BUSINESS

OVERVIEW

We are a world-leading one-stop platform-based technology company in the optical interconnect industry. Our success is driven by our relentless innovation. Underpinned by our highly reusable technology platforms and deep vertical integration across the value chain, we offer one-stop optical interconnect solutions spanning passive optical components, active optical components and integration services, becoming a key enabler for AI computing infrastructure in the global AI era.

Who We Are

We are the world's largest provider of integrated optical component solutions. Since our inception, "ultra-precision design and manufacturing" has been embedded in our genes. Building upon our robust basic material technologies and unwavering commitment to craftsmanship, we have developed a series of passive optical components featuring high consistency, high reliability and high precision. With systematic know-how of packaging processes, we have strategically expanded into the active optical component sector and transitioned from a product-centric company to a platform-based company. We also provide integration services at customers' request. To date, we have become a world-leading technology company providing one-stop optical interconnect solutions spanning passive optical components, active optical components and integration services. Leveraging our superior and scarce one-stop capabilities, we have established long-term cooperation with world-leading optical transceiver manufacturers and fostered in-depth partnerships with world-leading AI computing infrastructure providers.

Our proactive development of advanced technologies, keen insights into market demand, and commitment to high-quality delivery and services are the core drivers that have enabled us to thrive through technology cycles and achieve enduring success. As optical interconnect products rapidly iterate, we are the first globally to deliver 800G and 1.6T optical engines. In addition, we have stayed at the forefront of the industry in terms of next-generation optical interconnect technologies, propelling the industry towards higher speed and higher integration. With a focus on ultra-precision, high-density optical interconnect solutions for CPO architectures, we have been a core partner for CPO solutions by a world-leading AI computing infrastructure provider. Leveraging our solid technological capabilities and forward-looking market insights, we have also been developing next-generation technologies on SiPh integration and TFLN.

We uphold four core values of TFC—Technology First (技術為本), Trust First (客戶為先), Time First (時效為綱), and Talent First (人才為基)—and we consistently maintain an industry-leading position across these critical dimensions:

(1) According to Frost & Sullivan;

(2) Based on revenue for the year ended December 31, 2025;

(3) High-speed optical engines refer to optical engines used in 800G-and-above high-speed optical interconnect products; and

(4) As of December 31, 2025.

Our Core Capabilities

With twenty years of in-depth industry engagement and underpinned by our comprehensive basic material know-how, we have continuously innovated advanced processes, broken through technological boundaries along the industry value chain, and developed highly extensible and reusable general-purpose technology platforms. As such, we have established our hard-to-replicate vertical integration advantages in the optical interconnect industry. Aligning with the industry trends towards more compact, highly integrated and ultra-precision optical interconnect products, we are able to accurately address customer pain points, provide comprehensive customer services and ensure high-quality and stable delivery through large-scale precision manufacturing, thereby fostering a highly sticky and collaborative ecosystem. Meanwhile, following a market-oriented philosophy, we leverage feedback from customer demands to propel front-end development and continuously reinforce our leading position in technologies and processes, to build a competitive moat that consistently generates new values for customers.

R&D: Deep Expertise and Proactive Deployment

Driven by our craftsmanship dedicated to excellence, we continuously increase our R&D investment and have established three R&D centers in Suzhou, Shenzhen and Japan. Anchored by our capabilities in ultra-precision design and manufacturing as well as packaging, we have established a formidable

technology moat consisting of ten core technology platforms. In light of next-generation technology roadmaps, we consistently maintain leading R&D capabilities, empowering our customers to seize the market with pioneering products. According to Frost & Sullivan, we are the first globally to deliver 800G and 1.6T optical engines. Through efficient collaboration with our customers, we have achieved industry-leading delivery efficiency, quality and performance and can fully meet stringent requirements of major global customers.

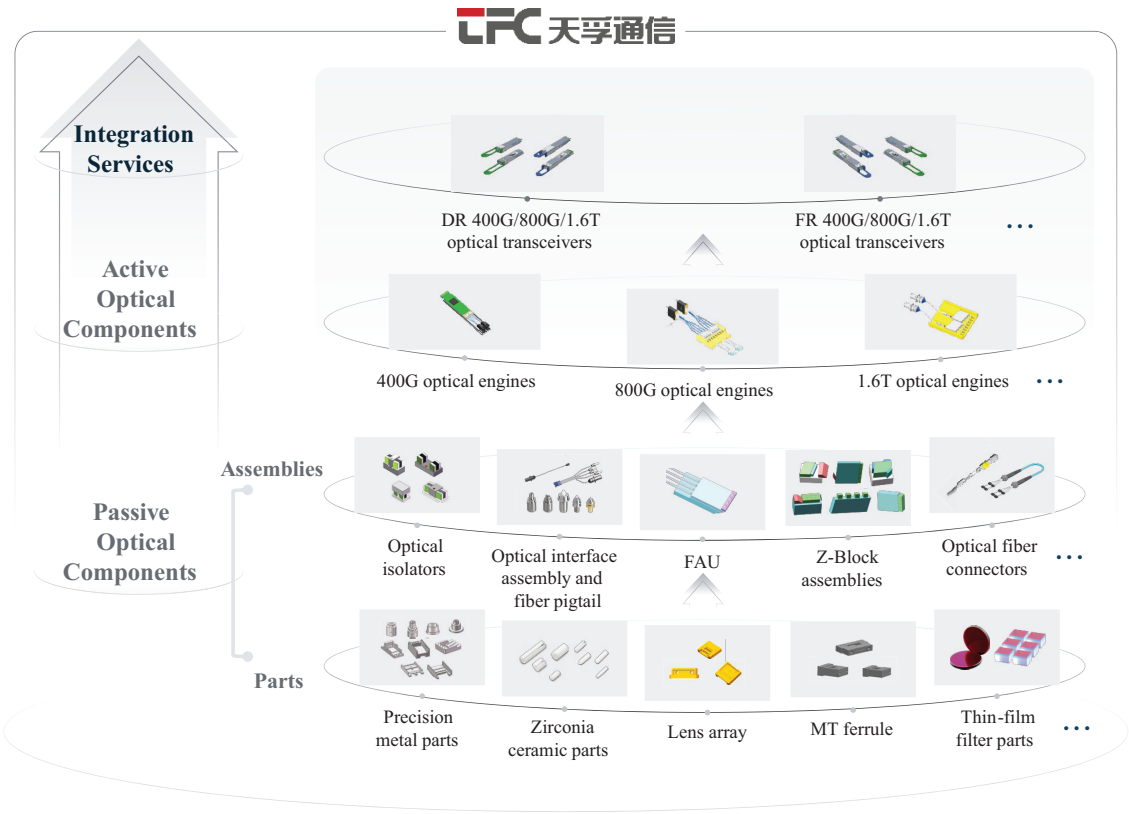
We are deeply involved in our customers' technology roadmap planning and product development. We have accomplished core technology reserves and product validation approximately one to two years ahead of the industry average. Meanwhile, we proactively advance our technologies towards next-generation frontier technological roadmaps, such as CPO, to establish a decisive early-mover edge for us. We have supplied key components, such as multi-channel high-density FAUs and external laser source, or ELS, modules, for CPO solutions to a world-leading AI computing infrastructure provider and continue to deepen our collaboration with it on CPO solutions. Furthermore, we have been proactively developing technologies on SiPh integration and TFLN. Our R&D strategy of "grounded in the present, geared toward the future" not only secures our competitive edge in the current technology cycle, but also lays a solid foundation for our commercialization of next-generation technologies.

Products: Vertical Integration and Diverse Offerings

We have turned our scarce vertical integration capability into our product advantage. As product precision continues to improve and product size continues to miniaturize, isolated technologies can no longer satisfy customers' demands for highly integrated products. Through synthesizing and innovating technologies for four basic materials—precision ceramics, engineering plastics, metal composites and optical glass—we have built an industry-leading and rich product portfolio and eight optical interconnect solutions, and offered differentiated and customized one-stop solutions to customers adopting various technology roadmaps.

We have developed a multi-form, multi-tiered portfolio of passive optical components, including precision metal parts, zirconia ceramic parts, lens array, FAUs, Z-Block assemblies and optical fiber connectors. We held the world's highest market share in the FAU segment in terms of revenue in 2025, according to Frost & Sullivan. We have carried out in-depth R&D on packaging technologies and offered customers a wide range of active optical components, including high-speed optical engines. We also provide integration services at customers' request.

Our one-stop solutions create values for customers by enabling them to achieve controllable R&D, cost, quality and time. We are able to achieve synergies and optimization of design and processes across every internal step during the R&D stage, which not only enhances the success of new product development but also improves technology commercialization and product yield. Meanwhile, internal integration offers significant cost advantages over external procurement and mitigates quality and delivery risks associated with external parties, thus ensuring efficient yet stable product delivery.



Manufacturing: Global Footprint and Precision Manufacturing

We have built a global manufacturing system focused on ultra-precision design and manufacturing and high-quality delivery, translating the sub-micron-level craftsmanship into stable product delivery in hundreds of millions of units a year. Our in-depth understanding of packaging processes further enables our high-quality delivery of high-speed optical components. We have established a dual-engine global manufacturing system anchored in Gao'an, Jiangxi province, China and Chonburi, Thailand, ensuring efficient, stable and flexible delivery. Through IT infrastructure investment and automation upgrades, we have established a highly efficient intelligent manufacturing system. We adhere to our quality management principles of "excellence for all, quality 120, craftsmanship in TFC (萬品入精, 質量120, 匠心天孚)," upon which we have built our all-around quality management system and fully digitalized production management.

Commercialization: Customer-centric and Ecosystem Co-development

We are committed to a customer-first core value. Leveraging our sustained R&D investment, strong technological capabilities, and our acute insights into frontier technology trends, we are deeply involved in joint R&D and product iteration with our customers, facilitating the prompt commercialization of their new products. Thanks to our products featuring consistent quality, outstanding performance and strong value for money, we have fostered a highly sticky and collaborative ecosystem. Moreover, we have established a global sales and service network covering China, the United States, Singapore, Japan and Thailand, to respond to demands of our customers worldwide in a timely manner. We serve world-leading optical transceiver manufacturers and collaborate with world-leading AI computing infrastructure providers on high-speed optical engines and CPO solutions as one of their core suppliers.

Our Market Opportunity

After decades of accumulation and development, the AI wave, catalyzed by the emergence of ChatGPT, has come to an inflection point, much like the Fourth Industrial Revolution. AI applications are

empowering industries across the board and the explosive growth in AI training and inference demand is driving a synchronized expansion of computing infrastructure both in China and globally. Optical interconnects, as one of the core pillars of AI infrastructure, is poised for a sustained growth opportunity with high visibility. According to Frost & Sullivan, the global datacom optical interconnect market is projected to grow from US$16.2 billion in 2025 to US$88.7 billion in 2030, representing a CAGR of 40.5%. As a critical segment in the optical interconnect supply chain, the global optical component market is projected to grow from US$6.1 billion in 2025 to US$22.9 billion in 2030, at a CAGR of 30.5%.

Unprecedented AI computing demand is reshaping the network topology of data centers. The demand for higher-power, higher-speed and higher-efficiency interconnectivity is driving traditional cloud data centers to upgrade their network architectures towards greater flatness and higher density to accommodate more massive AI-driven traffic. This trend of intra-cluster traffic increase has materially uplifted the optical interconnect density required per GPU and accelerated the iteration of optical interconnect technologies from 400G to 800G and further to 1.6T. According to Frost & Sullivan, the global market share of high-speed optical components at 800G and above is projected to grow from 32.8% in 2025 to 85.6% in 2030.

As a next-generation solution to address bandwidth, power consumption and signal attenuation bottlenecks, CPO technology is expected to further propel the evolution of optical interconnect product architectures and supply chain ecosystems. According to Frost & Sullivan, CPO solutions are expected to increase sales from 2027 and reach a penetration rate of 32.2% in the global datacom optical interconnect market by 2030, representing a market size of US$28.6 billion. Leveraging our profound expertise in optical component development and packaging, together with our proactive development of CPO technology, we are well-positioned to capitalize on the at-scale adoption of CPO.

Our Proven Track Record

We achieved continuous growth during the Track Record Period. Our revenue grew from RMB1.9 billion in 2023 to RMB3.2 billion in 2024, and further to RMB5.1 billion in 2025, representing a CAGR of 63.0%. Underpinned by our cutting-edge technology development, strategic value chain positioning, precision manufacturing, and progressive corporate culture, we have maintained a long track record of profitability. Over the decade, since our listing on the ChiNext Board of the Shenzhen Stock Exchange in 2015, our average gross profit margin and net profit margin have exceeded industry averages. In 2025, we achieved a gross profit margin of 52.9% and a net profit margin of 39.7%. We place great emphasis on the quality of our operations. Through ongoing management of working capital turnover, we generated strong operating cash inflows of RMB0.9 billion, RMB1.3 billion and RMB1.9 billion in 2023, 2024 and 2025, respectively. We are deeply committed to shareholder returns and consistently share our achievements with our shareholders. For the past 11 years, we have maintained an annual dividend payout ratio of over 40% on average, and have sustained an industry-leading return-on-equity ratio.

