOCVD systems and proprietary phase-shift grating processes enables us to maintain supply chain autonomy without relying on external epitaxy or wafer suppliers. This vertical integration allows us to translate advanced research outcomes directly into mass-production processes and ensure stringent quality traceability and consistency.

Building on our IDM foundation, we have established industry-leading mass production capacity. Our accumulated manufacturing know-how, spanning wafer fabrication, chip processing, testing and packaging, supports high yield, stable volume production and flexible delivery. We are also one of the few laser chip manufacturers that have implemented automated production lines. We have introduced advanced production equipment, as well as production management systems and concepts, which have enhanced our level of automation and ensured production stability, consistency and production capacity, laying a solid foundation for rapid delivery. Our CW laser sales volume grew sharply from the million-unit level in 2024 to the ten-million-unit level in 2025, demonstrating the scalability of our production capacity and the ability to capture surging market demand from AI computing infrastructure.

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Blue-Chip Customer Base and Deep Strategic Collaborations Providing Unique Market Insight

The optical interconnects market is characterized by high customer concentration, stringent qualification processes, and a stable supply chain structure. This market comprises a select group of optical transceiver providers and leading cloud service companies that drive technological development and navigate evolving industry trends. Given the critical role of laser chips in determining optical interconnect performance, customers impose exceptionally rigorous qualification processes, including lengthy verification cycles and strict reliability testing. Once a supplier is qualified, relationships are rarely altered, as switching suppliers involves significant costs, time-consuming recertification and instability brought by new suppliers, creating substantial barriers to entry. As one of the few leading players successfully integrated into the global supply chains of major optical interconnect and cloud service providers, we maintain close collaboration with industry leaders.

Leveraging deep, long-term partnerships with leading global customers, we gain first-hand insights into evolving technical requirements across AI computing and data center interconnect applications. Such early visibility enables us to align our product development with next-generation optical interconnect integration technologies and incorporate customer feedback into our design process. Once qualified, these relationships evolve into mutually reinforcing partnerships that promote joint technological advancement. Over time, this creates a virtuous cycle in which close customer collaboration drives innovation, and our sustained technical leadership further consolidates our position as a preferred long-term partner in the global optical interconnect value chain.

Our direct customers comprise the world’s top-tier optical transceiver manufacturers, which collectively accounted for over 80% of global optical transceiver sales volume in 2025, according to CIC. Through their transceivers, our products support the mainstream global cloud and AI service providers. In the telecommunication market, we serve global major equipment manufacturers and operators as end users. This strong market presence allows us to stay closely attuned to evolving market trends and application demands, enabling us to align our R&D efforts and product roadmap with the forefront of industry development amid the rapidly advancing technological transformation of the AI era.

Visionary Leadership with a Global Perspective, Supported by a Strong R&D and Manufacturing Team

Our management and R&D and manufacturing teams have been central to our sustained breakthroughs in the optical interconnects industry. Their deep technical expertise, strategic foresight and comprehensive industry experience underpin our long-term leadership in the laser chip market.

Dr. ZHANG XINGANG, our founder and Chairman, holds a bachelor’s degree from Tsinghua University and a Ph.D. in materials science from the University of Southern California. Before founding our Company, Dr. Zhang held pivotal R&D roles at renowned international optical interconnect firms, including Luminent, LuminentOIC and Source Photonics, where he accumulated the profound industry insights that now inform our strategic trajectory. As a recognized expert in laser chips with over 20 years of R&D and industrialization experience, Dr. Zhang leads us with precise foresight regarding technological trends. Driven by an unwavering commitment to manufacturing excellence, he has spent decades mastering the underlying technologies and fabrication processes of laser chips, developing a profound understanding of the complex interplay between materials, semiconductors and design. Through his strategic framework that integrates technology, products and market needs, Dr. Zhang has successfully led us to bridge the

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gap between core R&D and large-scale commercialization. In addition, members of our senior management have accumulated an average of over ten years of relevant industry experience and complementary expertise. We believe that the combined industry insights, technical prowess and strategic resources of our management team are critical to achieving our strategic objectives, capturing market opportunities and sustaining business growth.

Our development is further supported by a stable R&D and manufacturing team with deep hands-on experience. Their collective expertise spans the entire laser chip lifecycle, from initial design and process development to mass production validation, performance optimization and optical transceiver adaptation. Our team’s practical proficiency has been developed through years of direct engagement with production lines, starting with fundamental tasks such as equipment calibration, technical modifications and efficiency optimization. This ground-up experience has given our team a deep understanding of equipment intricacies and process details, enabling continuous product iteration and technology innovation.

GROWTH STRATEGIES

We aim to become a world-class laser chip provider. We plan proactively for major industry inflection points through systematic execution. By driving continuous product and process innovation, expanding capacity, and aligning strategically with our customers, we build lasting competitive advantages that enable us to maintain and strengthen market leadership. To achieve our goal, we plan to implement the following strategies:

Advance Product and Process Innovation through Sustained R&D Investment

Leveraging our extensive technological expertise and manufacturing know-how, we will capitalize on the transformative opportunities presented by the AI era and continue upgrading laser chip technologies and products to solidify a comprehensive and formidable technological moat.

Building on our existing product portfolio, we will focus on addressing the burgeoning needs of 800G, 1.6T and next-generation optical transceivers, as well as emerging integration technologies such as NPO and CPO. We plan to step up R&D and commercialization efforts for 300mW and above CW lasers and 200G and above EMLs. Furthermore, we remain highly attuned to new application scenarios and evolving customer needs, aiming to pioneer the deployment of laser chip technologies in frontier domains. In addition, we will increase R&D investment in manufacturing technologies to further improve our production yields.

Build a Resilient and Efficient Global Operations Network with Strategic Capacity Expansion

We will continue to strengthen our global operational network and drive digital transformation to enhance coordination and efficiency across our supply chain. Through closer collaboration with international customers and suppliers, we seek to ensure stable partnership, rapid technical support and consistent product quality worldwide. These initiatives will enable us to adapt more effectively to market dynamics, reinforcing our role as a reliable partner to leading players in the global optical interconnect value chain.

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To address the current supply-demand imbalance in the global laser chip market, we will accelerate the expansion and upgrade of our production capacity in Chinese mainland, aligning it closely with the AI-driven surge in demand and reinforcing our leading position. At the same time, we will optimize the deployment of our high-standard manufacturing sites worldwide to enhance the resilience and responsiveness of our global supply chain and strengthen our ability to manage disruptions.

Furthermore, we will increase investment in digital transformation and drive deeper adoption of intelligent manufacturing technologies across the entire production process to achieve end-to-end automation, visualization and intelligent control. By materially improving operational efficiency and shortening delivery lead times with greater precision, we aim to provide our global customers with a stable, efficient, and reliable supply of high-quality products.

Accelerate Integration into the Global AI Ecosystem while Strengthening Customer Relationships

We will closely track advances in AI technologies, maintain continuous visibility into the needs of our key global customers, and respond quickly with solutions that fit their evolving requirements. By embedding ourselves more deeply in the global AI ecosystem, we aim to become a long-term strategic partner to our customers.

We plan to establish deeper strategic collaboration frameworks with leading global customers by engaging earlier in their technology development and product planning cycles. Through high-frequency, responsive technical support and leading product solutions, we will address emerging requirements in high-speed optical interconnect with greater precision. Leveraging ecosystem collaboration across the AI value chain, we will continue to broaden and deepen customer engagements, capture new product opportunities created by successive compute-platform upgrades, and align our roadmap with our core customers over the long term. Additionally, we will accelerate the expansion of our global customer coverage by entering into the supply chains of more top-tier cloud service providers and leading optical transceiver manufacturers worldwide. Our goal is to establish a global portfolio of top-tier customers and foster a customer ecosystem built on deep, strategic, and long-lasting partnerships.

Attract and Cultivate Global Talents to Fuel Growth and Advance Strategic Goals

We will increase investment in recruiting, development and retention to strengthen our talent pipeline and build a workforce with both technical depth and a global mindset.

We aim to strengthen our talent strategy by diversifying recruitment channels and selectively hiring versatile, high-potential professionals. To support sustained growth, we will establish a structured pipeline that develops capabilities across critical functions and all seniority levels, ensuring alignment with our scaling objectives. We will also enhance our incentive and promotion frameworks, building a comprehensive development system that offers market-competitive compensation and transparent, merit-based career progression. By closely linking individual advancement with our long-term strategic goals, we seek to attract, cultivate and retain exceptional talent, thereby reinforcing the organizational strength required to sustain our leadership in the global laser chip industry.

Pursue Strategic Acquisitions to Diversify Product Portfolio and Unlock Synergies

We plan to pursue strategic investments and acquisitions to unlock industrial synergies, solidify our technology leadership and reinforce our global market standing.

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We intend to focus primarily on opportunities along the laser chip value chain and prioritize targets with strong growth potential and meaningful technical differentiation, particularly those that complement our core product lines. We believe this approach can further strengthen our competitiveness in optical interconnect and support sustainable long-term growth.

We will deploy a disciplined integration framework across R&D, manufacturing and commercialization for target companies. In particular, we will leverage our vertically integrated IDM capabilities to support process optimization, capacity coordination and quality management. By combining complementary product portfolios and customer resources, we aim to further unlock the potential for deeper collaboration with core customers, enhancing long-term customer stickiness and loyalty. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets.

OUR PRODUCTS

Overview

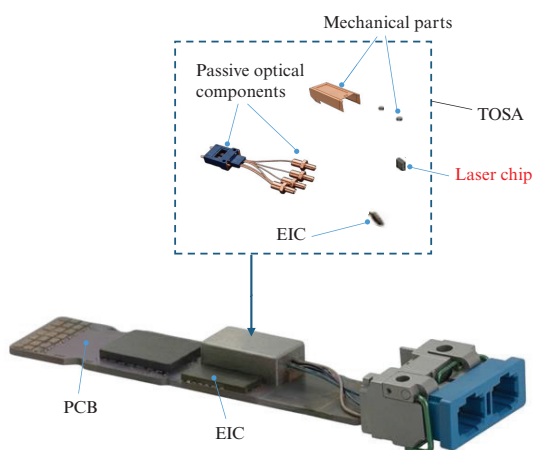
Rapid advances in AI and other data-intensive applications are fueling exponential growth in global data traffic and computing workloads. The expansion of AI training and inference demands clusters of AI accelerators (such as GPUs and other AI computing chips) to exchange ever-increasing volumes of data with low latency and high reliability. As global connectivity and data traffic continue to surge, key performance metrics such as transmission reach, capacity, scalability and power consumption have become the key areas for ongoing improvement. Optical interconnect solutions, which use light as the carrier and optical fiber as the medium, provide significant advantages including lower transmission loss, reduced power consumption, extended reach and higher capacity. These attributes position optical interconnect as the predominant solution for commercial high-speed transmission in data centers and telecommunications networks.

Within optical interconnect solutions, laser chips serve as core semiconductor components on the transmit side, converting electrical signals into modulated optical signals that are then launched into optical fiber. Since laser chips directly determine essential parameters such as optical output power, modulation speed, wavelength and stability, they are a primary factor influencing an optical lane’s transmission rate, reach, energy efficiency and overall reliability. Consequently, laser chip performance is critical to the performance, power consumption and cost-effectiveness of optical interconnect solutions and, in turn, the networks and systems in which they are deployed. With the industry shifting toward higher-speed and higher-density optical interconnects for AI, 5G/5G+ applications and next generation fiber access, there is an increasing demand for high-performance laser chips that can support next-generation data rates and more stringent operating conditions.

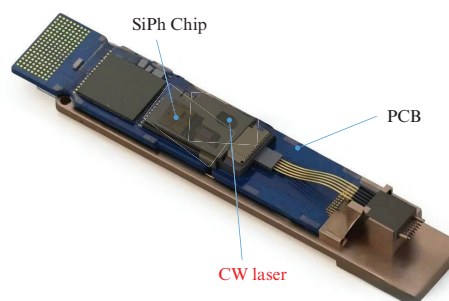
Our business is centered on laser chips that broadly comprise (i) data center laser chips, primarily including 25G to 200G and above, high-speed EMLs, DFB lasers and high-power CW lasers ranging from 50mW to 100 mW, that serve as key enablers for 400G/800G/1.6T and next-generation optical solutions in data centers; and (ii) telecommunication laser chips, including fiber access and mobile networks product lines, we offer a comprehensive portfolio of FP, DFB and EMLs for EPON, GPON, 10G PON and 25G/50G PON, as well as 4G and 5G mobile front-haul and mid-haul applications, covering mainstream wavelength plans and form factors required for next-generation fiber access and mobile networks.

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We primarily sell our products to optical component and optical transceiver manufacturers. These chips are then assembled by our customers into optical transmitting sub-assemblies (“TOSA”) or optical transceivers, which are ultimately integrated into data center infrastructure and telecommunication network equipment. Therefore, the end users of our products primarily include (i) domestic and international internet cloud service providers, and AI computing solution providers in the data center market and (ii) telecommunications equipment suppliers in the telecommunications market. The following graphics illustrate the position of our laser chips within optical transceivers:



Non SiPh-based Optical Transceiver



SiPh-based Optical Transceiver

In both 2023 and 2024, we derived the majority of our revenue from products used in telecommunications applications, with a smaller portion generated from products used in data center applications. Notwithstanding this, our revenue generated from the sales of our data center laser chips recorded rapid growth over the Track Record Period. In 2025, our revenue derived from the sales of data center laser chips surpassed that from the sales of telecommunications laser chips and accounted for 65.4% of our total revenue in that year. In light of the accelerated deployment of AI data centers, the increasing adoption of high-speed optical interconnects and SiPh applications, and our expanding customer base and strengthened customer relationships in such markets, we are focusing on further developing our data center-related product offerings and increasing our presence in this segment.