OUR STRENGTHS

Technology moat enabled by our highly reusable technology platforms and market-oriented R&D strategy

Guided by our R&D philosophy stressing "reusability of foundational technologies and platformization of core processes," we have built highly extensible technology capabilities that catalyze disruptive innovation from materials to frontier products. We have long focused on R&D in basic materials, including precision ceramics, engineering plastics, metal composites and optical glass, and continuously innovate and iterate applications of the materials. On top of this and leveraging our proprietary precision manufacturing processes, including sub-micron-level high-precision optical alignment and nano-level molding design, we have established ten core technology platforms, such as our high-speed optical engine design and packaging technology platform and FAU design and manufacturing technology platform, and eight optical interconnect solutions. Our profound understanding and mastery of fundamental physics have empowered

us with highly-reusable technological capabilities, allowing us to swiftly deploy general-purpose technology modules to achieve the commercial adoption of advanced technologies ahead of the industry and satisfy market demand for rapid product iterations.

We operate with a result-driven, market-oriented R&D strategy, consistently demonstrating precise foresight of technology trends. Our customer base spans world-leading optical transceiver manufacturers and world-leading AI computing infrastructure providers. Our R&D focus is shaped by the demand insights gained from serving these customers over the long term. We have developed technology reserves in light of the evolution of optical interconnect technologies from 400G to 800G and further to 1.6T and the emergence of new technologies, including SiPh integration, TFLN and CPO. According to Frost & Sullivan, we are the first globally to deliver 800G and 1.6T optical engines. We are also a core partner for CPO solutions of a world-leading AI computing infrastructure provider.

We are dedicated to long-term prosperity and have continuously made substantial R&D investments to lay a solid foundation for our technological advancement. We have established three R&D centers in Suzhou, Shenzhen and Japan. As of December 31, 2025, we had 774 R&D personnel and 194 registered patents, representing a world-leading optical component patent portfolio among all optical component providers. For eight consecutive years up to 2025, we were recognized as a "Top 10 Most Competitive Enterprises in China for Optical Components and Ancillary Equipment" jointly awarded by the Asia-Pacific Optical Communications Committee and the Network Telecom Information Research Institute.

Business ecosystem based on our distinctive value chain positioning and "Trust First" philosophy

Our unique value chain positioning has been the cornerstone of our enduring presence in the optical interconnect industry over the decades. In dealing with our customers, we uphold the strategic discipline of "act with purpose, refrain with discipline, and respond with agility." We respect the boundaries within the supply chain and strategically focus on high-value, high-barrier core segments of the industry value chain. We selectively concentrate on the manufacturing of core components to build a technology moat and act as a key enabler across various technological pathways, striving to become a trusted supplier for leading customers. We believe that the optical interconnect industry has great long-term growth potentials and we are well positioned to benefit from the industry upside through deep alignment with our downstream customers.

"Trust First" permeates every facet of our operations. By delivering to customers an unparalleled service experience characterized by manageable R&D, cost, quality and time, we have formed a strategic symbiosis relationship with core customers that transcends the conventional buyer-seller dynamics. As AI is accelerating product iteration, we are not merely a supplier, but an accelerator for our customers' R&D. We engage deeply with customers from the early product definition stage and jointly develop and lock in core technology routes, which substantially improves R&D efficiency and return on investment for both parties, while enabling rapid responses, efficient execution and mutual success. Moreover, taking advantage of internal sourcing and end-to-end collaboration, we help customers to mitigate delays and compatibility risks stemming from multi-vendor coordination. Our global service network also enhances supply chain efficiency and controls, creating added value for our customers.

Based on our deep technological and strategic alignment with our customers, we have successfully served a highly sticky AI ecosystem. Our customers include world-leading optical transceiver manufacturers and we have fostered in-depth partnerships with world-leading AI computing infrastructure providers. We maintain long-term, stable relationships with our customers and have collaborated with our key customers for an average of over ten years. We continuously expand the boundaries of collaboration with key customers to support their new product upgrades. For example, our relationship with a world-leading AI computing infrastructure provider began with passive optical components. After years of collaboration and calibration, we successfully extended our partnership to active optical components. Through the deep empowerment for these major AI chain companies, we have become an indispensable participant in the AI computing ecosystem.

Quality and cost advantages solidified by our vertically integrated one-stop solutions

Taking advantage of our industry-leading ultra-precision design and manufacturing capabilities, we are precisely positioned in the core high-value segments of the industry value chain. By continuously deepening vertical integration in our areas of strength and achieving large-scale delivery, we have transformed from an optical component provider to a one-stop optical interconnect solution provider. For example, measured by value, we have achieved a self-sufficiency ratio of approximately 99% for certain FAU products. We choose to do challenging but right things. While the strategic decision on vertical integration brings complexity to management, we have remained committed to breaking the product boundaries of traditional manufacturing, elevating our deliverables from discrete parts and assemblies to highly integrated solutions. Deep vertical integration effectively reduces the hidden costs and quality friction associated with cross-organizational coordination. It not only meets customer needs for one-stop procurement and substantially streamlines the complexity in multi-vendor management and quality traceability, but also enables us to capture a greater customer wallet share. We have grown to become a world-leading one-stop optical interconnect solution provider, delivering passive optical components, active optical components and integration services.

Comprehensive visibility across the entire industry value chain creates distinctive synergies for R&D, allowing us to break the level of granularity in quality control down to basic materials and individual basic parts, identifying the optimal solution for product quality and cost from the ground up. Drawing on our comprehensive understanding of upstream and downstream segments, we have established an agile R&D feedback mechanism: performance requirements from end customers are fed back all the way to the front-end materials and processes, whilst our in-depth insights into basic materials enable us to optimize the initial product designs, efficiently fulfilling our customers' customization requirements. This two-way R&D feedback loop helps to guarantee product quality. Furthermore, our highly integrated supply chain and high self-sufficiency ratio of key components contribute a significant cost advantage.

Supply chain resilience and flexibility enabled by our precision, intelligent and global manufacturing system

Precision, intelligence and globalization are three core pillars of our manufacturing system, enabling us to achieve manageable cost, quality and delivery. We remain committed to ultra-precision design and manufacturing. We are able to manufacture at the micron-level, whilst achieving stable mass-production at the scale of hundreds of millions of units a year. For example, in the passive optical component sector, our processing precision of zirconia ceramic sleeves can be as small as 0.1μm; in the active optical component sector, leveraging our technologies in designing, integrating and testing optical engines, our automatic SMT pick-and-place machines have achieved a 0.5μm precision, both leading the industry. We are also at industry-leading levels for product yield and consistency.

In response to macro-environment challenges from a volatile international trade landscape and global supply chain restructuring, we have established a dual-engine global production presence anchored in Gao'an, Jiangxi province, China and Chonburi, Thailand. This is not a simple expansion of capacity. Rather, this is a global extension under unified quality standards. The rapid construction and efficient operation of our Thailand production facility not only effectively mitigate the impact of geopolitical uncertainties, but also empower our local innovation and agile global delivery. We fully leverage our local advantages through our production facilities in China to achieve cost optimization whilst maintaining high-quality, stable mass-production sufficient to serve ever-growing customer demand globally. Meanwhile, we place great emphasis on supply chain safety and have established a flexible supply chain characterized by centralized procurement, digitalized management, and diversified suppliers. We adopt a strategy of centralized procurement at headquarters supplemented by localized procurement, with a cross-regional procurement team responsible for centralized sourcing globally. We have introduced an end-to-end digitalized supply chain management system that provides refined management and control. Alongside our long-term quality partnerships with core suppliers, we continuously explore supplier resources to establish a globalized, high-quality, stable and flexible supply chain network.

In addition, we are committed to investing in IT systems and automated production lines to build smart factories. For instance, our Jiangxi premises have a total site area of 231,461 sq. m., which encompass a modern production facility with fully-digitalized production equipment and an industry-leading automation level. By upgrading our core IT systems, such as the product lifecycle management system ("**PLM**"), enterprise resource planning system ("**ERP**"), manufacturing execution system ("**MES**"), and warehouse management system ("**WMS**"), we have realized end-to-end data collection and visualized management spanning design, processing, production, quality control and logistics, and established an efficient intelligent manufacturing system.

Sustained prosperity led by our visionary management and driven by our progressive corporate culture

Our management team has over 20 years of deep experience and expertise in optical interconnects and precision manufacturing, and shares an unwavering commitment to technology development, outstanding management experience, and a sharp, global strategic vision. Leveraging his profound expertise in mechanical design and materials science, our founder and chairman of the Board, Mr. Zou, who has been deeply engaged in labs and factories for the past 20 years, has led the development of multiple core proprietary technologies. His keen technological insights enable him to grasp the rhythm of industry evolutions and drive our R&D in frontier domains such as CPO and SiPh integration. Our co-founder, Director and general manager, Ms. Ou, has a forward-looking vision and exceptional business acumen. She effectively drives the execution of our business strategies and steers us towards sustained and sound development with her exceptional execution and refined operation capabilities.

Along with our high-quality business growth, we have established a well-rounded global core operations team. To date, our core operations team is based in China, Singapore, Thailand, Japan and the United States, covering key functions including R&D, customer support, operations, and manufacturing. Led by our chairman and general manager, this multidisciplinary operations team, fluent in technology, manufacturing and operations, ensures the scientific rigor and foresight of our every strategic decision by leveraging their seasoned expertise. This provides lasting and robust support for our R&D and mass production to serve our customers in the long run.

We attach high importance to cultivating our corporate culture and developing our talent pool and advocate corporate spirit of "maintain passion, drive innovation, ensure execution, foster teamwork, and pursue excellence." We have built a talent system characterized by high standards, strong talent development and robust incentives, which fuels our long-term development with sustainable organic momentum. We actively attract college graduates and outstanding industry practitioners. We make sure our talent pipeline closely aligns with our positioning and customer requirements. Meanwhile, we have a sophisticated employee development system that strengthens our employee versatility and increases their readiness for global business. To preserve our entrepreneurial vitality, we have implemented equity incentive plans for more than ten years, covering over 1,000 awards to participants from the core management down to mid-level technical specialists. This long-term incentive mechanism not only ensures an exceptionally low turnover rate among our core personnel, but also attracts world-class international talent to join us. A culture that values and rewards talent ensures that we always possess a wellspring of innovation to carry us through cycles in the long term and achieve sustained prosperity.

OUR STRATEGIES

We believe that the AI era is just at its beginning. We are committed to empowering global AI computing infrastructure by leveraging our strengths as a platform-based technology company in the global optical interconnect industry. As such, we have formed a coordinated framework of strategies, focusing on customers, technology, integration, expansion and talent, to capitalize on the industry's development opportunities, enhance our core competitiveness and unlock our long-term growth potentials.

Customer-oriented (以高定核): To solidify our position in high-value segments of the industry value chain and foster synergies through customer ecosystem engagement

We will continue to strengthen our core competencies and solidify our strategic position in high-value segments of the optical interconnect industry's value chain. We intend to continuously make substantial R&D investments to broaden our technology moat and deliver high-quality products to major global customers.

Guided by customer-oriented philosophy and driven by continuous technological innovation, we will remain focused on critical areas supporting computing infrastructure while expanding our product portfolio. As the industry ecosystem continues to evolve, to achieve value co-creation, we will deepen ecosystem collaborations with our customers through technological empowerment and resource synergies. Through these efforts, we seek to contribute to the advancement of our industry and further solidify our role as a key enabler of the global AI infrastructure development.

Technology-driven (以遠領航): To continue substantial R&D investments and proactively develop core technologies to deliver greater customer value

We will continue to make substantial R&D investments and proactively develop technologies in key segments. By positioning ourselves at the evolving forefront of the optical interconnect industry, we are poised to establish substantial first-mover advantages in incremental markets. We believe the exponential growth in AI computing will, over the long term, drive optical interconnect technologies toward an era characterized by ultra-high bandwidth and ultra-high integration, thereby unlocking significant market opportunities for us. Leveraging the high reusability of our general-purpose technology platforms and our expertise accumulated from over two decades' operations in the optoelectronics field, we intend to grow our business along with the technological transformation, thus further solidifying our market position and delivering greater value to customers.