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The table below sets out our revenue, sales volume and average selling price by our laser chip products lines during the Track Record Period:

	For the year ended December 31,								
	2023			2024			2025		
	Revenue	Sales Volume	Average Selling Price ⁽¹⁾	Revenue	Sales Volume	Average Selling Price ⁽¹⁾	Revenue	Sales Volume	Average Selling Price ⁽¹⁾
	RMB'000	'000 units	RMB per unit	RMB'000	'000 units	RMB per unit	RMB'000	'000 units	RMB per unit
Data Center Laser Chips	4,614	225	20.5	48,013	2,285	21.0	393,258	17,721	22.2
Telecommunications Laser chips	133,054	28,029	4.7	202,304	49,915	4.1	206,470	35,711	5.8

Note:

(1) Average selling price is calculated by dividing revenue by sales volume.

Data Center Laser Chips

Overview

Our portfolio of data center laser chips primarily includes (i) DFB lasers and EMLs used in non SiPh-based optical transceivers and (ii) CW laser chips that can serve as external light sources for SiPh-based optical transceivers and other integration technologies. Our solutions are engineered to seamlessly adapt to the continuously iterated demand for high-speed optical interconnections, delivering performance and reliability metrics that benchmark favorably against international counterparts.

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The following table sets forth our representative data center laser chips as of the Latest Practicable Date:

Product Series	Data Rate/ Output Power	Product Specifications	Major Applications
DFB Laser	25G	• CWDM4 DFB Laser • LWDM4 DFB Laser	100G optical transceivers
	50G	• CWDM4 PAM4 DFB Laser	200G optical transceivers
EML	100G	• CWDM4 PAM4 EML • Narrow LWDM PAM4 EML	400G/800G optical transceivers
	200G	• CWDM4 PAM4 (Single & Differential Drive) EML	1.6T optical transceivers
CW Laser	50mW	• 1,310nm CW Laser • CWDM4 CW Laser	400G/800G/1.6T optical transceivers
	70mW	• 1,310nm CW Laser • CWDM4 CW Laser • LWDM4 CW Laser	
	100mW	• 1,310nm CW Laser • CWDM4 CW Laser	

DFB lasers and EMLs

As a leading laser chip company, we specialize in offering a comprehensive range of DFB lasers and EMLs, designed to meet the diverse needs of high-speed optical communications. We offer DFB lasers and EMLs that cover mainstream data center interconnect data rates from 25G up to 50G, 100G and 200G per lane, and are designed mainly for medium- to long-reach fiber links. These products feature high modulation rate, high bandwidth, optimized extinction ratio and stable reliability, thereby supporting low bit-error rates and stable server switching performance within data centers.

In addition, we provide a broad range of CW lasers that can serve as light sources in SiPh-based optical interconnect solutions in data center. These CW lasers are engineered to deliver high optoelectronic conversion efficiency, high coupling efficiency, excellent optical mode stability and high reliability, thereby ensuring energy-efficient and dependable operations of equipment in data centers. The application of our CW lasers thus facilitates downstream packaging, integration and volume manufacturing by our customers.

Below we highlight our high-end data center laser chip offerings, exemplified by our 100G/200G PAM4 EMLs.

100G/200G PAM4 EML

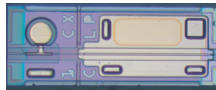
Our 100G/200G PAM4 EMLs are designed to support high-speed optical interconnects, specifically for 400G/800G/1.6T optical transceivers in data centers. These devices achieve a single-lane transmission rate of 100 Gbit/s or 200 Gbit/s, effectively doubling the modulation speed compared to previous generations.

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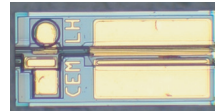
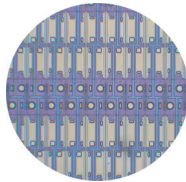
For 200G PAM4 EML, to address diverse optical transceiver designs, we offer this product series in two configurations:

- **Single-End Drive Configuration:** Compatible with conventional driving solution, supporting up to 200 Gbit/s per lane.
- **Differential-Drive Configuration:** Designed to optimize signal integrity and reduce electromagnetic interference for high-performance requirements.

Both variants are engineered to deliver the high linearity and modulation efficiency. The following graphics present our 200G PAM4 EML in a single-end drive and in a differential-drive configuration, respectively:



200G PAM4 EML in Single-end Drive

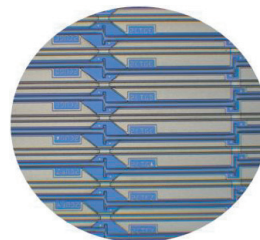


200G PAM4 EML in Differential-drive

CW Lasers

Our CW laser portfolio spans 50mW to 100mW, and stands out for its high optical power output with superior optoelectronic conversion efficiency and reliability, specifically optimized to meet the demands of the continuously iterated SiPh applications. As the demand for light power continues to increase, our products’ design power is capable to address the demand for complicated integration. These high-power CW lasers are available in 1310nm, CWDM, and LWDM configurations. They are engineered to compensate for the coupling and modulation losses inherent in SiPh applications, enabling high quality signal transmission.

All our CW lasers are capable of effectively suppressing optical back-reflection and have demonstrated the ability to pass reliability qualification under high-stress test conditions, meeting the technical requirements of hyperscale data centers for high-reliability applications. The following graphics present our 70mW/100mW CW laser:



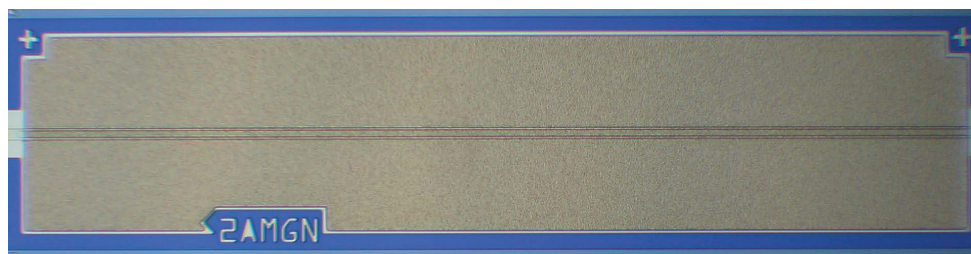
70mW/100mW CW Laser

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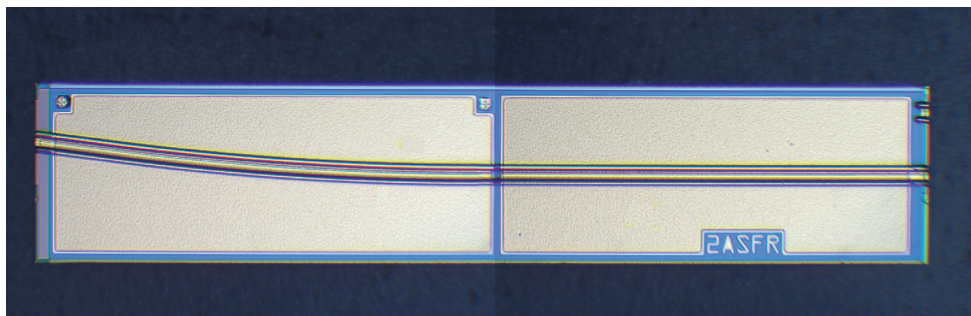
Future Trends and Our Key Development Focuses

We observed a surge in demand for data center interconnect driven by the interplay of scaling-out and scaling-up, which in turn has increased requirements for bandwidth density and emerging packaging approaches. To address these evolving architectural demands, we are earnestly advancing our next-generation product portfolio. Upon the completion of the development and launch of our 200G PAM4 EML, we have already initiated R&D on core technologies for even higher-speed EML solutions. In parallel, to capture opportunities in SiPh application integration, we specifically designed SiPh-based products based on the emerging optical interconnect packaging approaches such as NPO and CPO, ensuring that we remain at the forefront of the high-performance laser chip market for next-generation data centers.

The following graphics illustrate our 300mW high-power CW lasers:



300mW CW Laser



300mW CW Laser with SOA

Telecommunications Laser Chips

Our telecommunications laser chips are designed to meet the stringent demands of both fiber access and mobile network architectures, delivering exceptional performance, reliability, and scalability for next-generation optical networks.

Fiber Access Laser Chips

Fiber access networks, encompassing established standards like EPON, GPON and 10G PON, and emerging higher-speed 25G/50G PON architectures. Because these networks are deployed at massive scale, they demand components that deliver stable operations over a wide temperature range, offer high reliability and maintain performance consistency under harsh environments over extended periods. As fiber access networks are often deployed under complex field conditions, telecommunication operators prioritize the stability and lifespan of laser chips. As the industry

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transitions from legacy 2.5G and 10G systems toward next-generation 25G/50G PON and beyond, the optical physical layer faces new challenges. These advanced systems require laser chips capable of supporting significantly higher data rates without compromising the optical power budget, robust performance across wide temperature ranges or the capability for high-volume deployment.

Our Offerings

To meet the rigorous demands of the fiber access market, we provide a comprehensive portfolio of FP lasers, DFB lasers, and EMLs, meticulously engineered for multiple generations of PON standards. The following table sets forth our representative fiber access laser chips as of the Latest Practicable Date:

Product Series	Data Rate	Product Specifications	Major Applications
Fiber Access EPON	2.5G	1,310nm FP Laser	EPON transceiver/ components
Fiber Access GPON	2.5G	1,310nm DFB Laser 1,490nm DFB Laser	GPON transceiver/ components
Fiber Access 10G PON	2.5G	1,270nm DFB Laser	10G PON transceiver/ components
	10G	1,270nm DFB Laser 1,577nm DFB Laser 1,577nm EML 1,577nm w/SOA	
Fiber Access 25G/50G PON	25G	1,300nm DFB Laser 1,286nm DFB Laser 1,358nm EML 1,358nm w/SOA EML	25G/50G PON transceiver/ components
	50G	1,286/1,342nm EML 1,286/1,342nm w/SOA EML	

Our solutions span the full spectrum of deployment scenarios:

- 2.5G/10G:** For the consistent supply of mature products in the prevailing market, we offer highly competitive FP, DFB and EML solutions spanning 2.5G to 10G optimized for the actual needs of EPON, GPON and 10G PON, ensuring reliable connectivity for mass-market applications.
- 25G/50G:** For 25G/50G PON architectures, we provide high-performance DFB lasers and EMLs. Such matrix includes specialized variants integrated with semiconductor optical amplifier (“SOA”) designed to overcome the stringent optical budget and extended reach requirements of high-speed networks, and to earn market opportunities leveraging our forward-looking product portfolio.

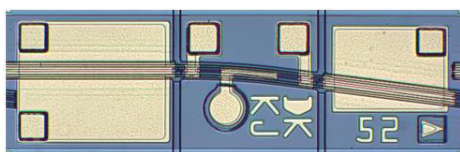
Engineered for excellence, our laser chips deliver stable output power, superior side-mode suppression ratios, and exceptional dispersion management. The reliability of our laser chips empowers telecommunications operators and equipment manufacturers to securely execute large-scale network upgrades, ensuring future-proof fiber access infrastructure.

Our 25G and 50G product lines stand among the cutting edge of the industry, representing our most advanced optical solutions for next-generation fiber access networks. To meet the soaring demand for 8K streaming, VR, and cloud gaming, we have developed industry-leading 25G and 50G laser chips that redefine internet speed.

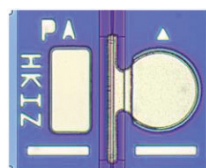
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We offer high-performance laser chips designed for low dispersion and high reliability, suited for standard-reach access and enterprise connections. For networks requiring broader coverage, our advanced laser chips are engineered for extended-reach applications. Through the integration of SOA to enhance the output power, we guarantee gigabit speeds for dozens of users on a single fiber line and enable long-haul transmission capabilities, allowing operators to simplify their networks by effectively bridging the gap between local access and city-wide metro networks.

The following graphics illustrate our 50G PON EML and DFB laser, respectively:



50G PON EML



50G PON DFB Laser

Future Trends and Key Development Focuses

As the global demand for higher bandwidth accelerates, the fiber access market is rapidly transitioning towards next-generation technologies. To capitalize on this trend, we are actively collaborating with leading domestic and international equipment manufacturers to strategically position our portfolio for the upcoming 25G and 50G PON era. We have successfully developed the critical DFB lasers and EMLs required for these high-speed networks and have achieved initial market entry through small-batch shipments. We are continuously optimizing our products for further enhanced performance, such as increasing output power and reducing power consumption through the integration of SOA. Leveraging early strategic positioning, we intend to secure a vital foothold in the supply chain, laying a solid foundation for capturing significant growth opportunities in the future telecommunications market.

Mobile Communications Laser Chips

Mobile network architecture, spanning the fronthaul, midhaul and backhaul segments, has evolved into a high-capacity optical transport infrastructure under the combined impact of continued large-scale deployment of 5G and 5G+ networks. To accommodate the upgraded cell bandwidth, operators are required to widely upgrade legacy transport equipment to high-speed 10G, 25G and 50G optical lanes across these segments. These advancements impose rigorous performance standards on the underlying laser chips, demanding wide-temperature resilience, and unwavering reliability over extended lifecycles.

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Our Offerings

We provide a comprehensive portfolio of high-performance laser chips tailored for the rigorous demands of mobile communications. The following table sets forth our representative mobile communication laser chips as of the Latest Practicable Date:

Product Series	Data Rate	Product Specifications	Major Applications
4G Mobile Communications	10G	• 1,310nm FP Laser • 1,310nm DFB Laser • 1,310nm Antireflection DFB Laser • CWD16 DFB Laser	4G front-haul transceiver
5G Mobile Communications	25G	• 1,310nm FP Laser • 10G overclock CWD6 DFB Laser • 1,270/1,330nm DFB Laser • 1,310nm DFB Laser • CWD6 DFB Laser • LWD12 DFB Laser • MWD12 DFB Laser	5G front-haul transceiver
	50G	• 1,270–1,370nm CWD6 DFB Laser	5G front-haul/mid-haul transceiver

Our solutions cover the full spectrum of front-haul and mid-haul applications across 10G, 25G, and 50G data rates:

- **For 5G/5G+ :** To enable flexible migration paths and higher capacity per fiber, we supply 25G laser chips across CWD6, LWD12, and MWD12 wavelength, which includes 10G-overclocked solutions.
- **For High-Throughput Transport:** We provide high-speed 50G CWD6 DFB lasers designed for high-bandwidth optical lanes.

Engineered for exceptional performance in outdoor and access network environments, these products feature optimized structure for high frequency performance, which ensure the robust reliability required for the large-scale deployment of base stations. Represented by our advanced 25G mobile communication laser chips, our portfolio is built to meet the intense demands of modern 5G/5G+ networks. As mobile technology evolves, networks require massive data rates, instant response times, and the ability to connect millions of devices in crowded areas. We provide a comprehensive range of solutions to solve these challenges, balancing high performance with cost-efficiency across the entire network architecture. To support cost-effective telecommunications deployments, we offer customized and cost-efficient solutions by optimizing mature, low-cost 10G hardware to deliver 25G performance.

Future Trends and Key Development Focuses

Looking toward the future era of “5G+”, the industry is rapidly shifting focus from mere coverage expansion to substantial capacity upgrades, driven by the explosion of AI applications and the need for ultra-reliable low-latency communication. To meet this trajectory, we have developed higher-rate laser chips to support the next generation of mission-critical applications, such as real-time industrial automation, autonomous vehicle infrastructure, and massive IoT ecosystems capable of connecting millions of devices per square kilometer.

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OUR TECHNOLOGY

After years of dedicated R&D and commercialization, we have established a comprehensive laser chip technology platform spanning epitaxial growth, wafer fabrication, chip design, monolithic integration, and high-frequency packaging and testing. We have organized our core proprietary technologies into six major technology platforms to address the growing demand from data centers, telecommunications networks and next-generation optical interconnect applications for higher speeds, higher optical output power, cost optimization and high reliability.

Advanced Epitaxial and Wafer Fabrication Platforms

High-performance laser chips rely on precise epitaxial growth processes and mature wafer fabrication capabilities. Built on years of production experience and process refinement, we have established a mature compound semiconductor epitaxy and wafer fabrication platform that provides the foundational support for the development and volume production of our full product portfolio.

In wafer fabrication, we have established the following complementary platforms:

- ***Buried heterostructure (“BH”) fabrication platform:*** This platform offers superior electro-optical conversion efficiency and is suited for high-power chips used in high-speed optical transceivers for optical access, data centers and AI applications. Its core processes include quantum-well epitaxy, current-blocking layer epitaxy, mesa etching and low-defect multiple regrowth, supported by a comprehensive reliability verification and testing system.
- ***Ridge waveguide (“RWG”) fabrication platform:*** This platform is suited for volume production of high-speed chips. By combining high-precision electron-beam grating lithography with low-defect ridge waveguide etching, it enables precise control of waveguide dimensions to support high-speed performance and efficient current injection.

On epitaxial growth, we have mastered a high-complexity heterogeneous compound semiconductor butt-joint regrowth process. The quantum-well materials used in high-speed laser chips are prone to oxidation, leading to reliability degradation. By using more stable compound semiconductor materials for butt-joint regrowth, we reduce the risk of defect formation from air exposure during processing to a great extent, effectively addressing deterioration and failure under high-temperature and high-current conditions. This advanced technology has enabled our products to be successfully adopted by leading global telecommunications equipment manufacturers and deployed in the networks of leading telecommunications operators worldwide.

Additionally, conventional holographic gratings can produce only uniform-period structures. Through our electron-beam grating tools and proprietary process development we have realized phase-shift gratings with specialized structures, significantly improving laser single-mode purity and signal-to-noise ratio. This technology has been successfully deployed across our full portfolio of chips.

High-Speed Modulation and Monolithic Integration Platforms

Driven by rising demand for high-speed data transmission in mobile networks and data centers, modulation rates in laser chips continue to advance. We have independently developed high-speed modulation technologies and leading monolithic electro-absorption modulated laser integration technologies.

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- **High-speed direct modulation.** We have overcome a number of technical challenges, including high-speed quantum-well design for active regions, nanometer-scale epitaxial growth control and high-frequency cavity design. These advances mitigate the impact of parasitic capacitance on chip high-speed performance and enable end-to-end capabilities from R&D to large-scale volume production of high-speed DFB lasers.
- **High-speed evolution.** We have mastered EML integration technology for the evolution of laser chips with higher rates, which combines a high-power DFB laser and a high-speed modulator on a single chip. Distinct functional regions are separately optimized to achieve both strong optical output and high modulation efficiency. Leveraging such technologies, we overcame the three major technical barriers: independent quantum-well design for the emission and modulation zones to enable separate optimization; hetero-waveguide active-region epitaxy to resolve butt-joint interface defects and crystal orientation mismatches; and high-frequency parasitic capacitance optimization with low-loss coupling between the laser and modulator sections.

High-Power Light Source and Optical Amplifier Integration Technologies

Next-generation ultra-high-speed optical transceivers increasingly adopt silicon photonics (“SiPh”) integration, which requires the optical signals emitted by laser chips to be coupled into silicon-based or related passive waveguides. This has created an urgent need for high-power light sources. We have built comprehensive capabilities around high-power laser chips and optical amplifier integration to provide the industry stable, high-performance laser chips.

- **High-power laser technology for SiPh.** We have developed a comprehensive portfolio of high-power laser chips specifically designed for SiPh applications. These chips compensate for the inherently high coupling losses of silicon waveguides and are a key enabler for next-generation optical transceivers. They provide stable, high-power output and have been adopted by leading global customers, serving as critical components for the advancement of next-generation high-speed optical transceivers.
- **Optical amplifier integration.** Drawing on years of technical expertise in discrete active-device epitaxy and process development, we have established an integrated SOA platform that enables SOA integration at either the laser output side or the receiver side. Achieving low-noise light emission, high-speed modulation and optical power amplification in a single chip requiring differentiated structures and epitaxial designs for different functional regions, which significantly increases the complexity of epitaxy and integration. Our SOA platform increases signal power in long-reach and high-split-ratio scenarios, thereby further improving lane-budget efficiency. For example, high-speed EMLs integrated with SOA can combine high-speed modulation and with high optical output power, making them well suited for applications requiring high optical power in long-reach or high-split-ratio environments.

Chip-Level Optical Path Optimization and System Adaptation Technologies

Through structural innovation at the optical-chip level, we seek to reduce overall packaging costs and reliance on imported components for downstream optical transceiver customers, while improving system-level compatibility.

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- ***Small divergence angle technology.*** In traditional solutions, optical transceiver manufacturers tend to rely on expensive imported coupling lenses to efficiently couple the laser output into optical fibers. We have developed a spot size converter (“SSC”) structure outside the chip’s active region. This reshapes the emitted light spot without compromising chip performance.
- ***Anti-reflection technology.*** During signal transmission, reflections at fiber interfaces or connectors can cause noise and performance degradation. Traditional solutions require additional optical isolators, whose core components often rely on expensive imported Faraday rotators, leading to increased module size, packaging complexity and costs. Our integrated anti-reflection waveguide structure at the chip’s light-emitting end performs a similar function to an optical isolator, reducing or eliminating the need for high-cost isolators, lowering packaging costs, and minimizing reliance on imported components.

These innovations provide our products with differentiated competitive advantages, reduce optical transceiver manufacturers’ dependence on imported components, and help address supply-chain security and cost challenges in large-scale optical network deployments.

Reliability Engineering Technologies for Multi-Scenario Adaptation

We have established a systematic reliability engineering framework covering demanding application scenarios, such as non-hermetic environments, high-power operation, and multi-functional integration.

- ***Non-hermetic environment reliability.*** In certain data center applications, packaging constraints lead optical transceiver manufacturers to adopt non-hermetic designs. Under such designs, optical chips are more susceptible to attack by moisture and oxygen, which may lead to performance degradation or failure. Through dedicated R&D, we have developed optical coating materials and design solutions resistant to high temperature and high humidity, and we have completed the design and integrated fabrication of multilayer optical films and passivation films, as well as simulation and test systems for laser chips operating in high-temperature, high-humidity environments. These capabilities help ensure long-term reliable operation of chips in non-hermetic environments. This technology has enabled us to achieve volume shipments to large data center customers and extend our applications into higher-speed domains.
- ***Integrated laser chip reliability.*** Different functional regions within an integrated optical chip may use different epitaxial materials, compositions and structures, making it technically challenging to ensure reliability across all regions. From the outset of design and development, we consider the differentiated characteristics of each region, including structural materials, composition, stress, doping, geometry, optoelectronic conversion and thermal distribution, and optimize performance on the premise of maintaining overall chip reliability.
- ***High-power scenario reliability.*** High-power laser chips operate for long periods under high current input and high optical output conditions, and therefore bear higher input and output energy loads than conventional laser chips. This raises the technical bar for reliability design. Through sustained investment in materials science and product reliability engineering, we have carried out dedicated development for these high-stress

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operating conditions over many years, systematically enhancing our capabilities for high-power optical chip reliability in terms of equipment, software, process know-how, materials expertise and specialized talent.

High-Frequency Micro-Assembly, Packaging and Testing Technologies

Beyond bare-chip manufacturing, we also possess mature packaging and testing capabilities for high-speed laser chips, enabling us to provide customers with a complete delivery solution from bare die to packaged chips. Packaging chips for high-speed modulation differs from traditional single-chip packaging because high-speed chip circuits require signal matching and interference suppression. First, substrate design is critical to effectively reduce reflection-related losses. Second, the packaging process requires the integration of multiple components such as capacitors and resistors, together with multi-chip die attach while maintaining precise assembly tolerance. Following packaging, aging and testing are performed until the finished products meet target standards for both performance and reliability.

RESEARCH AND DEVELOPMENT

We place strong emphasis on research and development to enhance our product competitiveness and respond to evolving requirements in optical interconnect and related applications. Our R&D efforts focus on improving product performance, reliability and manufacturability, while expanding our product portfolio across different data-rates, wavelength configurations and application scenarios. We believe sustained R&D capability is critical to our ability to meet customer specifications and qualification requirements.

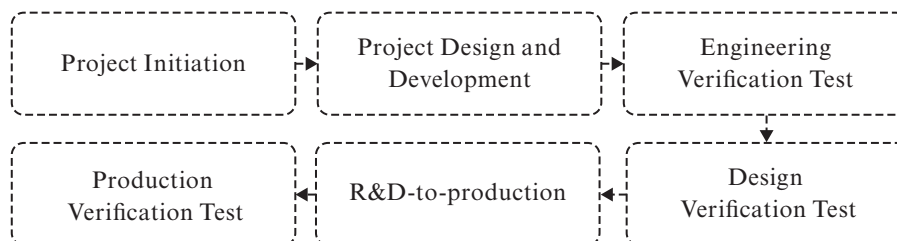
Our R&D Approach and Process

As a high-tech enterprise focused on optical chips, we have remained committed to R&D since inception and have accumulated a range of core technologies through sustained investment. For details, see “— Our Technology.” To further strengthen our capabilities, we continue to increase R&D spending, upgrade our laboratories, including materials science facilities, and acquire advanced production and testing equipment to improve our research environment. Our R&D strategy is market-oriented, and we actively adjust product iteration and technology pre-development in response to industry trends so that our solutions remain competitive. In addition, we have established a multi-layer R&D organization supported by a strong incentive mechanism that rewards contributions to product innovation, parameter improvement and patent applications. By cultivating technically strong engineering talent and actively recruiting high-quality experts, we continue to enhance our independent innovation capabilities and technical expertise.

Our R&D activities are driven by industry developments, application needs and specific R&D projects. Our new product development process is managed in accordance with the R&D Department’s “Design and Development Control Procedure.” From initiation onward, a project progresses through six stages: project initiation, project design and development, engineering verification, design verification, R&D transfer to production and production verification. A project may proceed to the next stage only after the requirements of the current stage have been satisfied.

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The following diagram illustrates the typical flow of our R&D process:



- Project initiation.** Our R&D process begins with a joint decision by the sales and marketing team, the R&D team and the general manager to launch a new project. For this purpose, the sales and marketing team proposes the R&D demand based on customer preferences and market demand for review. Once the project is initiated, a project leader is designated to evaluate the feasibility of the proposed R&D project through a comprehensive analysis of budget allocation, R&D risks and mitigation measures, staffing, customer feedback and technical challenges.
- Project design and development.** During this stage, the project leader prepares a set of guidance documents and specifications tailored to the relevant R&D proposal. These documents are intended to provide comprehensive control over project development and set out the target product’s technical specifications, process instructions, structural design, process-flow design, environmental impact analysis and potential issues that may arise during R&D. To address potential problems that project members may encounter, these documents also specify the corresponding control measures that are critical to the effective execution of our R&D activities.
- Engineering verification testing.** In accordance with the Design and Development Control Procedure, our R&D team conducts wafer runs and produces prototype samples based on the guidance documents and protocols established during the project design and development stage. After prototyping is completed, the samples are tested and analyzed against the customer’s required specifications. This stage includes reviews of product characteristics and abnormal process termination/scrap rates (i.e., the rate of abnormal line stoppages during manufacturing). If a prototype fails to meet customer requirements, the R&D project team reviews the engineering issues encountered, conducts analysis, proposes design changes and updates the relevant guidance documents. Upon approval, the next round of prototype wafer runs is executed. This iterative process continues until customer requirements are met, at which point the project advances to the next stage.
- Design verification testing.** Based on the volume of wafer runs, our R&D team conducts design verification testing and evaluates the product against the customer’s required specifications. This stage includes reviews of product stability and abnormal process termination/scrap rates. If, after completion of design verification testing, customer requirements are still not met, the R&D project team reviews the production issues encountered, conducts analysis, proposes design changes and updates the relevant guidance documents. The project then returns to engineering verification testing until customer requirements are satisfied and verification is passed.
- R&D transfer to production.** At this stage, our R&D team provides the Production and Operations Department with relevant materials, including process standard operating instructions, work orders, parameter comparison tables, quality inspection standards,

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standard labor-hour statistics and pilot-production orders. Where necessary, our R&D team also provides training and assessment for relevant manufacturing personnel. The project may proceed to the next stage only after a successful review.