On the one hand, we will closely monitor market demand for higher bandwidth by increasing production of our 1.6T optical engines and accelerating the development and validation of our next-generation, higher-speed solutions. On the other hand, we will proactively expand into emerging application scenarios fostered by ultra-high bandwidth technologies, such as scale-up architectures, to capture incremental market demand. Building upon our technologies relating to products such as FAUs and optical engines, we will leverage our modular integration and reusable technology capabilities to advance key component technologies in relation to CPO, SiPh and near-packaged optics (NPO), to respond rapidly to evolving market demand. In addition, we will continue invest in the R&D of high-speed optical engines and TFLN, to expand our technology pipeline and remain at the forefront of industry innovation with long-term competitiveness.

Vertically-integrated (以深築基): To continuously expand our vertical integration capabilities and enhance our one-stop solution offerings

Our core competitiveness is underpinned by our vertical integration and one-stop solutions, which are built on our ultra-precision design and manufacturing capabilities across the industry value chain. We will further expand our R&D in basic materials and next-generation optical components and enhance our integrated solutions tailored to customer requirements, thereby increasing our self-supply of key products and strengthening our competitiveness in both quality and costs. At the same time, we will continue to optimize our global supply chain management and deepen our strategic collaboration with key suppliers to build a more resilient and flexible global supply system. We intend to further strengthen partnerships with major suppliers while expanding our multi-layer supplier network for critical materials to enhance our supply chain's resilience to risks.

As next-generation CPO technologies gain broader adoption, we closely align with customer needs and provide them with flexible selections of multi-form, multi-tiered optical components. Building on our

established capabilities in core products such as multi-channel high-density FAUs and ELS modules, we will further deepen our collaboration with customers in CPO-related solutions, provide more highly customized, high-quality and cost-effective products, and reinforce our position as a core supplier for CPO architectures of our customers.

Vision-guided (以廣拓界): To pursue dual-engine growth through organic development and synergistic expansion

We adopt a dual-engine growth strategy that combines organic development with external expansion to broaden our business footprint. We intend to further optimize our global supply chain layout, increase localized manufacturing and our supply resilience, and improve our global delivery efficiency. Leveraging the high reusability of our core packaging technology, we also plan to selectively expand into application scenarios with strong growth prospects and clear commercialization pathways. We have proactively developed solutions for emerging applications such as LiDAR and biophotonics.

Based on our deep understanding of the industry and accurate judgment of technological trends, we have undertaken a series of strategic acquisitions to enhance our vertical integration and synergies, including: our investment in Tsuois Mold Co., Ltd. in 2016 to enhance our precision mold manufacturing capabilities; our acquisition of AWG-related assets and business in 2018 to expand into the optical waveguide market; and our acquisition of Auxora Shenzhen, in 2020 to strengthen our capabilities in optical coating and Z-Blocks components. We have fully integrated the acquired businesses and achieved substantial synergies with our existing business. Looking ahead, we intend to continue leveraging our capital advantages to opportunistically pursue strategic acquisitions and investments, with a focus on reinforcing our core technologies, broadening our product portfolio and increasing our overseas penetration. We aim to integrate high-quality global resources, further enhance our core technology and supply chain capabilities, and expand our global market penetration and customer network.

Talent-centric (以才聚力): To attract and retain multi-disciplinary talent to propel our continued success

We view talent as a core asset of our long-term development and have established a full-cycle talent strategy covering recruitment, development, retention and deployment. In terms of recruitment, we will focus on top-tier talent in key areas such as ultra-precision design and manufacturing, packaging and advanced materials, to build a professional and international R&D team. In terms of talent development, we will continue to develop a structured career progression system designed to accelerate professional growth through technological innovation, dedicated programs and cross-disciplinary collaboration. With respect to talent retention, we will continue to implement diversified incentive schemes, including multiple rounds of share awards, enabling key personnel to deeply participate in our development and share the upside of our growth. We advocate an open, collaborative, and value-sharing corporate culture, which internally unlocks organizational vitality and innovation potential, and externally shares technological achievements and market opportunities with our partners. This culture forms a virtuous cycle in which talent empowers us, we support talent, and the ecosystem creates shared value.

OUR PRODUCTS AND SOLUTIONS

We are a world-leading one-stop optical interconnect solution provider that delivers passive optical components, active optical components and integration services. We are also the world's largest integrated optical component solution provider. We closely follow the industry's technology evolution and global customers' demands. Leveraging our continuous R&D innovation, we have established highly-reusable technology platforms, and superior and scarce one-stop supply capabilities, and offer products that are primarily used in datacom and telecom fields, including AI computing and data centers.

The table below sets forth a breakdown of our revenue by segment, in absolute amounts and as a percentage of total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Passive optical components	1,175,368	61.0	1,563,797	48.5	2,064,648	40.4
Active optical components	740,929	38.5	1,642,191	50.9	2,969,556	58.1
Others[(1)]	9,281	0.5	19,930	0.6	80,327	1.6
Total	**1,925,578**	**100.0**	**3,225,918**	**100.0**	**5,114,531**	**100.0**

(1) Include revenue generated from our integration services and sales of surplus raw materials and scrap raw materials.

The following table sets forth a breakdown of our sales volume by product category for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	in thousand units		
Passive optical components	178,369	204,229	246,710
Active optical components	2,886	4,538	7,521
Others[(1)]	—	—	2
Total	**181,255**	**208,767**	**254,233**

(1) Represent products delivered under our integration services.

Passive Optical Components

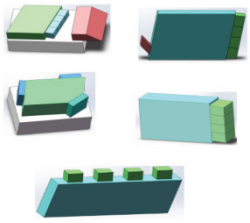
We have developed a diverse portfolio of passive optical components. We held the world's largest market share in the FAU segment in terms of revenue in 2025, according to Frost & Sullivan. Through years of technological accumulation and continuous innovation across four basic materials, including precision ceramics, engineering plastics, metal composites and optical glass, we have developed a series of passive optical components with outstanding performance. We strategically focus on high-value, high-barrier passive optical components, and our products are distinguished by high precision, high reliability, high consistency, and low performance variability.

BUSINESS

Passive optical components enable optical signal transmission, distribution and connection without requiring external electrical power. Our passive optical components can be further categorized into: (i) parts, which are individual, standalone basic structural pieces manufactured from basic materials, and (ii) assemblies, which are functional units composed of multiple parts. Our major passive optical components include:

Major Products[1]	Features and Advantages
Parts	
Precision Metal Parts 	Our precision metal parts primarily consist of metal parts and precision structural parts used in optical components, such as transmitter optical sub-assemblies (TOSA), receiver optical sub-assemblies (ROSA) and optical engines. These are critical foundational parts that enable high-speed, stable transmission across optical networks. Our precision metal parts are mainly manufactured from high-performance metal composites, such as copper alloys, stainless steel and titanium alloys. Using cutting processes specifically designed for optical components, we have achieved a precision within ±1μm in coaxiality, flatness and parallelism, meeting the standards for chip and fiber alignment. In addition, we can process stainless steel and special alloy parts with tolerances below 5μm and customize various micro-sized, thin-walled and other complex structural parts.
Zirconia Ceramic Parts 	Our zirconia ceramic parts include zirconia ceramic sleeves and zirconia ceramic ferrules, primarily precision-formed from ZrO_2 through high-temperature sintering and associated processes. They feature high hardness, low thermal expansion coefficient, and excellent insulation and corrosion resistance. Our zirconia ceramic parts are primarily used in optical fiber connectors, optical fiber adaptors, TOSA, ROSA and optical transceivers, playing a significant role in ensuring long-term, stable connectivity across optical networks and low-loss optical signal transmission.
Lens Arrays 	Our lens arrays are widely used in 100G, 200G, 400G, and 800G multi-mode optical transceivers, whose designs incorporate transmission requirements such as parallel optical paths, wavelength division multiplexing (WDM) and single-fiber bidirectional transmission. Lenses are integrated and placed with structures for precise fiber connection and alignment. We have achieved a manufacturing precision at the micron-to-sub-micron levels.
Mechanical Transfer (MT) Ferrules 	MT ferrules are core square ferrules used in multi-fiber optical connectors. They enable high-precision array and connection of multiple fibers and are a critical component of MPO (multi-fiber push-on)/MTP (multi-fiber termination push-on) optical connectors. Made from polyphenylene sulfide materials and featuring micron-level mold precision and low loss, they have become the mainstream choice for high-speed optical interconnects. Our MT ferrules offer high density, high stability, and high temperature resistance, and are widely used in applications including data centers, AI computing and high-speed optical transceivers.

Major Products[1]	Features and Advantages
Parts	
Thin Film Filter (TFF) Parts 	Our TFF parts are made from optical glass/quartz substrates with 100 to over 300 layers of dielectric films deposited. Processed using high-precision optical coating, they enable precise filtering of optical signals at different wavelengths. Our TFF parts feature low insertion loss and high channel isolation, effectively suppressing signal crosstalk and ensuring the quality of high-speed signal transmission. With uniform coating layers, high wavelength precision and stable performance, our TFF parts have also demonstrated minimal drift under temperature variations and met the requirements for long-term reliable operation in data centers.
Assemblies	
Optical Isolators 	Optical isolators are a type of non-reciprocal optical components that allows unidirectional optical signal transmission while blocking reverse light interference. Our optical isolators are primarily used in applications such as data centers, high-speed optical transceivers, optical fiber sensing, and medical/industrial LiDAR. We possess full proprietary capabilities in optics and structural design for optical isolators and are able to develop various customizable solutions for high-speed optical transceivers, optical engines and WDM modules. Our products have achieved low insertion loss, high isolation and wide-temperature stability.
Receptacles and Pigtails   	Receptacles enable detachable and precise connection between optical fibers, optical transceivers and components. Pigtails are transition assemblies with standard connectors on one end and bare optical fibers on the other. Using high-precision molds and adopting precision forming and assembly processes, our receptacles and pigtails feature low insertion loss, high return loss, high mating durability, high density and high-speed compatibility, and have demonstrated strong overall reliability and a high degree of integrated compatibility.
Fiber Array Units (FAUs) 	FAUs consist of multi-channel optical fibers arranged and fixed in parallel with high precision, featuring high channel positioning accuracy and angular consistency. They are used for optical signal collection and/or distribution, representing core components of next-generation high-speed optical interconnect technologies such as high-speed optical transceivers, SiPh engines and CPO. We offer 4- to 72-channel FAU products in various configurations. Our FAUs are made from high-precision glass substrates and use ultra-precise V-groove machining. Combined with precision end-face polishing and optical coating processes, we have achieved sub-micron positioning and ultra-high alignment efficiency between optical fibers and SiPh chips or optical engines.

Major Products[1]	Features and Advantages
Assemblies	
Z-Block Assemblies 	Leveraging optical simulation and optical path topology optimization, our Z-Block assemblies enable precise layout and compatible design of multi-channel narrowband filters, reflective surfaces, collimating and aligning structures on a glass substrate. Through processes including ultra-precision optical cold processing and high-precision thin film coating, our Z-Block assemblies have achieved low insertion loss, high multi-channel isolation, low crosstalk and excellent wavelength consistency, ensuring the stable transmission of multi-wavelength signals across a wide temperature range. We offer Z-Block assemblies in ultra-small form factors, supporting integration with core components, such as zirconia ceramic ferrules and FAUs, and enhancing module integration density and assembly yield.
Optical Fiber Connectors 	Our optical fiber connectors primarily include (i) MPO high-density multi-fiber connectors, which are mainly for AI data centers and data center interconnect applications; and (ii) internal connectors of high-speed optical transceivers, which use high-precision MT ferrules as core parts, creating a dedicated optical path connection with multi-channel, high-precision and low-loss features. Leveraging precision mold design and nano-level processes, we improve high-density interfaces through structural optimization, thin-wall reinforcement, anti-misalignment positioning and latch-mechanism durability design. We also enhance the mold lifespan and consistency by fully simulating the ejection system. High-precision injection molding achieves stable mass production of thin-wall, micro-sized, multi-cavity products with excellent dimensional precision, strength, toughness, and high-temperature deformation resistance.

(1) Our other passive optical assemblies mainly include AWG.

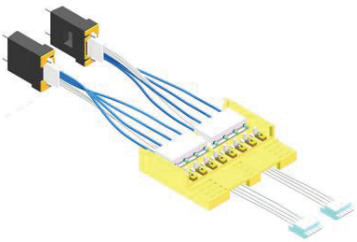
Active Optical Components

Along with the rapid growth in data center scale, we have tapped into the active optical component sector since 2015 and have developed a vertically integrated passive-plus-active product matrix. To date, our active optical components primarily include high-speed optical engines. We are the first globally to deliver 800G and 1.6T optical engines.