- ***Production verification testing.*** After receiving the R&D transfer documents, the Production and Operations Department evaluates production-line capacity, manages equipment deployment and analyzes factors such as manpower, safety and environmental conditions. Once mass-production capability is confirmed, the department formulates and implements the production plan and allocates resources for batch validation and testing. During mass production, the R&D project team continues to review and evaluate the project until the expected objectives are achieved and verification is passed.

Our R&D Capabilities

We have established an R&D Center, comprising specialized divisions, each led by professionals with extensive R&D experience in relevant field. Our team members generally process years of relevant academic research experience, which has significantly shortened our product development cycles. The functions of these major R&D divisions are as follows:

- ***High-frequency test & development division.*** This division is composed of senior test system engineers and high-frequency circuit experts, and has accumulated extensive experience in pure optical systems, pure electrical systems, and optoelectronic co-simulation and testing systems.
- ***Materials science & reliability engineering division.*** This division is staffed by senior experts in reliability, failure analysis and materials science, with key members having more than ten years of experience in laser design and process development.
- ***Optoelectronic product technology development division.*** This team is composed of senior wafer process engineers and semiconductor equipment experts, with core members having more than ten years of professional experience in semiconductor process development.
- ***Optoelectronic product design division.*** This team is composed primarily of experts in laser and optoelectronic semiconductor design, with key members having accumulated years of experience in product simulation, theoretical analysis, and process design.

As of December 31, 2025, we had 106 R&D personnel. Headquartered in Shaanxi Province, China and committed to serving the global markets, we have successfully attracted top talent in optoelectronic semiconductors, communications electronics, physics and chemistry. Led by a founding team with extensive experience in optical chip R&D, we foster a mentorship-oriented culture in which junior employees can grow rapidly under the guidance of senior engineers. Our commitment to internal knowledge transfer and technological innovation helps sustain our R&D capabilities. Over the years, we have cultivated a substantial pool of production and technical personnel with extensive experience in optical chip manufacturing processes. Our team possesses deep expertise in optoelectronics, materials science, semiconductor devices, process engineering and reliability engineering, which supports the continuous development and upgrading of our products.

We place strong emphasis on integrating industrial resources with academic research. We actively cultivate collaborative relationships with local higher-education institutions to promote the advancement of semiconductor technology. As part of these efforts, we invite scholars from well-known universities in Xi'an to conduct specialized seminars and lectures. These activities

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provide a dynamic exchange platform for our core technical personnel and encourage continuous learning and professional development. By continually introducing the latest academic insights to our team, we aim to strengthen our foundational technical capabilities and drive innovation.

In 2023, 2024 and 2025, our research and development expenses amounted to RMB30.9 million, RMB54.5 million and RMB80.8 million, respectively. The continuing increase in R&D investment during the Track Record Period reflects our ongoing efforts to enhance product competitiveness and technological capabilities, thereby strengthening our ability to innovate and meet market demand in the AI era.

Future R&D Focus

Our future R&D efforts will focus on the following key directions to support the continued evolution of our laser chips toward higher integration, better performance and greater manufacturing efficiency. As demand for bandwidth continues to grow in data centers, AI infrastructure and next-generation communications networks, customers increasingly require high-density, high-reliability laser chips that can be mass-produced with consistent quality. To address these trends, we will increase R&D investment in both manufacturing-platform upgrades and product-technology expansion.

- **Manufacturing platform.** By transitioning to larger-diameter wafers, we aim to improve device uniformity and yield, reduce unit production costs and strengthen our ability to supply high-performance optical chips at scale. Specifically, we plan to invest in the design and validation of device structures and process flows suited to larger wafers, improvements in epitaxy and lithography processes, and upgrades to key production and test equipment.
- **Product development.** We plan to continue developing laser chips for next-generation high-speed optical transceivers. This includes, without limitation, high-power CW lasers for diversified optical interconnect solutions and EMLs supporting 200G per lane and beyond. As optical interconnects evolve toward higher single-lane data rates and larger-scale parallel architectures, downstream customers are placing increasing demands on laser chips in terms of output power, modulation bandwidth, wavelength accuracy and temperature stability. We will continue to invest in chip structure design, epitaxial material growth, and high-frequency packaging and testing to meet these evolving requirements for high-speed optical interconnects.

MANUFACTURING

Operating under an IDM model, we have mastered the core technologies of laser chip manufacturing, with in-house capabilities spanning chip design, wafer fabrication, chip processing and testing. Such IDM model allows us to shorten product development cycles, achieve independent and controllable laser chip manufacturing, respond quickly to customer requirements and efficiently provide corresponding solutions, thereby enabling us to react rapidly to dynamic market demand. During the Track Record Period, for portions of our laser chips, we primarily engaged qualified third parties for the packaging process to meet customers’ specific requirements, which is in line with the general market practice.

Our production activities are driven by market demand. The Production and Operations Department formulates production plans by coordinating with relevant departments based on customer orders. In accordance with our annual sales strategy, we conduct capacity assessments and

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maintain appropriate inventory to cope with demand peaks and alleviate production pressure. In addition, we have a highly qualified manufacturing team. As of December 31, 2025, 535 employees were in manufacturing positions.

In the future, we will also focus on enhancing our reliability engineering and pre-shipment testing capabilities. We plan to refine our accelerated aging tests, lifetime evaluations, and failure analysis to ensure long-term product stability in client applications. We will expand and upgrade our testing facilities, enhance our ability to assess chip performance, reliability, and visual quality during pre-shipment inspections. Additionally, we are increasing the scale and capabilities of our materials testing labs to conduct comprehensive composition and performance tests, ensuring the highest product quality from incoming materials to finished products.

Manufacturing Facilities

As of the Latest Practicable Date, we had two production bases in operation, both located in Shaanxi Province with an aggregated gross floor area of over 28,000 sq.m. In addition, one of these production bases is currently undergoing production expansion to accommodate additional production facilities in response to the growing demand. We also have a production base located in the U.S., which is in the initial stage of construction and has not been put into operation.

We generally adjust the schedule for our production capacity according to market demands. To accommodate the continuously rising demands for optical interconnect solutions, we plan to further expand our production capabilities through the expansion of our current facilities and the construction of new facilities. For details, see “Future Plans and [REDACTED]” in this document. During the Track Record Period, we manufactured a diversified product mix, primarily including DFB lasers, EMLs and CW lasers. Given the differences in manufacturing complexity, cycle time and equipment utilization rate among these product categories, our management monitors production volume (as converted), designed capacity (as converted) and capacity utilization on standard units calculated based on DFB lasers equivalent for comparability across product types. To maintain consistency in measurement, we assess both production volume and designed capacity at the chip testing stage, which serves as a common reference point across all product categories, as it reflects throughput and resource utilization most accurately. This measurement approach is in line with the industry norm and we believe it reflects the actual production capacity and utilization of our production facilities.

The following table sets forth our designed capacity (as converted), production volume (as converted) and utilization rate of our manufacturing facilities for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Designed capacity (as converted) (<i>in thousand standard units</i>) ⁽¹⁾	66,578	65,319	115,306
Production volume (as converted) (<i>in thousand standard units</i>) ⁽²⁾	49,381	44,474	103,934
Utilization rate (%) ⁽³⁾	74.2	68.1	90.1

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Notes:

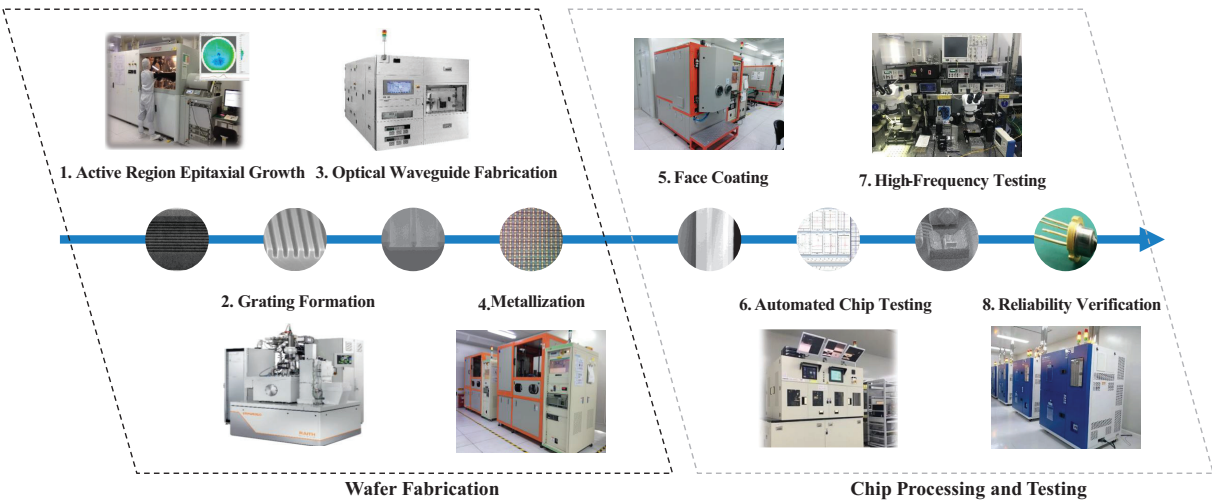
- (1) Designed capacity (as converted) represents our estimate of the annual designed production capacity of standard laser chip unit of DFB lasers equivalent that our manufacturing facilities are able to support under normal operating conditions, and is calculated based on, among others, available production lines and expected operating days/hours. Designed capacity (as converted) does not necessarily reflect actual achievable output, which may be affected by factors such as product mix, yield, planned/unplanned downtime, and scheduling. As the manufacturing process of EMLs and CW lasers are more sophisticated, the production volume (as converted) calculated based on DFB laser equivalent was higher than the aggregated production volume of DFB lasers, EMLs and CW lasers for the relevant year.
- (2) Production volume (as converted) represents the number of standard laser chip unit produced during the relevant year, and is calculated based on, among others, process complexity, production lines adopted and the actual operating days/hours for the relevant year.
- (3) Utilization rate is calculated as production volume (as converted) divided by designed capacity (as converted) for the relevant year.

Our capacity utilization rate decreased from 74.2% in 2023 to 68.1% in 2024, primarily reflecting the temporary capacity fluctuation during production line upgrades to support SiPh applications, including the establishment of CW laser production lines. Our capacity utilization rate then increased significantly from 68.1% in 2024 to 90.1% in 2025, primarily driven by the increased production volume attributable to our sales growth amid rising market demand for our products.

Manufacturing Process

Our laser chip manufacturing process is a highly integrated workflow divided into two primary stages: wafer fabrication, chip processing and testing. From the precise growth of epitaxial layers to the rigorous validation of high-frequency performance, each step is engineered to secure superior optoelectronic conversion efficiency and reliability. Furthermore, we have established a comprehensive system that allows for end-to-end traceability across all manufacturing processes, including raw material batches and specific equipment utilized. Leveraging this intelligent manufacturing system, we are able to collect testing data for each individual laser chip, and the monitoring data generated during its manufacturing processes.

The following diagram illustrates the key manufacturing steps of our laser chips:



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Wafer Fabrication

- **Active region epitaxial growth.** Active region epitaxial growth refers to the growth of multi-layer quantum-well epitaxial wafers through MOCVD with precisely controlled thickness and composition. It directly influences the optoelectronic conversion efficiency and performance of high-speed chip, representing the core process in the design and manufacturing of laser chips.
- **Grating formation.** The grating formation process fabricates Bragg grating structures on laser chip wafers by transferring Bragg grating masks defined using high-precision electron beam lithography through precision etching, followed by MOCVD overgrowth. This process enables single longitudinal-mode laser emission with targeted wavelengths and high spectral purity.
- **Optical waveguide fabrication.** We define micron-scale optical waveguide structures with photolithography to form light-transmission channels within the laser. This process leverages the refractive-index difference between waveguide and surrounding materials to confine and guide photons within the resonant cavity for a stable single-mode optical output.
- **Metallization.** Metallization process involves wafer thinning, customization of electrode shape and dimensions, and optimization of dielectric substance to reduce the parasitic capacitance for high-speed performances.

Chip Processing and Testing

- **Face coating.** After the wafer is cleaved into bar strips, a high-reflectivity coating will be applied on the rear facet and a high-transmittance coating on the emission facet of laser resonators. By utilizing nanoscale control over thin-film thickness to adjust the difference in facet output ratios, high-intensity single-ended laser emission can be achieved.
- **Automated chip testing.** The laser chips will undergo a full suite of automated testing to measure and evaluate key optical and electrical parameters.
- **High-frequency testing.** To assess chip performance, functionality and signal integrity at high frequencies, the laser chips are tested by our high-frequency measurement equipment covering the full range of high-speed characteristics.
- **Reliability verification.** As the last step of our manufacturing process, the laser chips are subject to comprehensive and rigorous aging tests to validate their reliability.