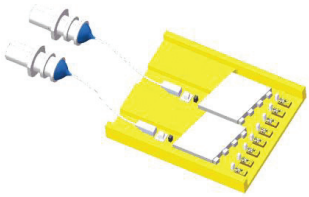
Active optical components enable optoelectronic signal conversion and signal modulation and require external power for operation. High-speed optical engines are the most critical active optical components. With a parallel optical architecture, a high-speed optical engine is a key constituent of high-speed optical transceivers. Furthermore, high-speed optical engines align with the evolution of next-generation optical interconnect technologies. Our high-speed optical engines offer the advantages of high integration, compact size, low power consumption, high multi-channel consistency and high reliability. They are adaptable to high-density computing interconnect environments, such as AI computing and high-speed data transfers,

providing core optical interconnect support for next-generation computing infrastructure. See below samples of our optical engines of different speed:

400G optical engines



800G optical engines



1.6T optical engines

Solutions

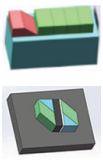
Leveraging our in-depth vertical integration capability, we have developed highly-integrated and customized optical interconnect solutions suitable for diverse application scenarios based on a wide range of optical components, transitioning ourselves from a product-centric company to a platform-based company. Our solutions primarily serve telecom and datacom industries, addressing the high-density and high-speed interconnect demands in the AI era, while aligning with CPO and other next-generation high-speed optical interconnect technological trends.

Our solutions are delivered in customized product combinations and mainly include:

Precision Micro-optical Assembly Solutions

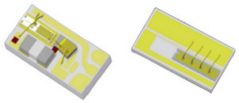
Leveraging our proprietary high-precision optical path design, micro-assembly and precision calibration technologies, our precision micro-optical assembly solutions focus on the precise control and management of micron-level optical signals. These solutions are developed based on core optical components including collimators, optical lenses, optical isolators, microprisms, various filters and polarization beam splitters. By integrating these micro-sized optical components into precision optical systems, the solutions enable beam shaping, optical path steering, isolation and anti-reflection, polarization and wavelength control, effectively addressing industry pain points of traditional optical systems that are large in size, low integration and poor optical path stability.

WDM System-level Passive Solutions



We have developed WDM system-level passive solutions based on our extensive passive optical component R&D and systematic integration capabilities. These solutions are developed based on core optical components such as optical circulators, Z-Block TFF-based multiplexing/ demultiplexing components, coarse wavelength division multiplexing (CWDM)/dense wavelength division multiplexing (DWDM) multiplexers/demultiplexers, TFF narrow-band filter chips and FAUs. Leveraging our key technologies including multi-wavelength multiplexing/demultiplexing, channel isolation and power balancing, we provide high-performance and high-reliability solutions for data center intra-connect, data center inter-connect, AI computing clusters, long-haul transmission and coherent optical interconnect systems. These solutions can significantly enhance optical fiber capacity, extend transmission distances, simplify wavelength management, and achieve bandwidth multiplication within constrained fiber resources.

High-precision Packaging Solutions

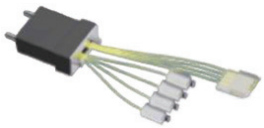


High-precision packaging solutions achieve efficient heat dissipation and precision optical alignment by mounting pre-bonded dies on high-thermal-conductivity carriers, effectively shortening electrical interconnect distances and reducing power consumption. They serve as a key enabler for AI computing and high-high-speed optical interconnects.

AOC (Active Optical Cable) Supporting Passive Solutions for Data Center

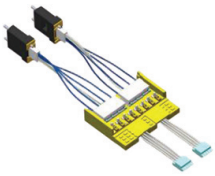
We have developed AOC supporting passive solutions to address high-speed data center intra-connect demands. These solutions are built around core components including FAUs, optical fiber connectors, optical lenses and optical isolators. By integrating optical component design and precision alignment capabilities, the solutions address pain points such as integration complexity, signal stability, cost and reliability.

PSM (Parallel Single-mode)/DR (Duplex Reach) Passive Solutions for Data Centers



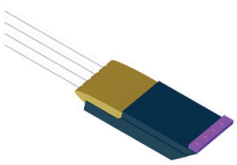
We provide passive solutions supporting PSM/DR-architecture-based high-speed optical transceivers for data center computing infrastructure. These solutions are developed based on core optical components including high-precision FAUs, MT interface assemblies, optical isolators and other micro-optical components. By incorporating precision optical path design, multi-channel optical alignment, and low-loss alignment technologies, these solutions enable efficient multi-channel parallel optical signal alignment between optical chips and optical fibers, meeting the short- to medium-distance high-speed interconnect demands in data centers.

Multi-channel High-speed Optical Engine Packaging and Integration Solutions



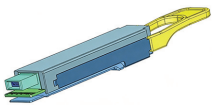
These solutions are developed based on core optical components including high-speed optical engines, SiPh alignment components, FAUs, micro-optics collimation and alignment components, and high-speed optoelectronic interfaces. They enable engineering capabilities in high-speed optical engines, SiPh alignment, precision optical paths, alignment and assembly, and thermal management, providing ultra-high bandwidth, low power consumption and high-density interconnect solutions for AI clusters, supercomputing centers, and next-generation data-center CPO systems.

High-density Optical Interconnect Integration Solutions



Leveraging our advantages in core components such as FAUs, multi-channel lensed FAUs, precision optical alignment components and MPO/MT high-density connectors, we provide full-range solutions from optical path alignment to optical component integration and system assembly for 800G/1.6T and higher-speed optical transceivers and CPO board-to-board optical interconnect. These solutions feature high speed, high density, low loss and high stability, meeting stringent module-to-module and board-to-board optical interconnect requirements for next-generation high-speed computing networks. They also address major pain points related to integration density improvement, strict loss control and ultra-high alignment precision in high-speed interconnect scenarios.

ELS Solutions



Using ELS multi-channel high-power laser transceivers as key optical components, we provide core light source for the efficient and stable operation of next-generation CPO and SiPh solutions. We also provide high-performance ELS for new-generation optical interconnect architectures.

In addition, benefiting from the high reusability of core optical interconnect technologies, we have also selectively expanded into emerging application scenarios with strong growth and commercialization potential, such as LiDAR and biophotonics. Our diverse optical component portfolio underpins our possibilities to continuously push technological boundaries, expand commercial horizons, and integrate next-generation solutions.

Integration Services

During the Track Record Period, we provided optical transceiver integration services to fulfill customized demands from different customers, further supporting mutual growth with our customers in the optical interconnect industry.

OUR TECHNOLOGIES

We adhere to a core value of "Technology First" and an R&D philosophy of "reusability of foundational technologies and platformization of core processes." Leveraging our solid technology expertise, we have built a core technology platform system that is modularized, reusable, proprietary and hard-to-replicate. We have highly synergistic core technology platforms, which not only drive the continuous iterations of our high-end products, but also underpin our position as a world-leading one-stop platform-based technology company in the optical interconnect industry. Our core technology platforms include:

Top-level Architecture and Design Platforms

Parallel Optical Design and Manufacturing Technology Platform: This platform sits at the top-level of our technology architecture, serving as the core enabler for efficient and high-density optical signal transmission as well as high-end optical components' scalable production. It is centered on multi-channel parallel optical signal transmission, with designs aligned to the optical interconnect industry's evolution from pluggable optical transceivers towards CPO. As such, the platform is well positioned to meet growing demand for bandwidth density and transmission speed in high-speed optical interconnects.

Optical Simulation/Design Technology Platform: This platform covers comprehensive virtual design and simulation verification technologies. By establishing standardized optical design databases and protocols, it shortens R&D cycles, reduces experimental costs and improves design success rates for complex optical systems, addressing the industry pain point of a disconnection between design and manufacturing. It also builds end-to-end technologies covering optical modeling, performance simulation, error analysis and iterative verification, enabling optimized optical path design, maximized alignment efficiency, and precise control of coating performance for core optical components.

Fundamental Manufacturing and Process Platforms

Zirconia Ceramic Precision Forming and Sintering Technology Platform: This platform covers comprehensive end-to-end technologies for precision forming of optical-fiber positioning components. We have achieved sub-micron-level precision controls, providing a foundational manufacturing technology support for our basic material mass-production with high-stability, high-precision, high-compatibility. It is also the core technological foundation enabling our extension from zirconia ceramic sleeves to high-end optical components.

Micron-level Manufacturing Technology Platform for Metal Composites: This platform includes comprehensive technologies covering composition control, micron-level precision processing and surface modification for metal composites. As such, it meets stringent technical requirements for structural precision, thermal conductivity and environmental stability in high-speed optical components, and provides critical technology support for manufacturing core components with compact size and high-density integration. Leveraging our proprietary tooling systems and various process control and enhancement software, we have developed core capabilities in high-precision forming and processing of multiple materials, achieving stable tolerance control and improved efficiency and yields.

Optical Glass High-End Precision Cold-Processing Technology Platform: This platform covers a full suite of high-precision processing technologies spanning cutting, grinding and polishing, to rigorously ensure the key performance indicators of optical components, such as surface flatness and light transmittance. We have performed in-depth process optimization, significantly improving precision consistency. This platform also possesses high-precision inspection capability to ensure the accuracy of optical component assembly.

Ultra-Precision Mold Design and Injection Molding Technology Platform: Leveraging our proprietary core mold precision control technology, this platform improves mold precision and product performance, successfully addresses multiple technical bottlenecks arising from the trend towards optical component miniaturization and high-density integration, and maintains our mass production yield to an industry-leading level.

High-precision Coating Technology Platform: Through advanced coating technologies, including high-end local area network wavelength division multiplexing (LWDM) coating, this platform produces high-performance, highly reliable, optical thin films of various types, which can effectively suppress optical reflection and signal crosstalk, and enhance the stability and efficiency of optical signal transmission.

Core Component and Final Product Integration Platforms

FAU Design and Manufacturing Technology Platform: This platform covers comprehensive technologies spanning FAU design, simulation, manufacturing and inspection, with a focus on substrate processing and assembly for multi-channel, high-precision FAUs. We have accumulated extensive process data, enabling us to offer a wide variety of highly reliable FAU products to fully meet the demand for ultra-high-density optical interconnects. Additionally, we utilize proprietary array optimization algorithms and precision assembly processes to, serving as a foundational platform for consistency challenges in high-density optical fiber arrays.

Micro-optical Design/Micro-optical Component Manufacturing Technology Platform: This platform covers comprehensive technologies for core optical components such as micro-lenses, microprisms and micro-gratings, serving as a foundational platform for precise control and efficient transmission of optical signals. Leveraging our processing capabilities such as fundamental precision cold processing and high-precision coating, along with our proprietary micro-optics modeling and simulation technology, we have achieved breakthroughs in miniaturization, high-density integration and high optical performance for micro-optics components. The technical capabilities of this platform not only support performance upgrades of high-speed optical engines and high-end optical transceivers, but also align with the industry's transition toward SiPh integration, serving as an important technological bridge connecting underlying manufacturing and final product integration.

High-speed Optical Engine Design and Packaging Technology Platform: We have built scalable design, packaging and testing technologies for high-speed optical engines. Our platform fully integrates and demonstrates the capabilities of all of our upstream platforms. Leveraging our proprietary high-precision alignment and packaging processes, along with product integration technologies including high-speed optical transceiver components, we have realized a closed technology loop from core optical components to

system integration. The platform is well-suited to meet the core needs for high-speed optical interconnects in applications such as AI data centers. It also demonstrates our core competence in optical interconnects, and provides critical platform-based support for advancing optical interconnect technology towards higher speeds and greater densities.

OUR RESEARCH AND DEVELOPMENT

Maintaining technology leadership through innovative R&D is fundamental to our long-term growth. We uphold the R&D strategy of "grounded in the present, geared toward the future." That is, by following a market-oriented approach, we continuously expand and refine our product and solution portfolio to solidify our market leading position. At the same time, we engage closely with customers in demand planning and product development, enabling us to accurately predict next-generation optical interconnect technology trends and make proactive deployment, and ensuring we remain at the forefront of industry technology evolution.

We are committed to becoming a key enabler for computing infrastructure in the global AI era. As such, we continuously invest in R&D to support our technological accumulation and breakthroughs. Our R&D expenses amounted to RMB143.3 million, RMB232.2 million and RMB266.6 million for 2023, 2024 and 2025, respectively. In addition, as of December 31, 2025, we had obtained 194 registered patents, representing a world-leading optical component patent portfolio among all optical component providers, according to Frost & Sullivan. Meanwhile, guided by our "Talent First" value, we are committed to attracting technological elites from home and abroad and have established a multi-disciplinary R&D team with extensive industry experience. As of December 31, 2025, we had 774 R&D personnel, accounting for 71.0% of non-manufacturing employees. We also actively participate in domestic and international industry associations, such as Optica (formerly Optical Society of America) and the OIF (Optical Internetworking Forum). Our strong R&D capabilities have not only earned us high recognition from our business partners, but have also led to numerous awards. For example, for eight consecutive years up to 2025, we were recognized as a "Top 10 Most Competitive Enterprises in China for Optical Components and Ancillary Equipment" jointly awarded by Asian-Pacific Optical Communications Committee and the Network Telecom Information Research Institute.