Automated Manufacturing

The rising demand and rapid growth for laser chip products have boosted the application of large-scale automated manufacturing equipment across our manufacturing process. Following this trend, we have advanced a series of automation initiatives that reinforce our product consistency and quality at scale while enhancing our production and operational efficiency. Leveraging the fully automated manufacturing equipment and machinery customized to our manufacturing process and certified under rigorous international acceptance standards, we deliver consistent quality, reliable performance, and robust production capacity, winning the continued trust of our customers.

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In the future, we plan to boost our manufacturing efficiency by further automating the wafer fabrication and chip manufacturing process. Our efforts will include upgrading existing automated production equipment and process monitoring systems to realize precise control and comprehensive monitoring of key process parameters and enhance overall production consistency, reduce human error and increasing throughput.

Manufacturing Equipment

As an important safeguard of our process quality and delivery capabilities, we are among the first in the industry to adopt the most advanced manufacturing equipment. Leveraging our advanced manufacturing equipment, we are able to consistently deliver quality and high-performance products. We purchase our manufacturing equipment from reputable equipment suppliers and we generally do not rely on any single supplier for material equipment. Our critical manufacturing equipment primarily include MOCVD epitaxial growth equipment, electrons beam lithography system for granting formation, and semiconductor chip testing equipment for the automated and reliability testing of our products.

Leveraging our real-time monitoring system, we are able to monitor and analyze critical machine performance data so as to predict potential system failures. We perform maintenance checks on the status of our manufacturing and testing equipment to maintain our delivery efficiency and consistency. During the Track Record Period, we did not experience any major production disruption due to unexpected failure of our manufacturing equipment and machinery.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Raw Materials and Procurement

Our raw materials primarily include substrates, gold targets, specialty gases (mainly including high-purity hydrogen, phosphine, liquid nitrogen, etc.), trimethylindium, photoresists, packaging materials (including tube caps and similar components), and other materials used in the manufacturing of our laser chips. We primarily source raw materials from reputable suppliers, with sufficient supply and available backup sources to consistently support the stability and robustness of our supply chain. For details of our supply chain management, see “— Procurement and Supply Chain Management — Supply Chain Management.” During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material shortfall in the supply of raw materials that would, individually or in the aggregate, have any material adverse impact on our manufacturing plans, results of operations, financial condition or growth prospects.

At the end of each month, our Procurement Department prepares a procurement plan, including the forecast demand, based on next-month’s manufacturing schedule and safety stock provided by the Production and Operations Department and our operational needs. We then issue purchase orders to qualified suppliers accordingly. Upon receipt of these procurements, our quality control team will conduct inspections and evaluate their quality against predefined inspection items, and provides inspection results for manufacturing release.

Our Suppliers

During the Track Record Period, our suppliers primarily consisted of suppliers of raw materials, equipment and packaging services. We have established a wide network of suppliers in China, Europe and Japan. While using imported raw materials to produce high-quality chips, we have also proactively established relationships with domestic suppliers and continue to maintain a

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diversified supply chain. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with our suppliers that would, individually or in the aggregate, have a material adverse impact on our results of operations, financial condition and growth prospects. In addition, we believe that adequate alternative sources for such supplies exist, and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment to enhance the resilience and stability of our supply chain.

The salient terms of our standard procurement agreements during the Track Record Period are set out below:

- **Duration.** Our procurement agreements with suppliers generally do not specify a fixed duration.
- **Product specification.** Our procurement for specific products is typically carried out through purchase orders under the procurement agreements. Our purchase orders typically contain the products’ specifications or service requirements, quantity, delivery schedules and payment terms, and prices, as applicable, while service requirements are generally specified in the technical specifications attached to the procurement agreements.
- **Payment.** Credit terms under our procurement agreements differ, typically 30 to 90 days after receipt of the relevant invoice.
- **Delivery.** Our suppliers are typically responsible for the transportation of products to the locations designated by us.
- **Warranty arrangements.** 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.
- **Termination.** Generally, we may terminate the contract only upon mutual agreement or in the event of *force majeure*.

In 2023, 2024 and 2025, our purchases from our five largest suppliers in each year in aggregate amounted to RMB32.4 million, RMB54.9 million and RMB83.1 million, respectively, representing 51.9%, 56.9% and 48.1% of our total purchases in the corresponding years. In 2023, 2024 and 2025, our purchases from our largest supplier in each year amounted to RMB10.7 million, RMB18.0 million and RMB20.7 million, respectively, representing 17.2%, 18.7% and 12.0% of our total purchases in the corresponding years. During the Track Record Period, we made prepayments to certain suppliers. For the suppliers that granted us credit terms, we were generally given credit periods ranging from 30 to 90 days.

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The following table sets forth details of our five largest suppliers in each year during the Track Record Period:

Supplier	Background	Supplies/Services Purchased	Commencement of Business Relationship (Since)	Purchase Amount (RMB'000)	% of Total Purchases (%)
<i>For the year ended December 31, 2023</i>					
Supplier A	A company headquartered in Guangdong, China, primarily engaged in the development and production of photodetector chips and intelligent sensors.	packaging services	2020	10,732	17.2
Supplier B	A company headquartered in Sichuan, China, primarily engaged in the development and manufacturing of optical interconnect components.	packaging services	2023	8,541	13.7
Supplier C	A company headquartered in Beijing, China, primarily engaged in the research, development and production of semiconductor materials.	substrates	2015	4,742	7.6
Supplier D	A company headquartered in Guangdong, China, primarily engaged in the sales and manufacturing of optoelectronic devices, power electronics components, and communication equipment.	packaging services	2023	4,608	7.4
Supplier E	A company headquartered in Shaanxi, China, primarily engaged in the sales of power electronic components.	substrates and components	2013	3,775	6.0
Total				32,398	51.9
<i>For the year ended December 31, 2024</i>					
Supplier B	A company headquartered in Sichuan, China, primarily engaged in the development and manufacturing of optical interconnect components.	packaging services	2023	18,034	18.7
Supplier F	A company headquartered in Guangdong, China, primarily engaged in the research, development and production of optical interconnect products.	packaging services	2021	12,342	12.8
Supplier A	A company headquartered in Guangdong, China, primarily engaged in the development and production of photodetector chips and intelligent sensors.	packaging services	2020	11,698	12.1
Supplier E	A company headquartered in Shaanxi, China, primarily engaged in the sales of power electronic components.	substrates and components	2013	7,066	7.3
Supplier G	A company headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange, focused on high-precision electronic components for communication, automotive, and photovoltaic applications.	packaging services	2016	5,771	6.0
Total				54,911	56.9

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Supplier	Background	Supplies/Services Purchased	Commencement of Business Relationship (Since)	Purchase Amount (RMB'000)	% of Total Purchases (%)
<i>For the year ended December 31, 2025</i>					
Supplier B	A company headquartered in Sichuan, China, primarily engaged in the development and manufacturing of optical interconnect components.	packaging services	2023	20,693	12.0
Supplier H	A company headquartered in Beijing, China, primarily engaged in the production and sales of rare and precious metals and related products.	gold targets	2015	17,273	10.0
Supplier E	A company headquartered in Shaanxi, China, primarily engaged in the sales of power electronic components.	substrates and components	2013	16,070	9.3
Supplier I	A company headquartered in Guangdong, China, primarily engaged in the development and production of optoelectronic chip packaging products.	packaging services	2019	15,555	9.0
Supplier C	A company headquartered in Beijing, China, primarily engaged in the research, development and production of semiconductor materials.	substrates	2015	13,525	7.8
Total				83,116	48.1

None of our Directors, their respective associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year during the Track Record Period.

Supply Chain Management

We have established supplier qualification and supplier management procedures. For new suppliers, we conduct qualification assessments and due diligence, verify the samples provided, and perform an approval review. Approved suppliers are then included in a list of qualified suppliers. For bulk procurement of raw materials, large-scale equipment and packaging services, where the market offers a sufficient number of suppliers, we generally adopt processes such as price comparison and a tender-based process to select suppliers and determine the procurement price. In the event of urgent and unforeseen procurement demands, we may adopt a simplified procurement process to carry out emergent procurement with relevant approval and filings to be completed subsequently.

To facilitate timely delivery, we cultivate long-term partnerships with our key suppliers and regularly assess them across the quality of products or service provided, lead time, and pricing on both monthly and annual basis. Procurement volumes are then allocated based on these assessment results. We are dedicated to continuously enhancing our supply chain resilience and delivery reliability by actively increasing procurement from reputable suppliers in China and strengthen our procurement management for key raw materials and critical equipment through in-depth collaboration with upstream suppliers. To minimize the risk of reliance on any single supplier and maintain sourcing stability and bargaining power, we generally retain multiple suppliers for our

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principal raw materials and equipment. In addition to our monthly procurement plans, we also maintain safety stock sufficient to cover roughly two months of manufacturing activities based on our usage patterns over the preceding six months to support our consistent supply and operation.

Inventory Management

Our inventories primarily include raw materials, work in progress and finished goods. We procure raw materials such as substrates, gold targets and specialty gases. We manufacture wafers, test and screen chips, and based on customer requirements, engage third-party packaging houses for packaging. Work in progress, which is the principal component of our inventories, includes wafers in process, wafers pending testing, and chips pending testing that have not yet reached a usable condition. Finished goods refer to finished laser chips or packaged laser chips.

We have established and consistently applied a comprehensive inventory management system to monitor our inventory levels, with our manufacturing schedule and sales performance taken into consideration. We follow a set of standardized procedures and approval process for inventory movements and stock levels, with responsibilities clearly allocated across relevant departments.

SALES AND MARKETING

Overview

As laser chips are key to optical modules, customers typically require suppliers to provide more direct and in-depth support in product performance, qualification and technical collaboration. Accordingly, we primarily adopt a direct sales model. This approach enables us to maintain and deepen strategic relationships with key customers, ensuring close collaboration and a better understanding of their evolving needs. By engaging directly, we can more effectively align our product development with customer requirements, and respond promptly to market demands. This model not only strengthens customer trust and loyalty but also positions us as a reliable long-term partner in the highly competitive optical interconnect industry. Meanwhile, we also engage in sales through distribution to expand our customer reach in an efficient manner.

We have a dedicated sales and marketing team responsible for customer development, product promotion, and customer relationship management. This experienced and highly trained sales and marketing team proactively identifies market opportunities and designs sales strategies. Based on customer demand, our sales and marketing team formulates sales plans, conveys order requirements to the Production and Operations Department, and coordinates product R&D, manufacturing, delivery, and quality services. It also handles order tracking, after-sales service, and technical support.

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During the Track Record Period, our sales through distribution primarily involved the sales of our telecommunications laser chips. Meanwhile, as data center laser chips are particularly critical to the performance of downstream optical transceivers, we primarily sell our data center laser chips through direct sales. For details, see “Financial Information — Description of Certain Consolidated Statements of Profit or Loss Item — Revenue — Revenue by Sales Channel.” The table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Direct Sales	117,756	81.5	177,334	70.3	537,405	89.4
Distribution	26,648	18.5	74,839	29.7	64,030	10.6
Total	144,404	100.0	252,173	100.0	601,435	100.0

Direct Sales

Our direct sales customers primarily include optical component and optical transceiver manufacturers. In 2023, 2024 and 2025, our revenue generated from direct sales amounted to RMB117.8 million, RMB177.3 million and RMB537.4 million, respectively, representing 81.5%, 70.3% and 89.4% of our total revenue for the corresponding years. The salient terms of our standard direct sales agreements during the Track Record Period are set out below:

- **Duration.** The sales agreements entered into with our direct sales customers typically do not specify a fixed term of duration.
- **Pricing policy.** We generally determine the price of our products through negotiations with our direct sales customers and we sell our products at mutually agreed pricing terms.
- **Payment.** Our customers are typically required to prepay a predetermined percentage of the total contract value prior to shipment and settle the remaining balance within agreed-upon timeframe following the receipt or acceptance of our products or by installments. We do not provide any sales rebates to our customers.
- **Logistics and transfer of risks.** We are responsible for delivering our products to locations designated by our direct sales customers. The risks transfer to direct sales customers after they confirm receipt of our products.
- **Warranty arrangements.** We typically provide a warranty period of one to three year to direct sales customers, allowing product returns under specified conditions, such as product design defects or quality issues.
- **Termination.** Our sales agreement may be terminated upon mutual consent between our customers and us.

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Distributorship

We supplement our direct sales efforts through collaboration with a limited number of third-party distributors to expand our customer base with economic efficiency. Our sales through distribution primarily involved the sales of our telecommunications laser chips. We deal with our distributors on a buyer-seller basis, where our distributors take ownership of the laser chips upon delivery, assuming all associated risks, including unsold stock, and are not entitled to return the sold products unless in cases of product defects. These distributors primarily serve as channel partners that help with the maintenance and services of end-customers, and are equipped with established sales channels, skilled sales teams and support capabilities. As of December 31, 2023, 2024 and 2025, we had 11, 13 and 15 distributors, respectively. In 2023, 2024 and 2025, our revenue generated from our distributors amounted to RMB26.6 million, RMB74.8 million and RMB64.0 million, respectively, representing 18.5%, 29.7% and 10.6% of our total revenue for the corresponding years.

Distribution Network

The following table sets forth the movements in the number of our distributors during the Track Record period:

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	11	11	13
Addition of new distributors ⁽²⁾	—	2	2
Termination of existing distributors ⁽³⁾	—	—	—
Net increase/(decrease) in distributors	—	2	2
Number of distributors at the end of the year	11	13	15

Notes:

- (1) The numbers of distributors in this table are calculated on entity level, without combining distributors belonging to the same group.
- (2) New distributors refer to distributors who entered into a distribution agreement with us in the relevant year and did not have any effective distribution agreement in the immediately preceding calendar year.
- (3) Terminated distributors refer to distributors who formally terminated the distribution agreement with us in the relevant year and had an effective distribution agreement in the immediately preceding calendar year.