R&D Centers

We have three R&D centers in Suzhou, Shenzhen and Japan, which have distinctive focuses and strengths while collaborating seamlessly in resource sharing and cross-validation. Depending on customers and product types, our R&D centers quickly respond to and efficiently address customers' demands on R&D, design and sample production, which helps to improve sample design and trial-production success rates for customers and shorten the prototype production cycles. Specifically, our Suzhou R&D center is our comprehensive R&D base, covering research across both passive and active solutions. This center is capable of conducting multi-disciplinary research in materials science, optics and simulation, mechanical engineering, mechanics, and environmental science. It was awarded the qualifications of Jiangsu province Enterprise Technology Center and Engineering Technology Center in 2014. Our Shenzhen R&D center focuses on optical coating, optical simulation and testing, cold processing of optical glass, and R&D of micro-optics assemblies. In addition, our Japan R&D center is dedicated to optical design and ultra-precision mold design. With in-depth expertise in engineering plastics, it provides customers with high-precision, high-reliability mold-related solutions.

R&D Processes

We adopt a dual-track R&D model of independent R&D plus collaborative co-development, which comprises developing platform-based capabilities internally and pursuing customer-centric collaborative innovation externally.

We have established systematic product R&D protocols, supporting the standardization, traceability and controllability of our R&D activities. Our multi-tiered R&D system consists of dedicated specialized R&D teams in key areas spanning materials, processes and design simulation, who collaborate closely to support our entire R&D process.

Project Initiation & Feasibility Study: Our R&D is typically driven by market demands. Our R&D team, together with our relevant departments, conduct comprehensive assessments around market opportunities and product demands, followed by a thorough feasibility analysis by our processing team from perspectives of technology, processes, mass production capability and supply chain. Once a project is approved, our technical team begins formulating product technical specifications. By engaging with customers at an early stage, we leverage our technological strengths to support our customers in their product designs and provide them with optimization suggestions, jointly determining product technical specifications.

Design & Planning: At the design and planning phase, our R&D team continuously refines the product's technical specifications, functional features and performance indicators based on industry standards and regulatory requirements. We continue to optimize product designs by integrating requirements from production processes, supply chain resources and quality control, to reduce subsequent mass-production risks and manufacturing costs. Meanwhile, we maintain close communication with our customers to ensure that our products closely align with their requirements.

Prototype Validation & Trial Production: At the prototype development stage, we carry out comprehensive testing and validation of core indicators, such as optical performance and dimensional accuracy, to ensure the product's stability and consistency meet design standards and customer requirements. Following prototype validation, we conduct small-batch trial production to fully verify the production process, production line compatibility, material supply, and quality control systems, reaffirming operation stability and process control. We also submit samples to relevant customers to collect feedback and complete final adjustments before formal mass production.

Ramp-up Testing & Mass Production: Based on the mature processes, operating standards and quality control requirements formed during the trial production phase, we orderly conduct capacity ramp-up and commence comprehensive verification and evaluation of product yields. We also provide systematic training for our manufacturing personnel and establish standardized operating procedures to ensure smooth mass production. After the mass production and delivery, we continue to perform lifecycle management and maintenance on the product, providing our customers with long-term stable supply assurance and technical support.

Key R&D Programs

The optical interconnect industry is experiencing a critical stage of rapid development with multiple technology paths running in parallel. We maintain our focus on high-value segments in the optical interconnect industry's value chain, specializing in high-precision products and high-barrier technologies. By co-developing an ecosystem with customers, we continue to expand our product boundaries and proactively develop core technologies. Currently, our key R&D focuses include:

Higher-speed Products and Solutions: To capture the opportunities presented by the robust growth of AI computing, we have been actively developing optical components for higher-speed optical transceivers that meet demand for compact size, high speed, high integration, low power consumption and low maintenance costs. We are developing higher-speed optical engines and associated products for next-generation ultra-high-performance data centers and AI training clusters, providing industry-leading optical interconnect solutions supporting AI computing interconnects.

CPO and Related Technology and Solutions: The CPO technology tightly co-packages optical components with ASICs, which significantly reduces power consumption, increases bandwidth density, improves signal integrity and lowers system costs. Our current major R&D activities in CPO include multi-channel high-density FAUs and ELS. In addition, we also have technology reserves in NPO and other related areas.

SiPh System Integration Technology and Solutions: Compared with traditional discrete-component optical transceiver solutions, SiPh system integration solutions feature high integration, low power consumption and significant cost advantages, and support both high-speed optical transceivers and CPO technology paths. We will continue to improve our SiPh system integration technology and solutions.

TFLN Packaging Solutions: As demand for AI computing and coherent communications surges, TFLN has emerged as one of the core technologies for high-speed coherent and long-haul transmission scenarios, owing to its ultra-high bandwidth and excellent stability. Our current R&D activities in this regard mainly include heterogeneous integration technologies of TFLN with SiPh materials.

PRODUCTION

Our precision, intelligent and global manufacturing system has empowered our hard-to-replicate delivery capabilities and quality standards. Based on these three core features, we have achieved industry-leading product consistency and yields to address diverse needs of our global customers.

Precision—We pursue ultra-precision manufacturing with extreme accuracy. We operate a manufacturing system centered on ultra-precision manufacturing across key stages of our operations, including product design, production and quality control, and aim at continuously enhancing manufacturing precision, product consistency, and operational efficiency during mass production.

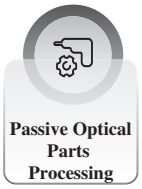
Intelligent—We are committed to building "smart factories" featuring automation, digitalization and flexibility. Through continuous upgrades of our core systems, including PLM, ERP, MES and WMS, we have established an end-to-end digital management framework. At the same time, we develop and deploy various automated equipment to progressively automate critical production stages, thereby enhancing our production efficiency, quality consistency and operational reliability. In addition, our flexible production lines enable rapid switching and efficient fulfillment of orders of multiple product types and small batches. As of December 31, 2025, all of our production lines had achieved full digitalization. In 2025, our Jiangxi production facility was recognized as a Digital-Intelligent Factory and Advanced-Level Smart Factory by the Jiangxi provincial government, setting an industry benchmark for intelligent manufacturing.

Global—We have established a dual-engine global manufacturing system in China and Thailand. Our production facilities in China leverage our mature supply chain and established capacity to support stable and large-scale delivery, while our Thailand production facility enhances our supply chain resilience and adaptability to geopolitical uncertainties. Through our global manufacturing network across China, Thailand and Japan, we are able to coordinate capacity allocation and swiftly reassign orders across locations. This global production footprint enables scalable and replicable manufacturing and stable delivery capabilities.

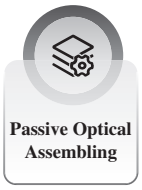
Production Process

We adhere to the "Time First" core value, with a focus on timely delivery. Leveraging our vertically integrated manufacturing system, we control the entire production process and are committed to continuously shortening lead times. Our principal production process for optical components is as follows:

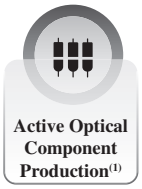
We procure raw materials from qualified suppliers and conduct raw material inspection and specification verification to eliminate non-conforming materials, ensuring quality and traceability. Certain parts and assemblies are sourced externally.



We process raw materials into passive optical parts through precision machining, injection molding or compression molding, grinding, polishing, cleaning, and coating, and carry out process control and inspection of critical dimensions, appearance, and process parameters.



We assemble passive optical parts into functional assemblies, ensuring consistency and compliance with critical performance metrics.



We conduct high-precision coupling and packaging of the externally-procured and in-house produced parts and assemblies in accordance with customers' specifications to manufacture active optical components.

We conduct specifications or optoelectronic performance testing and environmental reliability testing in accordance with customer requirements or internal standards. We then perform sampling-based or batch-level reliability validation to assess product stability under various environmental conditions and to ensure delivery quality.

We clean and protect products against dust, moisture and electrostatic discharge, and then label, package and ship them in accordance with customer specifications. Following delivery, we collect and analyze customer feedback and provide necessary technical support and after-sales services.

(1) Only applicable to active optical components.

Production Facilities

We have established a dual-engine global manufacturing system anchored in Gao'an, Jiangxi province, China and Chonburi, Thailand to ensure efficient, high-quality, and flexible product delivery, striving to maintain supply resilience and fulfillment stability amid the volatile external environment. We also have production facilities in Suzhou and Shenzhen, China and Motomiya City, Japan. As of the Latest

Practicable Date, our production facilities in China and abroad had a total GFA of approximately 194,636 sq. m. The following table sets forth certain information relating to our production facilities as of December 31, 2025:

Production Facilities	Leased / Owned	Major Products	GFA (sq. m.)	Year of Commencing Commercial Operation
Gao'an, Jiangxi province, China	Owned	Passive and active optical components	147,303	First factory: 2010 Second factory: 2020 (Phase I); expected in April 2026 (Phase II)
Chonburi, Thailand	Owned	Passive (such as FAUs and optical fiber connectors) and active optical components	32,239	2025
Suzhou, Jiangsu province, China	Owned	Passive optical components (primarily lens arrays) and active optical components	11,315	First factory: 2007 Second factory: 2016
Motomiya City, Fukushima prefecture, Japan	Owned	High-precision molds and passive optical components (primarily lens arrays)	1,968	2020
Shenzhen, Guangdong province, China	Leased	Passive optical components (primarily TFF and Z-Blocks)	1,811	2020

The following table sets forth details of the production capacity, production volume and utilization rate of our production facilities for the years indicated:

	Year Ended December 31,								
	2023			2024			2025		
	Designed Production Capacity[1][4]	Actual Production Volume[4]	Utilization Rate[2]	Designed Production Capacity[1][4]	Actual Production Volume[4]	Utilization Rate[2]	Designed Production Capacity[1][4]	Actual Production Volume[4]	Utilization Rate[2]
	(in thousands of units)		*%*	*(in thousands of units)*		*%*	*(in thousands of units)*		*%*
By production facility:									
Gao'an, Jiangxi province, China	517,211	254,866	49.3	538,820	284,914	52.9	587,495	442,026	75.2
Chonburi Thailand[3]	—	—	—	—	—	—	1,857	277	14.9
Suzhou, Jiangsu province, China	40,314	26,779	66.4	47,902	43,274	90.3	46,222	30,759	66.5
Shenzhen, Guangdong province, China	11,475	9,179	80.0	5,279	4,133	78.3	970	773	79.6
Total	**569,000**	**290,824**	**51.1**	**592,000**	**332,321**	**56.1**	**636,545**	**473,835**	**74.4**

(1) Calculated as the maximum possible production volume for the relevant year, which is based on the number of production machines in operation, the machine time required for standardized products (depending on characteristics of relevant production lines, assuming that certain production lines operate on a single-shift basis of 10.5 hours per day and others on a double-shift basis of 21 hours per day, with continuous operation for 26 days per month, without taking into account any non-consecutive operations), and an estimated overall equipment effectiveness rate generally applicable to our production activities based on our historical records of relevant equipment. The production volume of non-standardized products is adjusted by the production time that would otherwise be required to produce similar standardized products.

(2) Calculated as actual production volume for the year divided by the designed production capacity for the same year.

(3) The Thailand production facility was in the ramp-up stage in 2025, during which it actively engaged with customers in product validation.

(4) Our production volume in the table included passive and active optical components (such as ceramic sleeves and MT ferrules) that were used in our subsequent production of optical components. Products manufactured at our Japan production facility consist exclusively of parts for internal use. Accordingly, relevant data for the Japan production facility are not included in this table.

During the Track Record Period, the designed production capacity of our production facility in Gao'an, Jiangxi province experienced an increasing trend, primarily attributable to our continuous expansion. Our Thailand production facility commenced production in 2025. The designed production capacity of our Shenzhen production facility decreased during the Track Record Period mainly given we gradually transferred certain production equipment from Shenzhen to Gao'an, Jiangxi to optimize our overall production costs and efficiency. Since 2025, our Shenzhen production facility has primarily manufactured parts and assemblies for our internal use in production of active optical components and R&D activities.

The utilization rate of our Jiangxi production facility in 2025 increased as compared to 2023 and 2024, primarily given we increased production volume of certain passive optical parts and assemblies to meet growing demand.