Distributor Management

The laser chip industry is characterized by high technological barriers, as laser chips are critical components that directly impact the performance of optical interconnect solutions. Due to their importance, solution providers and even end users place significant emphasis on the performance and quality of laser chips and the credentials of their suppliers. We therefore primarily adopt the direct sales model, which is supplemented by the distribution model. We engage distributors primarily to facilitate the transaction process and ensure smooth and efficient operations. Additionally, we maintain close communication with each of our distributors to monitor their sales performance and understand the demands of their customers. Given the relatively small

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number of distributors we work with and the specialized nature of our business, we believe our distributor management system is effective in supporting our operations and maintaining strong relationships across the supply chain.

Terms of Distribution Agreement

We enter into distribution agreements with our distributors, while specific terms of these agreements may vary by negotiation and typically include the following:

- **Pricing policy.** We sell our products to distributors at agreed pricing terms determined through negotiations.
- **Warranty.** Our distributors are not entitled to return the sold products unless in cases of product defects.
- **Anti-corruption and anti-bribery obligations.** Both parties shall comply with applicable anti-bribery and anti-money laundering laws, avoid conflicts of interest, and refrain from offering or accepting any improper benefits. Any violation may result in immediate termination of agreements and liability for damages.
- **No sales target or minimum purchase requirement.** Our agreements with distributors generally do not specify a mandatory annual sales target or minimum annual purchase amount.
- **Termination.** We may terminate the distribution agreements in the event of any material breach by our distributors of the agreement, among other events.

During the Track Record Period, we did not engage any sub-distributors. To the best of our knowledge, during the Track Record Period, all of our distributors were Independent Third Parties and none of our distributors were wholly-owned or majority controlled by our employees. During the Track Record Period and up to the Latest Practicable Date, we did not provide any advance or financial assistance to any of our distributors.

Prevention of Channel Stuffing

We have adopted various measures to manage the sales of our distributors.

- **Demand-driven ordering.** We generally do not have mandatory sales targets for distributors, which encourages distributors to order based on actual market demand and sales forecasts.
- **Ownership transfer and return restrictions.** We adopt a sales model that transfers full ownership of goods at the time of delivery and our distributors are not entitled to return the sold products unless in cases of product defects. This model shifts the responsibility and risk of unsold inventory to distributors, incentivizing them to order based on actual sales demand to reduce holding costs and obsolescence risk.
- **Communications with distributors.** Our sales and marketing team maintains regular communication with our distributors to understand their sales performance and the demand from end customers.

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Based on the above, we believe we are at low risks of channel stuffing. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any unusual procurements or sales activities that were inconsistent with distributors’ past practices, and we believe our distributors maintained a reasonable level of inventory of our products to avoid channel stuffing.

Pricing

We price our products based on a variety of factors, including: (i) customer demand, (ii) the competitive landscape, which takes into account our strengths and weaknesses relative to our competitors, their pricing strategies and our customers’ cost sensitivity, (iii) the costs of relevant products, which encompass production, research and development expenses and operational costs, and may vary depending on the type of products, and (iv) customer’s market position. Once we set the base prices according to these factors, we adjust the pricing on a case-by-case basis in consideration of specific requirements of our customers.

Marketing

When introducing a new product to our customers, our business development approach primarily consists of proactive outreach to customers and inbound inquiries from customers. For new product and customer introduction, given the wide range of design parameters and performance indicators in laser chip products, our R&D Department first conducts in-depth technical discussions with customers to clarify their requirements. On this basis, our R&D Department further carries out product design, material selection, and sample fabrication, followed by in-house performance and reliability testing. The samples are then sent to customers for comprehensive evaluation. Upon satisfactory results, customers typically place small-batch trial orders, and after multiple successful production runs, transition to mass procurement. After passing the customer qualification process, our standardized products will be marketed to a wider customer base.

Our mature products are primarily marketed to new customers through industry exhibitions, recommendations from existing customers, and direct business development by sales managers. In addition, we actively approach, or respond to inquiries from, potential customers to introduce our product portfolio. Through in-depth technical discussions, our professionals work closely with such potential customers to understand their application demand and assist them in selecting appropriate products for subsequent validation. This consultative, technology-driven approach allows us to effectively align our products with customer demands and supports long-term customer adoption.

CUSTOMERS

Our Customers

Our customers primarily consist of optical component and optical transceiver manufacturers as well as our distributors. During the Track Record Period, we did not experience any material disputes with our customers. In 2023, 2024 and 2025, our revenue generated from sales to our five largest customers in each year in aggregate amounted to RMB80.2 million, RMB148.9 million and RMB431.9 million, respectively, representing 55.6%, 59.1% and 71.8% of our total revenue in the corresponding years. In 2023, 2024 and 2025, our revenue generated from sales to our largest customer in each year amounted to RMB27.5 million, RMB41.3 million and RMB320.8 million, respectively, representing 19.0%, 16.4% and 53.4% of our total revenue in the corresponding year. During the Track Record Period, we typically granted our major customers in a credit period of 30 to 90 days.

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The following table sets forth details of our five largest customers in each year during the Track Record Period:

Customer	Background	Products Sold	Commencement of Business Relationship (Since)	Revenue (RMB'000)	% of Total revenue (%)
<i>For the year ended December 31, 2023</i>					
Customer A	A company headquartered in Guangdong, China, specializing in information and communication technology products for telecommunications and data communications.	laser chips	2019	27,501	19.0
Customer B	A company headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange, focused on high-precision electronic components for communication, automotive, and photovoltaic applications.	laser chips	2016	24,487	17.0
Customer C	A company headquartered in Shanghai, China, primarily engaged in electronics technology services and the sales of electronic components and equipment.	laser chips	2022	10,515	7.3
Customer D	A company headquartered in Sichuan, China, specializing in electronic systems, communications, and automotive electronics.	laser chips	2018	9,064	6.3
Customer E	A company headquartered in Wuhan, China, specializing in computer hardware, software, and electronic components sales.	laser chips	2020	8,658	6.0
Total				80,225	55.6
<i>For the year ended December 31, 2024</i>					
Customer F	A company headquartered in Shandong, China, and listed on the Shenzhen Stock Exchange, primarily engaged in optical interconnect transceivers and expanding into automotive intelligent systems.	laser chips	2018	41,300	16.4
Customer B	A company headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange, primarily engaged in high-precision electronic components for communication, automotive and photovoltaic applications.	laser chips	2016	35,924	14.2
Customer C	A company headquartered in Shanghai, China, primarily engaged in electronics technology services and the sales of electronic components and equipment.	laser chips	2022	25,924	10.3
Customer A	A company headquartered in Guangdong, China, specializing in information and communication technology products for telecommunications and data communications.	laser chips	2019	24,117	9.6
Customer G	A company headquartered in Guangdong, China, specializing in electronic components, communication products, and industrial equipment.	laser chips	2022	21,673	8.6
Total				148,938	59.1

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Customer	Background	Products Sold	Commencement of Business Relationship (Since)	Revenue (RMB'000)	% of Total revenue (%)
<i>For the year ended December 31, 2025</i>					
Customer F	A company headquartered in Shandong, China, and listed on the Shenzhen Stock Exchange, primarily engaged in optical interconnect transceivers and expanding into automotive intelligent systems.	laser chips	2018	320,847	53.4
Customer H	A company headquartered in Shanghai, China, and listed on the Shanghai and Hong Kong Stock Exchanges, primarily engaged in the business of ICT terminal equipment and high-speed optical transceivers.	laser chips	2020	39,948	6.6
Customer I	A company headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaged in providing integrated communication solutions, including wireless base stations, core networks, and routers.	laser chips	2020	27,581	4.6
Customer E	A company headquartered in Wuhan, China, specializing in computer hardware, software, and electronic components sales.	laser chips	2020	22,332	3.7
Customer B	A company headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange, primarily engaged in high-precision electronic components for communication, automotive and photovoltaic applications.	laser chips	2016	21,148	3.5
Total				431,857	71.8

None of our Directors, their respective associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers for each year during the Track Record Period.

Our Increased Revenue from Customer F

In 2025, our revenue from Customer F increased significantly from RMB41.3 million in 2024 to RMB320.8 million in 2025. Below sets forth the background of and reasons for our increased revenue from Customer F.

The optical interconnect industry is inherently concentrated, with a small number of leading optical transceiver manufacturers holding significant market shares, especially for optical transceivers applied in data centers. As a result, upstream laser chip suppliers like us naturally experience increased sales to leading optical transceiver manufacturers, which reflects the structural characteristics of the industry. Collaboration between leading optical transceiver manufacturers and key laser chip suppliers is a prevailing norm, and our customer composition aligns with this industry feature.

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Customer F, a leading optical transceiver manufacturer, was among the first to scale up the deployment of CW lasers in SiPh-based optical interconnect products. Our strategic focus on SiPh applications aligns closely with the development trends of the optical interconnect industry. Our market-leading CW laser technology, coupled with robust production capacity, has positioned us as a key supplier to meet Customer F’s growing demand during the global CW laser supply shortage. It was precisely this alignment between our technological roadmap and Customer F’s demand that drove the significant increase in revenue generated from Customer F in 2025.

Our collaboration with Customer F is mutually beneficial. As laser chips are critical components that determine the performance of optical transceivers, laser chip suppliers like us play an essential role in the value chain. The industry’s high technological barriers and production capacity constraints make leading optical transceiver manufacturers, including Customer F, reliant on trusted suppliers with proven capabilities. Our advanced product performance, scalable production capacity, and ability to meet demand ensure that we are a valued partner to Customer F and other major players in the market.

In addition to Customer F, we have successfully expanded our customers base to include other leading optical transceiver manufacturers globally. Through continuous business development efforts, we are diversifying our customer base and revenue streams. This ongoing expansion ensures that we are well-positioned to capture broader market opportunities while mitigating risks associated with over-reliance on any single customer.

The increased sales to Customer F during the Track Record Period indicated our well-established CW lasers and production capacity, together with the increasing industry demand for CW lasers used in SiPh applications from leading optical transceiver manufacturers represented by Customer F. This collaboration is market-driven and anchored in technological synergy, not dependency. With the continuous penetration of SiPh applications and our ongoing efforts to broaden our customer base, deepen relationships with end users, and align with emerging industry trends, we are confident in our ability to achieve and more diversified customer base over time.

Overlapping of Customers and Suppliers

During the Track Record Period, certain of our major suppliers also acted as our customer and *vice versa*, resulting in an overlap between our customer and supplier relationships in certain cases.

Supplier A, one of our five largest suppliers in 2023 and 2024, was also one of our customers in 2023, 2024 and 2025. Supplier A is an established provider of photodetector chips and intelligent sensors. Our purchase of packaging services from Supplier A amounted to RMB10.7 million, RMB11.7 million and RMB7.0 million in 2023, 2024 and 2025, respectively, representing 17.2%, 12.1% and 4.1% of our total purchase amount for the same years. We also generated revenue from Supplier A of RMB568.4 thousand, RMB52.1 thousand and RMB169.3 thousand in 2023, 2024 and 2025, respectively, representing less than 1% of our total revenue for the same years.

Supplier F, one of our five largest suppliers in 2024, was also one of our customers in 2023, 2024 and 2025. Our purchase from Supplier F amounted to RMB2.3 million, RMB12.3 million and RMB4.0 million in 2023, 2024 and 2025, respectively, representing 3.7%, 12.8% and 2.3% of our total purchase amount for the same years. Our revenue generated from Supplier F amounted to RMB1.9 million, RMB1.8 million and RMB11.9 million in 2023, 2024 and 2025, respectively, representing 1.3%, 0.7% and 2.0% of our total revenue for the same years.

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Supplier G, one of our five largest suppliers in 2024, was also one of our top five customers in each year during the Track Record Period. Our purchase from Supplier G amounted to RMB0.8 million, RMB5.8 million and RMB5.7 million in 2023, 2024 and 2025, respectively, representing 1.3%, 6.0% and 3.3% of our total purchase amount for the same years. Our revenue generated from Supplier G amounted to RMB24.5 million, RMB35.9 million and RMB21.1 million in 2023, 2024 and 2025, respectively, representing 17.0%, 14.2% and 3.5% of our total revenue for the same years.

All of Supplier A, Supplier F and Supplier G are also our customers. In these arrangements, they procure our laser chips for their own business needs while, at the same time, leveraging their in-house packaging capabilities to provide us with packaging services and therefore act as our suppliers in that respect. Such overlap reflects the specialized and collaborative nature of the laser chip industry, where participants may engage with one another in multiple capacities across different stages of the value chain. In particular, while these counterparties purchase laser chips from us as customers, they also possess packaging expertise and production capacity that can be utilized by us on an outsourced basis. Accordingly, their dual roles as both our customers and suppliers arise from distinct business needs and service scopes, rather than from the same transaction.

In addition, Customer I, one of our five largest customers in 2025, was also one of our service providers in 2024 and 2025. Customer I procured laser chips from us, which generated revenue of RMB4.7 million, RMB9.7 million and RMB27.6 million in 2023, 2024 and 2025, respectively, representing 3.2%, 3.9% and 4.6% of our total revenue for the same years. During the Track Record Period, we procured business development services from Customer I, which amounted to RMB8.4 million and RMB7.6 million in 2024 and 2025, respectively.

Our Directors confirm that (i) such overlapping customer-supplier relationships represented normal commercial arrangements in the ordinary and usual course of business, (ii) the terms of these transactions were fair and reasonable, and (iii) such arrangements did not have any adverse impact on our operational independence, pricing mechanisms or business arrangements. We are not reliant on such overlapping relationships. Save as disclosed above, to the best of our knowledge, none of our five largest suppliers during each year or period of the Track Record Period was a customer of us, and none of our five largest customers during each year or period of the Track Record Period was a supplier of us.

QUALITY CONTROL

Quality Control Measures

We remain committed to developing the essential elements of laser chip manufacturing processes across the full IDM business workflow, covering chip design, wafer fabrication, chip processing and testing. We have established a comprehensive management framework, covering the accumulation of process-technology resources, production and quality management systems, standardized production procedures and execution requirements, as well as training and assessment mechanisms. We are able to effectively manage production yield, lead times and delivery, product iteration and related risks in laser chip manufacturing.

In accordance with international management standards, we have established a comprehensive set of systems, including the ISO9001:2015 Quality Management System, the IATF16949:2016 Automotive Quality Management System, and the ANSI/ESD S20.20–2021 Electrostatic Discharge Control System. These systems facilitate a robust management process across the entire product lifecycle. Adhering to our quality policy of seeking truth from facts, prioritizing quality, scientific

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management, continuous improvement, and customer satisfaction, we consistently aim to enhance customer satisfaction. By continuously refining our internal processes, we ensure a guarantee for overall product quality and safety control.

Our quality control measures encompass a wide range of activities, covering R&D management, supplier quality management, production processes and customer services:

- ***R&D quality management.*** We control product quality and safety right from the design source. During the initial design phase, we utilize Design Failure Mode and Effects Analysis and Process Failure Mode and Effects Analysis to identify potential failure modes in the R&D process. By analyzing the causes and impacts of these failures, we implement necessary preventive measures to avoid or minimize risks, thereby significantly enhancing the reliability of our development process.
- ***Raw material supplier quality management.*** We have strengthened its management of suppliers, particularly regarding the control of hazardous substances (including RoHS 2.0, REACH SVHC, Halogens, etc.). We procure raw materials that meet both quality and environmental protection requirements right from the sourcing stage. This approach provides a strong guarantee for our production process.
- ***Manufacturing process management.*** We ensure manufacturing excellence through rigorous personnel and equipment management. All staff must pass pre-job training, with critical roles subject to strict stability protocols. To guarantee reliability, we track key performance indicators while performing preventive maintenance and regular calibration checks on all equipment. Furthermore, every production step adheres to clear standard operating procedures, ensuring consistent and standardized execution.
- ***Customer service quality management.*** We are committed to delivering exceptional customer service through a comprehensive after-sales management system and a dedicated support team. Our sales and marketing personnel conduct regular follow-up visits to ensure that clients can use our products with confidence and safety. Furthermore, we have established a rapid response mechanism for all customer feedback and complaints, ensuring timely resolution and guaranteeing the highest levels of customer satisfaction.

Through this holistic approach of quality management, we are dedicated to ensuring the excellence and reliability of our products. 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.

Warranty and After-Sale Services

We provide both warranty and after-sales services for our products. Our product quality assurance terms usually provide a warranty period of one to three years. Before entering into contracts with our customers, we determine the product specifications with our customers through mutual negotiation based on product attributes, specific application requirements, and industry practices. This approach allows us to accommodate the unique requirements of different customers. In the event that a product does not meet quality requirements during use, we provide appropriate warranty services to support the normal application of our products in a way that meets customer

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demand. Items returned by our customers under warranty are sent back to our factory for comprehensive re-testing. Following this re-evaluation, we handle the final delivery and disposition strictly in accordance with the customer’s specific requirements.

In addition to the warranty coverage, we handle after-sales requests for products identified as having quality defects. Our customers may request product returns or exchanges for such products. For product exchange, we generally provide products of equivalent quantity or value according to the agreed technical specifications.

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, nor did we make any provision for product liabilities during the Track Record Period.

DATA PRIVACY AND SECURITY

In the course of our business operations, we mainly collect, store and process data relating to transactions with corporate customers, such as their names, addresses, contact information and order details. As the majority of our transactions are conducted with enterprises, our activities generally do not involve the collection or processing of personal information from customers or any important data identified by the competent government authorities. In addition, we did not have any cross-border data transactions during the Track Record Period, and we are not an operator of a critical information infrastructure under the Cybersecurity Review Measures. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the PRC laws and regulations related to data security in all material aspects.

However, in recent years, data privacy and cybersecurity have become critical governance priorities for companies globally. This is relevant as the PRC legislature and government authorities may introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, use, storage, disclosure and transfer of various types of data may be subject to increased administrative scrutiny. See “Risk Factors — Risks Relating to Our Business and Industry in the Principal Place of our Business — Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and abroad. Any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.”

COMPETITION

We operate in a competitive industry. The laser chip market is characterized by intense competition from both established international players and emerging domestic manufacturers. We face direct competition both in China and globally across our products over the laser chips industry. The competition is expected to be further intensified as new domestic entrants are currently seeking to enter into the market. Competition is expected to intensify as certain optical transceiver manufacturers increasingly develop in-house chip capabilities, to build a collaborative, full-industry-chain system that spans optical transceivers, laser chips and optical network terminals.

Moreover, technological evolution is reshaping the competitive landscape. The industry is transitioning toward laser chips with higher data rates, higher output power, and longer transmission distances. Companies with stronger R&D capabilities and faster product iteration cycles are gaining competitive advantages. For details, see “Industry Overview.”

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INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business. We hold a broad portfolio of intellectual property rights related to our core technologies and dedicate substantial time and resources to their continuous development and protection. We rely on a combination of patent, trademark, copyright, domain name, trade secret and other proprietary rights protection laws in the PRC as well as confidentiality procedures and contractual provisions to protect our intellectual property rights.

As of the Latest Practicable Date, we had 36 registered patents in the PRC, and we had 11 trademarks, five copyrights, one domain name registered in the PRC. As of the same date, we also had four registered patents, three pending patent applications and one domain name overseas. For details of our material intellectual property rights, see “Appendix IV — Statutory and General Information — Further Information About Our Group — Intellectual Property Rights.”

We have used our best efforts to ensure compliance with applicable intellectual property laws. Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we were not involved in any intellectual property infringement actions that, individually or in the aggregate, would have a material and adverse effect on our business, financial condition and result of operations. For details, see “Risk Factors — Risks Relating to Our Industry and Business — Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.”

We protect our intellectual property through strategic planning, such as submitting intellectual property registrations and applications, anti-counterfeiting mechanism, especially for trademarks and designs, and litigation mechanism to defend against any existing or potential intellectual property infringement. Despite our efforts, third parties may still obtain and misappropriate our intellectual property without authorization. As of the Latest Practicable Date, to the best of our knowledge, we did not identify any of such misappropriations of our intellectual property rights. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights may adversely affect our business and results of operations. For details of the related risks, see “Risk Factors — Risks Relating to Our Industry and Business — Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.”

EMPLOYEES

As of December 31, 2025, we had 716 employees in total, with most of them based in China. The following table sets forth the number of our employees categorized by function as of the same date:

Functions	Number of employees	Percentage
Research and Development	106	14.8
Manufacturing	535	74.7
Sales and Marketing	17	2.4
Finance	11	1.5
General Administration	47	6.6
Total	716	100.0

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We recruit our employees through recruitment websites, recruiters and internal referrals. In compliance with the relevant PRC laws and regulations, we enter into standard employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We also enter into standard confidentiality and non-compete agreements with key employees and departed personnels.

Recognizing the importance of talent cultivation, we offer a diverse array of training and professional development opportunities to equip our employees with the technical expertise and competence required for their respective functions, while supporting their long-term career advancement. Every new employee participates in a comprehensive onboarding program with systematic trainings tailored to their functions and responsibilities, covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. During the course of our daily operations, we organize both regular and ad-hoc, online and offline training programs to continuously foster the professional skills for our employees at all levels.

We believe that we have maintained good working relationships with our employees, and have established a labor union to represent our employees for employee affairs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and medical insurance, as required by PRC laws and regulations. We also maintain directors and officers liability insurance and property comprehensive insurance covering our manufacturing facilities and equipment.

In line with general market practices, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain key man life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. See “Risk Factors — Risks Relating to Our Industry and Business — We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.” During the Track Record Period, we did not make any material insurance claim in relation to our business.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions from local governments and industry associations. The following table summarizes the major awards and recognitions we received during the Track Record Period:

Year Granted	Awards or Recognitions	Granting Authority
2025	2025 Most Influential Product Award in Optical Interconnect (2025年度光通信最具影響力產品獎)	Cordacord Industry Research Center; China Fiber Optics Online (和弦產業研究中心；光纖在線)
2025	2025 Innovative Product Award in Optical Interconnect (2025年度光通信創新產品獎)	Cordacord Industry Research Center; China Fiber Optics Online (和弦產業研究中心；光纖在線)
2024	R&D Institution Certificate for Industrial Enterprises in Shaanxi Province (陝西省工業企業研發機構)	Industry and Information Technology Department of Shaanxi Province (陝西省工業和信息化廳)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social, and Governance (“ESG”) is the cornerstone of our sustainable development strategy. We have therefore established and progressively refined our ESG policy framework, focusing on substantial matters with significant business implications. While complying with the ESG-related disclosure requirements of A-share market, we will comply with the requirements of ESG reporting and publish ESG report on an annual basis in accordance with the requirements of Appendix C2 to the Listing Rules. We will focus on ESG matters, risk management and key performance indicators that have a significant impact on our business operations as set out in Appendix C2 to the Listing Rules.

ESG Governance

We place high importance on the thorough implementation of ESG principles. To ensure the orderly implementation and efficient advancement of ESG initiatives, we will establish a three-tier ESG governance structure comprising the Board, the Strategy Committee, and the ESG Work Team. This framework is intended to guarantee effective coordination across decision-making, management, and execution levels. The Board serves as the decision-making body for ESG matters, responsible for reviewing and approving our annual ESG objectives, plans, ESG governance structure, management systems, and ESG-related disclosure reports, while overseeing the overall effectiveness of ESG initiatives. The Strategy Committee serves as the research and guiding body for ESG matters, responsible for studying our annual ESG objectives, plans, governance structure, management systems, and other related matters. It advises the Board on relevant initiatives, identifies ESG-related risks and opportunities with significant impact on our operations, and guides management in implementing appropriate responses to ESG risks and opportunities. The ESG Work Team serves as the operational body for ESG initiatives, responsible for implementing and advancing all ESG measures. It summarizes challenges and achievements in ESG work, provides timely feedback to the Strategy Committee on ESG progress, offers constructive suggestions, and facilitates effective ESG implementation across all implementing units.

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To establish and improve our compliance governance system, we have integrated compliance governance details into key institutional documents such as the Compliance Evaluation Control Procedures and the Identification, Evaluation, and Control Procedures for Laws, Regulations, and Other Requirements for strengthening the compliance foundation in environmental and occupational health. Meanwhile, we will closely monitor industry policy developments and regulatory requirements and conduct regular reviews and updates to our systems to ensure the timeliness and adaptability of our compliance governance system. We are committed to maintaining proactive and open communication with internal and external stakeholders, including employees, customers, suppliers, and investors. We continuously enhance the transparency and credibility of our compliance governance, actively foster a compliance culture characterized by full participation and continuous improvement, and cultivate a robust compliance governance environment.

To establish a company-wide compliance awareness system, our senior management actively participates in specialized compliance training programs, continuously enhancing compliance consciousness and governance capabilities. Additionally, we have organized ESG-related training sessions for key Directors and senior management personnel. We will further enhance ESG-related training for all employees to achieve maximum coverage of ESG awareness.

ESG Risk Identification, Assessment and Management

We attach great importance to the establishment of a risk management system, and have formulated and strictly implemented a series of internal control-related policies. We have established a set of mechanisms for risk identification, analysis, and assessment that cover the entire operation process and run through all dimensions of ESG. We rigorously enforce business ethics and compliance management while strengthening internal audit efforts, thereby providing a solid foundation for sustainable development. During the Track Record Period and up to the Latest Practicable Date, we had not incurred any criminal penalties, administrative penalties, environmental or safety incidents, or disclosure violations that would have any material adverse impact on our results of operations, financial position or growth prospects.

Major Risk Identification and Assessment Management

We have established a systematic and routine mechanism for identifying and assessing major risks to ensure the forward-looking nature and effectiveness of our risk management and control efforts. For major risks spanning all ESG dimensions, we enhance our resilience by regularly identifying and evaluating internal and external factors, developing strategies to address risks and opportunities and overseeing their implementation.

Climate Change Risks

In the course of our operations and development, we face physical risk challenges arising from climate change, which may adversely affect our operations in multiple aspects. Acute physical risks may affect the stability of our supply chain, lead to interruptions in the supply of raw materials, and ultimately trigger chain effects including increased operating costs, forced suspension of research and production activities, hidden safety hazards, impaired production capacity, delayed order delivery, and financial losses. Chronic physical risks may affect energy efficiency in production processes and increase operating costs, such as those associated with regulating workshop temperature and humidity. If such chronic environmental changes continue to intensify, they may also pose potential adverse effects on the stability of raw material supply and the adaptability of production processes, thereby indirectly affecting our normal operational rhythm and profitability.

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To address the risks arising from climate change, we enhance supply resilience by optimizing supply chain layout and expanding alternative suppliers across multiple regions and have formulated emergency response plans for extreme weather to safeguard production safety and business continuity. Meanwhile, we have equipped intelligent temperature and humidity control systems to enhance environmental adaptability in the production process, reduce the pressure of energy consumption costs caused by long-term climate anomalies, and ensure stable operational rhythm and profitability.