The utilization rate of our Suzhou production facility increased significantly from 2023 to 2024, mainly attributable to our increased production volume of certain passive optical components to fulfill customer orders. The utilization rate of this facility decreased in 2025, mainly given we adjusted our product mix to produce more higher-priced products, which resulted in a decrease in our production volume at this facility without weighing on our revenue growth.

In response to technological advancements and our actual production and operational needs, we plan and pace our new investments in a disciplined manner. We intend to allocate a portion of the **[REDACTED]** from the **[REDACTED]**, together with part of our operating cash flows, to expand our intelligent manufacturing system and enhance our intelligent manufacturing capabilities. See "Future Plans and **[REDACTED]**" for more details.

QUALITY CONTROL

We believe that quality is our lifeline and is critical to our sustained success. Guided by our quality philosophy of "excellence for all, quality 120, craftsmanship in TFC (萬品入精, 質量120, 匠心天孚)," we implement a total quality management system that is fully integrated into our daily operations.

- **Excellence for All**—By enforcing unified quality standards and end-to-end control measures, we ensure consistent and reliable quality across hundreds of millions of products delivered annually under mass production.

- **Quality 120**—"1" represents getting things right the **first** time, which is the foundation of cost efficiency and operational effectiveness; "2" represents ensuring that the same issue does not occur a **second** time through systematic root-cause analysis and rectifications; and "0" represents **zero** critical defect, with stringent control over key risk points.

- **Craftsmanship in TFC**—We insist on a craftsmanship mindset throughout design, R&D, and manufacturing. We focus on continuous refinement of each step and strive to ensure our products' precision and reliability through disciplined process controls and rigorous pursuit of high quality.

Supported by a centralized management and local execution model, we maintain uniform quality standards and an established organizational framework globally. This enables continuous improvement in product consistency and reliability through: (i) product-line monitoring, where our quality personnel supervise manufacturing processes using digital systems such as the MES; (ii) site-level management, where our on-site quality teams oversee and coordinate quality operations within each production facility; and (iii) centralized oversight at the headquarters level, where our dedicated quality manager standardizes requirements and ensures compliance across all product lines and factories.

Building upon this structure, we have established a dual-layer quality assurance system:

- **5Q Quality Control System:** covering SQ (Supplier Quality), IQ (Incoming Quality), DQ (Design Quality), PQ (Process Quality), and CQ (Customer Quality) to achieve end-to-end quality control; and

- **3QC Quality Inspection System:** focusing on IPQC (In-Process Quality Control), FQC (Final Quality Control), and OQC (Outgoing Quality Control) to ensure stable and reliable product quality.

We continuously enhance our quality control standards and advance our quality management through iterative improvements, ensuring that our quality systems remain aligned with international best practices. We have obtained comprehensive international management system certifications, including ISO9001, IATF16949, ISO14001, ISO45001, and RBA Code of Conduct certification. During the Track Record Period and up to the Latest Practicable Date, we had not received any product quality claims that had material adverse impact on our business, results of operations or financial condition.

RAW MATERIALS AND SUPPLY CHAIN MANAGEMENT

Leveraging our dual-headquarters in Suzhou and Singapore, we have achieved integrated and synergistic operations across our global supply chain:

- **Suzhou Headquarters:** centralizes global order scheduling, procurement, and production coordination to optimize the allocation of worldwide resources.

- **Singapore Headquarters:** manages overseas procurement and sales activities, and upon receipt of international orders, strategically allocates production across our production facilities based on compliance, lead time, and cost efficiency.

- **Multi-Site Support Network:** comprises our procurement and distribution teams in China (Gao'an, Jiangxi province and Shenzhen, Guangdong province), Thailand, and Japan, and provides localized and rapid-response support, shortening supply chains and ensuring timely material supply and order fulfillment.

Centered on digitalization, centralization and diversification, we have built a global supply chain management system characterized by cost efficiency, quality consistency, agility and high resilience.

- **Digitalized Management:** We leverage digital systems to enable end-to-end visibility and agile operations. With the PLM, ERP, MES, WMS, and supplier management system as our core systems, we integrate data across procurement, production, warehousing and delivery. Through process visualization and real-time data monitoring, we manage inventory with precision and support flexible production scheduling and timely order fulfillment.

- **Centralized Procurement:** We reduce procurement costs through economies of scale and strict quality control. We implement a "headquarters-led centralized procurement supplemented by localized procurement" model to maximize economies of scale and lower procurement costs. At the same time, we maintain rigorous supplier qualification mechanism to ensure raw material quality from the source, thereby guaranteeing high yield rates and consistency of our products.

- **Diversified Suppliers:** We maintain multi-tiered management to ensure secure substitution of suppliers. Our system of diversified suppliers effectively reduces the risk of supply chain disruptions and ensures continuous and stable production. We foster long-term strategic cooperation with core suppliers to strengthen our supply stability, drive upstream capacity

expansion and enhance supply assurance. We also coordinate with downstream customers to jointly secure support from the suppliers when necessary. For other suppliers, we have differentiated and multi-channel sourcing arrangements to broaden resource coverage and improve backup and rapid-switching capabilities. Moreover, our procurement department collaborates closely with our R&D team to seek alternative solutions and optimize product structure, reducing reliance on single suppliers and enhancing supply chain flexibility and resilience.

Leveraging our centralized procurement, digitalized management, and diversified suppliers, together with our global presence and cross-regional flexible resource allocations, we have developed an agile and resilient global supply chain. This enables effective responses to external uncertainties and supply fluctuations, thus ensuring our production continuity and timely delivery. However, we cannot guarantee that we will not encounter risks and uncertainties relating to our supply. For more details, please see "Risk Factors—Risks Relating to Our Business and Industry—We cooperate with some major suppliers, and any disruption in supply could adversely affect our business and results of operations."

We have established supporting warehouse facilities at each of our production facilities and maintain reasonable safety stock to provide just-in-time delivery services to our customers across the world. Subject to relevant contractual arrangements, we typically engage third-party logistic service providers to deliver products to the locations designated by our domestic customers. We generally provide products to our overseas customers on an Ex Works basis (i.e., the buyer is responsible for the associated logistics and other costs and risks after the products are made available at our premises).

Our Suppliers

We procure various raw materials, parts and assemblies for passive and active optical components, including optical chips, electronic components, optical fibers and cables, metal materials, ceramic materials, injection molding materials, and glass materials from Chinese and overseas third-party suppliers. We have established a comprehensive supplier lifecycle management system covering selection and onboarding, qualification and approval, ongoing performance monitoring and continuous optimization. Through this structured approach, we seek to avoid quality risks at the source and maintain supply stability and reliability. We do not rely on any single supplier. During the Track Record Period, we did not experience any material supply disruptions that had a material adverse effect on our results of operations.

In each of the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB407.8 million, RMB785.3 million and RMB1,471.8 million, representing 54.7%, 54.4% and 61.5%, of our total purchase amount, respectively; purchases from our single largest supplier amounted to RMB218.8 million, RMB512.3 million and RMB832.9 million, representing 29.4%, 35.5% and 34.8% of our total purchase amount, respectively. During the Track Record Period, the credit terms that our five largest suppliers granted to us generally ranged from 30 to 90 days from the date of invoice or 14 days from the date of acceptance, with payments made through banks' acceptance bills or wire transfers. To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers for each year during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholders who owned or, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in any of our five largest suppliers for each year during the Track Record Period. In addition, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee, or otherwise in the past or present) between us and any of our five largest suppliers for each year during the Track Record Period.

The tables below set forth certain details of our five largest suppliers for each year during the Track Record Period.

Year Ended December 31, 2023

Rank	Supplier	Main products purchased	Purchase amount	% of our total purchase amount	Commencement year of business relationship
			(RMB '000)		
1	Supplier A	Parts and assemblies for active optical components	218,839	29.4	2020
2	Supplier B	Parts and assemblies for passive optical components	62,727	8.4	2022
3	Supplier C	Optical fibers and optical cables	56,332	7.6	2021
4	Supplier D	Parts and assemblies for passive and active optical components	35,880	4.8	2018
5	Supplier E	Optical fibers and optical cables	33,999	4.5	2013
	Total		**407,777**	**54.7**	

Year Ended December 31, 2024

Rank	Supplier	Main products purchased	Purchase amount	% of our total purchase amount	Commencement year of business relationship
			(RMB '000)		
1	Supplier A	Parts and assemblies for active optical components	512,256	35.5	2020
2	Supplier F	High-precision surface mount equipment	126,636	8.8	2023
3	Supplier G	Parts and assemblies for passive and active optical components	61,846	4.3	2020
4	Supplier H	Parts and assemblies for active optical components	49,066	3.4	2020
5	Supplier D	Parts and assemblies for passive and active optical components	35,477	2.4	2018
	Total		**785,281**	**54.4**	

Year Ended December 31, 2025

Rank	Supplier	Main products purchased	Purchase amount	% of our total purchase amount	Commencement year of business relationship
			(RMB '000)		
1	Supplier I	Parts and assemblies for active optical components	832,890	34.8	2024
2	Supplier G	Parts and assemblies for passive and active optical components	197,132	8.2	2020
3	Supplier D	Parts and assemblies for passive and active optical components	187,251	7.8	2018
4	Supplier H	Parts and assemblies for active optical components	146,414	6.1	2020
5	Supplier J	Parts and assemblies for active optical components	108,161	4.6	2024
	Total		**1,471,848**	**61.5**	

(1) Supplier A is a Hong Kong company engaged in the distribution of electronic components.

(2) Supplier B refers to a company engaged in the production and sales of passive optical components as well as automotive and industrial components and its subsidiaries (mainly those in Hong Kong and Chinese Mainland).

(3) Supplier C is a company engaged in the R&D, production and sales of optical components, and headquartered in Taiwan, China.

(4) Supplier D refers to a company engaged in the production and sales of lasers, engineered materials and optoelectronic components that is listed on the NYSE, and its subsidiaries (mainly those in Chinese Mainland and Hong Kong). Supplier D is also Customer C. Please refer to the sub-section headed "—Overlapping Customers and Suppliers" in this section.

(5) Supplier E refers to a company engaged in the production and sales of optical fiber preforms, optical fibers, optical cables and integrated solutions, headquartered in the PRC and listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, and its subsidiaries.

(6) Supplier F is a company engaged in the production and sales of various die-attach systems, headquartered in the United States and wholly owned by a Swedish high-technology company listed on Stockholm Stock Exchange.

(7) Supplier G is a company engaged in the distribution of optoelectronic products as well as the provision of agency and technical consulting services, and headquartered in Hong Kong.

(8) Supplier H is a company engaged in the production and sales of optical components and assemblies, and headquartered in Hong Kong.

(9) Supplier I is a company engaged in the production and sales of electronic components including integrated circuits, headquartered in Singapore and wholly owned by a Taiwanese electronic components company listed on the Taiwan Stock Exchange.

(10) Supplier J is a company engaged in the R&D of optoelectronics and laser technology, and headquartered in Switzerland.

We generally engage our suppliers under procurement framework agreements supplemented by purchase orders. Specific terms of these agreements vary by negotiation and typically include the following: (i) term: we generally enter into long-term procurement agreements with our major suppliers; (ii) pricing: suppliers are required to offer us their most competitive prices, which cannot exceed prevailing market rates; (iii) products, payment and delivery: specific procurement details are set out in the purchase orders, including product name, model, unit price, quantity, payment terms, delivery location and delivery schedule; (iv) logistics: suppliers are required to deliver products to our designated locations and bear the transportation costs; (v) acceptance: we inspect products against our technical specifications, quality standards, and acceptance criteria. In the event that delivered products fail to meet the agreed standards, the suppliers should be liable for all losses sustained by us as a result thereof; (vi) exclusivity: under certain circumstances specified in the agreement, such as where we independently or jointly develop customized products and hold the related intellectual property rights, we may require the suppliers to undertake exclusivity obligations in respect of the relevant products. Breach of such exclusivity obligation by the suppliers renders it liable to indemnify us for all losses arising from the agreement; (vii) anti-bribery: suppliers are required to comply with applicable anti-corruption laws and should not offer, promise or accept any improper benefits, including rebates, commissions, gifts or entertainment; and (viii) termination: agreed termination events typically include material breaches of the agreement by either party and failure to remedy such breaches within a specified period. During the Track Record Period and up to the Latest Practicable Date, there had not been any instances where our suppliers were in breach of such procurement agreements that had resulted in a material and adverse impact on our results of operations and financial position.

Inventory Management

We aim to meet customer delivery requirements and shorten delivery cycles through lean inventory management. By monitoring key performance indicators and leveraging our digital control systems, our inventory management ensures the agility and robustness of our supply chain operations.

Agile delivery to fulfill customer needs: We manage customer orders and demand forecasts through our MRP system, dynamically adjusting our safety stock levels and raw material procurement strategies based on market demand. In addition, we leverage our supplier management system to enhance supplier collaboration and coordination, shorten lead times and enable agile delivery.