Risks of Low-Carbon Economic Transition

As regulators, investors, and customers continue to place increasing attention on ESG performance and relevant regulatory frameworks are continuously refined, compliance requirements and disclosure standards in relation to emission control, resource utilization efficiency, and maintenance of community relations are progressively raised. We will establish a regular ESG policy and regulation tracking mechanism, closely monitor changes in domestic and international environmental protection regulatory requirements and disclosure standards, promptly optimize our internal compliance management system, and ensure that our operational activities align with new regulatory rules.

Climate Change and Environmental Protection

Addressing Climate Change

We recognize the significance of climate change and its potential impact on both our business and the broader environment. We closely monitor and proactively manage our greenhouse gas (“GHG”) emissions, with the goal of reducing our negative impact on the climate. We also continue to explore energy-efficient technologies and sustainable operational practices to minimize our environmental footprint and contribute to a low-carbon future. The following table sets forth our GHG emissions during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Scope 1 GHG emissions ⁽¹⁾	tCO ₂ e	1,563.2	1,501.4	1,796.4
Scope 2 GHG emissions ⁽²⁾	tCO ₂ e	10,144.9	10,737.0	12,804.0
Scope 3 GHG emissions ⁽³⁾	tCO ₂ e	1,490.6	1,502.5	1,743.3
Total GHG emissions	tCO ₂ e	13,198.6	13,741.0	16,343.7

Notes:

- (1) Scope 1 emissions primarily result from the consumption of gasoline, diesel, and natural gas during production and operational processes.
- (2) Scope 2 emissions primarily stem from indirect GHG emissions associated with our purchased electricity consumption.
- (3) We are progressively expanding our measurement and accounting of GHG emissions data to cover Scope 3, including: Category 3 — Fuel- and energy-related activities not included in Scope 1 or Scope 2 emissions; Category 6 — Business travel; and Category 9 — Downstream transportation and distribution. We plan to further expand the scope of GHG emissions measurement and accounting in the future to better manage GHG emissions and enhance related information disclosure.

BUSINESS

Energy Management

In daily operations, our primary energy consumption consists of electricity and natural gas. To steadily advance the green and low-carbon transition and continuously improve energy utilization efficiency, we have proactively implemented energy-saving measures. These include introducing solar water-heating systems, prioritizing high-efficiency and energy-saving equipment at the design stage, and progressively optimizing the energy structure of operating vehicles by replacing gasoline-powered vehicles with new energy electric vehicles, thereby further reducing our reliance on fossil fuels. The following table sets forth our energy consumption during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Total electricity consumption	MWh	17,788.6	18,827.0	22,451.4
Total electricity consumption per unit of revenue	MWh/RMB million	123.2	74.7	37.3
Natural gas consumption	m ³	774,378.4	742,512.5	895,126.9
Natural gas consumption per unit of revenue	m ³ /RMB million	5,362.7	2,944.5	1,488.3

Water Resources Management

We have reinforced water conservation awareness among all employees by posting water conservation signs, while simultaneously advancing the construction of rainwater recycling systems to achieve circular utilization of water resources. Additionally, we have established a routine water resource management inspection mechanism, focusing on identifying potential leaks and drips within the water supply network. Any issues detected are promptly rectified and addressed to enhance water resource management. The following table sets forth our water consumption during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Total water consumption	Ton	117,675.0	128,126.0	186,976.0
Total water consumption per unit of revenue	Ton/RMB million	814.9	508.1	310.9

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Waste Management

We strictly comply with national and local pollutant discharge standards and implement refined management of wastewater, waste gas, solid waste, and noise to ensure that the discharge of all types of pollutants meets the current regulatory requirements, thereby minimizing the adverse impacts on the ecological environment and surrounding communities. We have formulated and implemented the Solid Waste Management System, establishing a full-chain management mechanism covering classification, collection, storage, and disposal of solid waste, thereby steadily advancing its reduction and hazard-free disposal. For hazardous waste, we adopt sealed collection methods and entrust its treatment to qualified third-party disposal entities. For non-hazardous waste, such as waste cardboard boxes, we transfer them to waste recycling companies for resource recycling and reuse. In 2025, we set and successfully achieved the target of 100% recycling of solid waste. The following table sets forth our waste charge during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Quantity of general solid waste	Ton	3.5	3.5	5.6
Quantity of hazardous waste	Ton	56.3	89.0	127.6
Total quantity of waste	Ton	59.8	92.5	133.2

Social Indicators

Diversity and Employment

We acknowledge that a diverse board membership structure brings more comprehensive perspectives, richer experience, and more flexible decision-making approaches to the us, thereby helping us maintain sustainable innovation capabilities and stable operations. The composition of our Board members reflects a diverse structure. As of December 31, 2025, our Board consisted of eight directors, including two female directors. The professional backgrounds of the Board members span material science, broadband communications, mechanical engineering, law, etc.

We consistently uphold the principle of equal employment and achieve full coverage of labor contract signing. We also adhere to the principles of fairness and equality in employment, matching diverse talents with suitable positions while ensuring the entire recruitment process remains lawful and compliant. Meanwhile, we have established a diversified talent recruitment mechanism, comprehensively utilizing integrated online and offline recruitment models to extensively attract high-potential talent and effectively fulfill our corporate social responsibility.

Caring for employees is the cornerstone of our corporate social responsibility. We are committed to respecting the dignity, individuality, privacy, and personal interests of every employee, and strive to create a positive, inclusive, and supportive work environment to foster employees’ sense of happiness, belonging, and overall well-being. In terms of employee benefits, we have continuously refined our diversified benefits system and embedded employee care into daily operations.

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We have established a comprehensive management mechanism for employee promotion and development, which designs distinct promotion paths for different types of talents and is complemented by scientific and standardized evaluation criteria and promotion procedures. We have also established a comprehensive, multi-tiered, and multi-channel employee training system covering several dimensions, including onboarding training for new employees, department-specific training for current employees, training for mid-to-senior-level managers, as well as exchange and learning activities through international forums.

Occupational Health and Safety

We strictly comply with the relevant laws and regulations on work safety and occupational disease prevention and control and are committed to providing employees with a healthy and safe working environment. We have formulated a series of regulatory documents, including the Safety Management System, Full-Staff Work Safety Responsibility System, Procedure for the Operation and Control of Environmental and Occupational Health and Safety, Hazardous Substances Risk Management Procedure, Procedure for the Identification, Risk Assessment, and Control of Hazardous Sources and Environmental Factors, and Emergency Preparedness and Response Control Procedure. In addition, we have established an Occupational Health and Safety Management System to minimize occupational health and safety risks and safeguard the health and safety of employees.

We conduct regular monitoring of occupational hazard factors in workplaces with occupational hazards, in accordance with relevant regulations and standards, to ensure that the working environment complies with health standards. For employees in positions with exposure to occupational hazards, we conduct regular occupational health examinations before, during, and after employment tenure to promptly identify and address potential health issues. In addition, we regularly organize employee safety training, emergency drills, and other activities to enhance employees’ safety awareness and foster a corporate culture that prioritizes health and safety.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any occupational health and safety incidents or any claims for personal injury or property damage that would have any material adverse impact on our results of operations, financial position or growth prospects.

Supplier Management

We have established a full life cycle management system covering supplier qualification and access, dynamic performance evaluation, and exit due to red-line violations. By continuously optimizing the supply chain management mechanism, we enhance supply chain collaboration efficiency and ensure the stable and orderly conduct of production and operating activities. For details, see “— Procurement and Supply Chain Management — Supply Chain Management.”

Social Contributions

We firmly believe that social responsibility and business success are mutually reinforcing, and the sustainable development of an enterprise cannot be achieved without giving back to society. Accordingly, we actively fulfill our social responsibilities, deeply engage in rural revitalization, and contribute to improving living conditions in rural areas, thereby promoting social harmony and progress through concrete actions.

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We strive to address social issues, inspire positive social energy, and promote social harmony and progress through multiple dimensions, including resource conservation, employment promotion, and employee rights protection. We are deeply engaged in rural revitalization, drawing on the experience of the “Green Rural Revival Program.” In collaboration with charitable organizations, we launch rural assistance initiatives focusing on the improvement of infrastructure and other livelihood-related sectors. Through concrete actions, we help build a demonstration model for rural revitalization, showcasing our corporate social responsibility.

Governance

We have always upheld integrity in business operations and self-discipline as our core principles, committed to fostering a culture of uprightness, integrity, justice, and honesty, and adopted systematic measures to establish a robust defense line of integrity. We strictly comply with relevant laws, regulations, and provisions in preventing commercial bribery. We have also formulated the Integrity and Clean Governance Management System to ensure that we operate in strict compliance with legal and ethical standards and eliminates corruption and other misconduct at its source. To strengthen employees’ integrity awareness, we conduct annual training and education programs on integrity and anti-corruption, thereby reinforcing our commercial ethics defenses.

In addition, we have established a whistleblowing mechanism, encouraging employees, customers, suppliers, and other cooperating third parties to file complaints or report violations such as commercial bribery. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any incidents of corruption, bribery, or fraud, or any related legal proceedings that would have any material adverse impact on our results of operations, financial position or growth prospects.

PROPERTIES

Self-owned Properties

As of the Latest Practicable Date, we obtained seven real estate ownership certificates, pursuant to which we own the right to use construction land with an aggregate site area of over 25,000 sq.m. and own six buildings with an aggregate GFA of over 26,000 sq.m. These properties are primarily used as our existing and planned manufacturing facilities and office premises. See also “— Manufacturing — Manufacturing Facilities.” We hold the valid title for these parcels of land and the relevant building ownership certificates. As confirmed by our PRC Legal Advisors, we had obtained valid legal titles to these properties and land use rights for the land occupied by these buildings, and that we are entitled to legally occupy, use, benefit from, transfer, lease, pledge or otherwise dispose of these properties.

Leased Properties

As of the Latest Practicable Date, we leased three properties with a total gross floor area of over 3,500 square meters in Chinese mainland and one property of 153,710 usable square feet in the U.S. We plan to renew our leases or negotiate new terms when the existing leases expire. Except as disclosed in “Connected Transaction” in this document, as of the Latest Practicable Date, all lessors are Independent Third Parties. We did not experience any material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date. We believe that there is a sufficient supply of suitable properties in Chinese mainland to meet our current and foreseeable operational needs.

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As of December 31, 2025, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 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 in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group’s interests in land or buildings.

LICENSES AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators and are required to maintain or renew the necessary permits, licenses and certificates for our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations and such licenses, permits and certifications all remain in full effect. For details regarding the laws and regulations to which we are subject, see “Regulatory Overview.”

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in obtaining or renewing the required licenses, permits, approvals, and certificates for our business operations. We do not expect there to be any material legal impediment in renewing these licenses, permits, approvals and certificates as they expire in the future as long as we are in compliance with applicable laws, regulations, and rules.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal or administrative proceedings that could materially impact our operations, financial position, growth prospects, or reputation. Like all companies in our industry, we may occasionally face routine claims or proceedings arising from normal business activities. For details, see “Risk Factors — Risks Relating to our Industry and Business — We are subject to risks relating to lawsuits, claims, disputes, regulatory investigations or administrative proceedings, which could adversely affect our business, financial condition, results of operations and prospects.”

Compliance

We maintain rigorous compliance with all applicable laws and regulations governing our operations. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operation.

BUSINESS

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. Our Directors oversee and manage the overall risks associated with our operations. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system,
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure,
- provide 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; and
- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

We have formulated a series of anti-bribery compliance policy in accordance with the applicable laws and regulations as part of our internal control procedure. We have established an employee code of conduct, which covers anti-bribery compliance requirements in our business operations. Our employees involved in the accounting and finance function shall be alert to any suspicious transactions and are required to report such suspected violations identified. We also encourage all employees to report any suspicious violations in this area.

Internal Control

We engaged an independent internal control consultant to perform an assessment on the effectiveness of our internal controls, to identify deficiencies in our internal control system and to furnish recommendations on enhanced internal control measures. The work scope of our internal control consultant covered both company-level and process-level internal control assessments, including control environment, risk assessment, control activities, information and communication, monitoring, sales and accounts receivable management, procurement and accounts payable management, inventory management, production and cost control, human resources and compensation, fixed assets and intangible assets management, cash and treasury management, financial reporting and disclosure, insurance management, tax management, R&D management, and general IT controls.

BUSINESS

Financial Reporting Risk Management. We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies and financial statements preparation policies. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Legal Compliance Risk Management. We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We have streamlined the process of application, maintenance and renewal of our licenses, permits and approvals. We continuously review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient. In addition, we strengthen our legal and compliance risk management by monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities, and accordingly updating our internal protocols and procedures in a timely manner.

Human Resources Risk Management. We provide regular and specialized training tailored to the needs of our employees across different departments. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding commercial practice, work ethics, fraud prevention mechanism, negligence and corruption. We also provide employees with resources for explanation on guidelines contained in the employee handbook. We also have in place an anti-corruption policy to safeguard against corruption within our Company.

Information System Risk Management. Sufficient maintenance, storage and protection of consumer data and our business data are critical to our success. We have established relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data are avoided. We also regularly update our policies regarding our information system and engage in proactive threat monitoring and incident response.

Quality Control and Product Safety Internal Control. We have implemented quality control measures to preserve the quality of our products. Our quality control team is responsible for formulating our quality control policies to ensure compliance with all applicable PRC laws and regulations. Our quality control process generally comprises: (i) quality control on product design and development; (ii) quality control on production management; and (iii) quality control on storage and transportation.

Internal Audit and Board Oversight. We have established an internal audit team to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system effectively identifies, manages and mitigates risks involved in our business operations. The internal audit team is responsible for supervising our internal audit functions.