Age-based inventory control to build a tiered management system: We implement strict age-based inventory management and apply a tiered system that categorizes inventory by age, status, and risk. Except for a limited portion of strategic reserves, we seek to ensure that the majority of our inventory is aged within six months.

Strengthened risk governance to achieve high inventory turnover: We monitor multi-dimensional inventory risk metrics and maintain long-term dynamic oversight of discontinued items, vendor-managed inventory balances and strategic reserve inventory. We conduct periodic specialized analysis, assessment, and clearance of abnormal inventory to mitigate obsolescence risk and enhance turnover efficiency. In 2023, 2024 and 2025, our inventory turnover days were 89.4 days, 78.5 days and 61.1 days, respectively.

SALES AND MARKETING

We adopt a direct sales model, providing products and services to customers in approximately 30 countries and regions worldwide. Our Suzhou headquarters serves as the sales management and operational hub while our Singapore headquarters facilitates our global reach and localized responsiveness. We also maintain dedicated frontline sales and service teams in key overseas markets to provide localized customer interface and real-time market feedback. Our deep local understanding and rapid responses enable us to efficiently serve our customers worldwide.

We have established a comprehensive sales strategy centered on deepening existing relationships, exploring new opportunities and fostering synergy and collaboration, continuously optimizing our customer portfolio and broadening our market presence.

Deepening existing relationships: We closely follow the product iteration cycles of key customers, leveraging our R&D capabilities to meet their diverse and customized demands. We continuously introduce next-generation high-speed products and solutions to our existing customers, seeking to enhance customer engagement and strengthen our long-term cooperation.

Exploring new opportunities: Leveraging our stable and reliable product quality and established industry reputation, we actively expand our customer base and increase our market penetration.

Synergy and collaboration: We promote cross-selling among passive and active optical components and provide integrated solution-based offerings, moving beyond single-component sales to increase our overall sales volume.

CUSTOMERS

Our products are primarily used in datacom and telecom fields, including AI computing and data centers. During the Track Record Period, our key customers included AI computing infrastructure providers and optical transceiver manufacturers. Given the relatively high concentration of clients in the optical interconnect industry, we adopt a key account strategy guided by our "Trust First" core value. We maintain a professional direct sales team to provide in-depth services to major customers. Our customer base spans Asia, North America, Europe, and other regions over the world, including world-leading optical transceiver manufacturers and world-leading AI computing infrastructure providers. As of December 31, 2025, we had 30 specialized sales and marketing professionals with strong end-to-end service capabilities and extensive industry experience. Core members of our sales team each have over a decade of experience in the optical interconnect industry.

We adhere to the principle that quality is our lifeline, and have earned customer recognition and trust through stable and reliable product quality. Amid accelerating product iteration driven by AI-related demand, we seek to foster highly sticky, high-retention and long-term customer relationships by engaging in our customers' R&D activities from the early product definition stage. We further strengthen customer

confidence based on our global service network that enhances supply chain efficiency and stability. We maintain long-term, stable relationships with our customers, with an average of over ten years of cooperation with key customers.

In each of the years ended December 31, 2023, 2024 and 2025, our revenue from our five largest customers amounted to RMB1,582.6 million, RMB2,822.5 million and RMB4,632.8 million, representing 82.2%, 87.5% and 90.6% of our total revenue, respectively; our revenue from the single largest customer amounted to RMB1,039.3 million, RMB2,005.9 million and RMB3,268.8 million, representing 54.0%, 62.2% and 63.9% of our total revenue, respectively. During the Track Record Period, the credit terms that we granted to our five largest customers generally ranged from 30 to 90 days after delivery or from the invoice date, with payments made through wire transfers or banks' acceptance bills. To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers for each year during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholders who owned or to the knowledge of Directors owned more than 5% of our issued share capital had any interest in any of our five largest customers for each year during the Track Record Period. Furthermore, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee, or otherwise in the past or present) between us and any of our five largest customers for each year during the Track Record Period.

The tables below set forth certain details of our five largest customers for each year during the Track Record Period.

Year Ended December 31, 2023

Rank	Customer	Main products sold	Total sales	% of our total revenue	Commencement year of business relationship
			(RMB '000)		
1	Customer A	Passive optical components, active optical components and others	1,039,309	54.0	2018
2	Customer B	Passive optical components, active optical components and others	215,596	11.2	2018
3	Customer C	Passive optical components, active optical components and others	171,267	8.9	2011
4	Customer D	Passive optical components, active optical components and others	109,828	5.7	2012
5	Customer E	Passive optical components	46,582	2.4	2012
	Total		**1,582,582**	**82.2**	

Year Ended December 31, 2024

Rank	Customer	Main products sold	Total sales	% of our total revenue	Commencement year of business relationship
			(RMB '000)		
1	Customer A	Passive optical components, active optical components and others	2,005,917	62.2	2018
2	Customer D	Passive optical components, active optical components and others	288,559	8.9	2012
3	Customer E	Passive optical components	208,997	6.5	2012
4	Customer C	Passive optical components, active optical components and others	203,374	6.3	2011
5	Customer B	Passive optical components, active optical components and others	115,611	3.6	2018
	Total		**2,822,458**	**87.5**	

Year Ended December 31, 2025

Rank	Customer	Main products sold	Total sales	% of our total revenue	Commencement year of business relationship
			(RMB '000)		
1	Customer A	Passive optical components, active optical components and others	3,268,844	63.9	2018
2	Customer E	Passive optical components	601,932	11.8	2012
3	Customer D	Passive optical components, active optical components and others	387,027	7.6	2012
4	Customer C	Passive optical components, active optical components and others	203,826	4.0	2011
5	Customer B	Passive optical components, active optical components and others	171,140	3.3	2018
	Total		**4,632,769**	**90.6**	

(1) Customer A refers to a company engaged in optical packaging and precision optical manufacturing and testing, incorporated in the Cayman Islands and listed on the NYSE, and its subsidiaries.

(2) Customer B refers to a fabless semiconductor company, headquartered in the United States and listed on the NASDAQ, and its subsidiaries.

(3) Customer C refers to a company engaged in the production and sales of lasers, engineered materials, and optoelectronic components and listed on the NYSE, and its subsidiaries. Customer C is also Supplier D. Please refer to the sub-section headed "—Overlapping Customers and Suppliers" in this section.

(4) Customer D refers to a company engaged in the R&D, production and sales of optical transceiver solutions, headquartered in the PRC and listed on the Shenzhen Stock Exchange, and its subsidiaries.

(5) Customer E refers to a company engaged in the R&D, production and sales of optical transceivers and subsystems, headquartered in the PRC and listed on the Shenzhen Stock Exchange, and its subsidiaries.

During the Track Record Period, we had a relatively concentrated customer base. Specifically, Customer A, our largest customer in each year of the Track Record Period, contributed 54.0%, 62.2% and 63.9% of our total revenue, respectively, in 2023, 2024 and 2025. Customer A refers to a company engaged in optical packaging and precision optical manufacturing and testing and its subsidiaries.

We have long adhered to a "key account customer strategy," providing in-depth services to key customers within the industry. We are the world's largest provider of integrated optical component solutions, and our cooperation with Customer A is mutually beneficial. Since 2018, we have maintained a long-term and stable partnership with Customer A, facilitating its launch of numerous new products and its commercial success. In our collaboration with Customer A, consistent with industry practice, we are required to fulfill stringent technical, quality, and compliance requirements, and undergo rigorous and time-consuming preparation processes before we are qualified to supply relevant products. Throughout the Track Record Period, we consistently met these stringent requirements and achieved stable supply and our cooperation deepened alongside the business developments of both parties. Our superior product performance, stable production capacity, and ability to meet customer needs ensure that we are a valued partner for Customer A and other major players in the market.

According to Frost & Sullivan, the optical interconnect value chain exhibits a concentration of suppliers for industry-leading customers, primarily because only a limited number of suppliers are capable of meeting the stringent technical, quality, and large-scale delivery requirements of those customers. This pattern stems mainly from high entry barriers: on the one hand, high-speed optical interconnect products demand high levels of technical capability and engineering experience from suppliers, with long R&D cycles and continuous iteration; on the other hand, product yield, reliability, and cost control are highly dependent on long-term manufacturing experience and are difficult to replicate in the short term. Furthermore, these products typically require rigorous and lengthy qualification processes. Therefore, once a supplier enters the downstream qualified supply chain, customers are generally reluctant to terminate the supplier, considering supply chain stability and switching costs. For more details, please refer to "Industry Overview—Analysis of the Global Optical Component Industry—Entry Barriers of Global Optical Interconnect Market." Given the high industry entry barriers discussed above as well as our long-term collaboration with Customer A and stable production capacity, it is commercially reasonable for us and Customer A to maintain a stable partnership.

We typically enter into sales framework agreements and/or purchase orders with our customers. The specific terms of these arrangements vary by negotiation and typically include the following: (i) term: the term of our framework agreements is typically two to five years, subject to negotiation with the customer. Generally, the agreement may be renewed by mutual agreement one month prior to expiration. Customers may also procure products directly from us by placing purchase orders; (ii) products and procurement: specific product specifications, pricing, quantities, delivery requirements and payment methods are set out in the relevant purchase orders; (iii) minimum purchase requirement: our framework agreements typically do not include minimum purchase requirements; (iv) quality requirements: products must comply with the product specifications, technical standards, design drawings, or sealed sample standards stipulated in the sales agreement, as well as relevant national and international standards; (v) warranty period: the warranty period varies depending on the product type and is typically two to three years; (vi) confidentiality: the framework agreements generally include stringent confidentiality clauses restricting our disclosure of client confidential information to third parties; and (vii) termination: agreed termination events include our failure to ensure compliance with any applicable laws and fulfill obligations prescribed by such laws. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material breach of any sales agreements or purchase orders that had resulted in a material and adverse impact on our results of operations and financial position.

PRICING

The pricing mechanism of our products is based on factors such as product type, degree of customization, R&D investment and manufacturing costs. We are committed to providing our customers with highly cost-effective products and solutions, and continuously reducing production costs through intelligent manufacturing initiatives, process optimization and refined cost management. In addition, our dynamic pricing mechanism allows us to respond swiftly to changes in cost structures. In the event of significant fluctuations in raw material prices, tariffs or exchange rates, we may negotiate price adjustments with customers on a case-by-case basis to preserve stable client relationships.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, we had certain overlapping major customers and suppliers, including: (i) we procured parts and assemblies for passive and active optical components from Customer C (which is also referred to as Supplier D) and Customer B, who were our top five customers. Our purchases from these top five customers accounted for 4.8%, 2.5% and 8.1%, respectively, of our total purchases in 2023, 2024 and 2025. Please see "—Customers" above for our revenue from these customers; and (ii) we sold passive optical components, active optical components and others to Supplier D and Supplier E, who were our top five suppliers. Our revenue generated from these top five suppliers accounted for 8.9%, 6.3% and 4.1%, respectively, of our total revenue in 2023, 2024 and 2025. Please see "—Raw Materials and Supply Chain Management—Our Suppliers" above for our purchases from these top five suppliers.

Our transactions with the above overlapping customer-suppliers were primarily attributable to the following reasons: (i) certain market participants operate across multiple segments of the industrial chain and simultaneously act as our upstream suppliers and downstream customers; and (ii) during the sample development stage, we may procure from the relevant customer a limited quantity of parts and assemblies; after commencing mass production, we typically procure these parts and assemblies directly from third-party suppliers.

According to Frost & Sullivan, overlap between customers and suppliers is common in the optical interconnect industry. During the Track Record Period, none of our products that are sold to our customers are then purchased by us, nor were there any raw materials that were sold to us by our suppliers were then purchased by such suppliers. None of these transactions between us and our overlapping customer-suppliers mentioned above were interconnected or inter-conditional. The pricing and other terms of transactions with overlapping customer-suppliers are comparable to those of similar transactions conducted with other customers/suppliers of our Group.

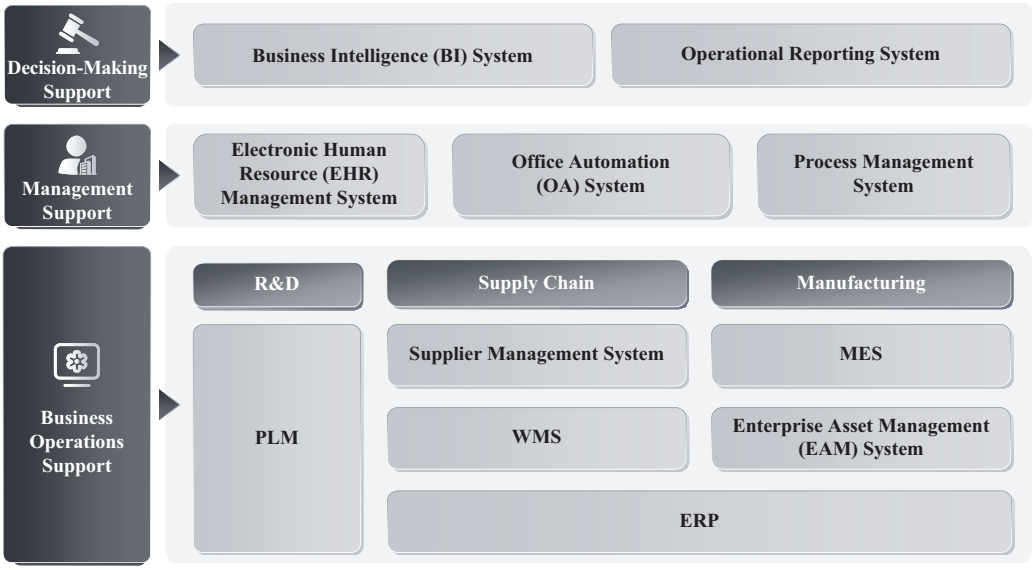
CUSTOMER SERVICES AND PRODUCT RETURNS

We place significant emphasis on customer satisfaction and have established an after-sales service system covering the entire sales cycle. We provide one-stop customer services including technical consultation, product testing, on-site support, quality traceability and repair or replacement.

We have adopted a standardized product return policy in accordance with the internationally recognized Acceptable Quality Level sampling inspection standards, under which our customers are required to complete inspection within the agreed timeframe. Products identified during such inspection as non-conforming or having quality issues are eligible for return or replacement in accordance with the agreed terms and procedures. During the Track Record Period, we did not experience any material product returns, product recalls, major customer claims or complaints arising from product recalls due to quality issues, nor were we subject to any investigations or penalties by domestic or international regulatory authorities. During the same period, we delivered hundreds of millions of optical components and maintained a record of zero material quality incident. Due to our low level of warranty claims and product returns, we did not make any provision for product liabilities during the Track Record Period.

CORE INFORMATION TECHNOLOGY SYSTEMS

Our information technology systems form a robust foundation driving the stable and efficient operation of our business. We have established an information system matrix comprising two decision-making support systems, three management support systems and six operations support systems, providing comprehensive end-to-end and full-process coverage. This enhances our operational efficiency, risk control, and management decision-making capabilities. The table below sets forth our core information technology systems.



We have established an operational analytics framework comprising two decision-making support systems: BI and operational reporting systems. These systems generate visual reports and data dashboards by integrating business data that empower our management with real-time monitoring and data-driven decision-making.

We have deployed an organizational and process support framework comprising three management support systems: EHR, OA, and Process Management. This framework enables the digitization and standardization of critical business processes and strengthens our cross-subsidiary and cross-departmental collaboration and internal controls while improving management efficiency and compliance.

In addition, we have established a digital operational foundation comprising six major business operations support systems: PLM, ERP, MES, WMS, EAM, and supplier management system. With ERP as the hub, these systems integrate core business processes including R&D, procurement, manufacturing, warehousing, and delivery. This foundation ensures end-to-end data consistency and process traceability, thereby enhancing our delivery capabilities, quality stability, and supply chain resilience.

TRANSFER PRICING ARRANGEMENTS

Our Company and certain of our subsidiaries in Chinese Mainland, Hong Kong, Japan, Singapore, the United States, and Thailand (each a "**Relevant Entity**" and collectively the "**Relevant Entities**") have conducted intra-group transactions in accordance with our transfer pricing policy, which were based on the arm's length principle and entered into on normal commercial terms. During the Track Record Period and up to the Latest Practicable Date, our intra-group transactions mainly included: (i) purchases and sales of raw materials, molds and products among Relevant Entities; (ii) the provision of testing support and contract manufacturing services among Relevant Entities in the ordinary course of their business; (iii) the leasing of properties and buildings to a Relevant Entity in the ordinary course of its business; and (iv) inter-company loan transactions among Relevant Entities in the ordinary course of their business (collectively, the "**Covered Transactions**").

Transfer pricing arrangements for these intra-group transactions should be on an arm's length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations promulgated by the Organization for Economic Cooperation and Development, which we refer to as the OECD Transfer Pricing Guidelines. In this regard, we have engaged an independent transfer pricing advisor to review and assess whether our intra-group transactions are conducted on an arm's length basis in accordance with the OECD Transfer Pricing Guidelines and applicable transfer pricing laws and regulations in China.

After assessing our transfer pricing arrangements during the Track Record Period and up to the Latest Practicable Date, our transfer pricing advisor is of the view that our transfer pricing transactions and arrangements thereunder were generally consistent with the arm's length principle under both OECD Transfer Pricing Guidelines and the applicable transfer pricing laws and regulations in China, and no significant transfer pricing risk was identified in the Covered Transactions. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions on the intercompany transactions of our Group.

Our management closely monitors our transfer pricing arrangements including reviewing the reasonableness of the pricing policy of our intra-group transactions from time to time. However, we cannot assure you that our transfer pricing arrangements will not be subject to review and possible challenges by any relevant tax authorities in future. For further details of our risks relating to transfer pricing, see "Risk Factors—Risks Relating to Our Financial Position—Our operations may be subject to transfer pricing adjustments by competent authorities" in this document.

INTELLECTUAL PROPERTY

We rely on a combination of patent and trade secret laws as well as confidentiality and non-compete agreements with our employees to protect our intellectual property rights, trade secrets and know-how. As of December 31, 2025, we had 184 registered patents (of which 53 were invention patents) in China and 10 registered patents overseas, and we had 45 pending patent applications in China. In addition, as of the same date, we owned two software copyrights and 15 registered trademarks in China, and three registered trademarks overseas. For further information, see the section headed "Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of Our Group" in Appendix IV to this document.

We have strategically developed our intellectual property application roadmap by studying market trends, customer demand and technical advancements. We are also committed to protecting the intellectual property rights and other proprietary rights of our customers, and have implemented strict procedures to protect such intellectual property rights and maintain the confidentiality of our customers' information. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we were not involved in any third-party intellectual property claims against us or legal proceedings concerning infringement on any third parties' intellectual property rights that had or would have materially and adversely affected our business, financial position or results of operations.

AWARDS AND RECOGNITION

Since our inception, we have received numerous awards and recognitions from national and local governments and various industry associations. The following table sets out a summary of our major awards and recognition as of the Latest Practicable Date.

Award or Recognition	Year	Issuing Authority
Top 10 Most Competitive Enterprises in China for Optical Components and Ancillary Equipment	2018-present	Asian-Pacific Optical Communications Committee (亞太光通信委員會), Network Telecom Information Research Institute (網絡電信信息研究院)
National High and New Technology Enterprise	2009-present	Ministry of Science and Technology (科學技術部), Ministry of Finance (財政部), and SAT (國家税務總局)
National Specialized, Refined, Unique, and Innovative ("**Little Giant**") Enterprise	2021	MIIT (工業和信息化部)

Award or Recognition	Year	Issuing Authority
Authorized Economic Operator Advanced Certification	2023	General Administration of Customs of the People's Republic of China(中華人民共和國海關總署)
A Rating in the Shenzhen Stock Exchange's Information Disclosure Evaluation	2016-present	Shenzhen Stock Exchange (深圳證券交易所)
Top 50 Most Valuable Companies on the ChiNext Board	2017-2020 2023-2025	Securities Times (證券時報)
AA-Level Certification of Assessment and Recognition for the Integration of Informatization and Industrialization Management System	2024	China Classification Society Certification Company （中國船級社質量認證有限公司）
Jiangsu Provincial Engineering Technology Research Center	2014	Jiangsu Provincial Department of Science and Technology (江蘇省科學技術廳)
Jiangxi Province Model Enterprise of Intelligent Manufacturing	2022	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)
Jiangxi Provincial Enterprise Technology Center	2020	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)
Jiangxi Provincial Engineering Technology Research Center	2018	Jiangxi Provincial Department of Science and Technology (江西省科學技術廳)

COMPETITION

We operate in a highly competitive industry. According to Frost & Sullivan, in 2025, the global optical component industry had a total market size of US$6.1 billion, and the top five optical component providers held an aggregate market share of 25.4% in terms of external sales revenue. We ranked first with a market share of 11.7% in the same year. The global optical component market has continued to expand, primarily driven by the exponential growth in AI computing. Leveraging our technological expertise in high-speed optical interconnects, accumulated industry know-how, vertically-integrated supply chain capabilities, and established customer base, we are well positioned to capture the significant growth opportunities of this industry. For further details, please refer to the section headed "Industry Overview."

EMPLOYEES

We believe that attracting, developing and retaining a highly motivated and professional workforce is critical to our sustained success. As of December 31, 2025, we had 5,127 full-time employees, primarily located in China. The following table sets forth a breakdown of our employees by function as of December 31, 2025:

Function	Number of Employees	% of Total
Manufacturing	4,037	78.7
R&D	774	15.1
Administrative and Management	251	4.9
Finance	35	0.7
Sales and Marketing	30	0.6
Total	**5,127**	**100.0**

We believe in "Talent First" and have assembled a team of experienced R&D and management professionals from China and overseas, who understand industry trends and collaborate closely with customers to address their requirements and deliver practical business solutions. We have formalized a talent development roadmap that aligns individual career paths with our growth objectives. We have implemented equity incentive plans for more than ten years, covering over 1,000 awards to participants from core management down to mid-level technical specialists to attract, retain and motivate talent. Through a combination of campus recruitment and experienced hire programs, we continuously expand our talent pool and cultivate a sustainable and well-structured talent pipeline to support innovation and business expansion.

We have established the Tianfu Academy to build a full-cycle talent strategy system covering talent acquisition, development, retention and deployment, aimed at enhancing employees' professional capabilities and management competencies. The Tianfu Academy implements a talent development framework spanning the entire employee career cycle, encompassing modules such as onboarding training, graduate integration, management succession planning, technical expert cultivation, and overseas talent reserves. Leveraging our technological expertise, our Tianfu Academy combines internal experience with leading external institutions to deliver a targeted curriculum of in-house and external courses to help our employees develop their capabilities comprehensively and ensure a robust talent pipeline for business growth.

We generally enter into written employment agreements with our employees. With respect to senior management and key R&D personnel, we also enter into separate non-competition and confidentiality agreements with them. In China, we participate in government-mandated employee benefit plans, including social insurance for pensions, medical care, unemployment, work-related injury and maternity, and the housing provident fund. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution to social insurance and housing provident fund for certain of our employees in a timely manner according to relevant PRC laws and regulations, mainly in line with their personal preference. For more information, see "Risk Factors—Risks Relating to Our Operation—Failure to comply with applicable labor laws and regulations may adversely affect our financial condition and results of operations."

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

PROPERTIES

We occupy properties mainly as premises for our production facilities, warehouses, R&D centers, and offices.

We do not engage in any property activities as defined in Rule 5.01 of the Listing Rules. As of December 31, 2025, we did not have any single property interest with a carrying value exceeding 15% of our total assets. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this document any valuation report on our property interests, and, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned (i) seven properties in China with an aggregate GFA of 209,537.9 sq. m. for R&D, production, warehousing and office purposes; for six of these properties, we had obtained building ownership certificates, and for the remaining property (not in use yet), we had completed the completion acceptance procedures and were applying for the building ownership certificate, (ii) one property in Thailand with an aggregate GFA of 40,104.0 sq. m. for production, warehousing and office purposes, and (iii) one property in Japan with an aggregate site area of 2,712.6 sq. m., for R&D, production, warehousing and office purposes.

Leased Properties

As of the Latest Practicable Date, we leased one business operation related property in China with an aggregate GFA of 3,199.0 sq. m., principally used for R&D, production, and warehousing. We have also leased certain office area in the United States. We did not experience any material difficulties in negotiating a renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain property insurance to cover potential damages to our properties, equipment, inventory, other properties owned by us. Certain of our subsidiaries also maintain property insurance covering commercial vehicles. Based on our past experience and understanding of the prevailing industry practice in China and other locations where we operate, we believe the coverage of such property insurance is adequate to cover any material property damages and is in line with the industry norm. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors—Risks Relating to Our Operation—Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation" for details. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us. As our business expands, we may increase our insurance coverage as our Directors deem appropriate.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We place high importance on compliance and have established corresponding compliance policies, internal controls, and dispute resolution mechanisms. We mitigate litigation and compliance risks through daily monitoring and legal support. Notwithstanding the foregoing, in the event that any compliance or dispute-related matters arise, we will actively respond and implement appropriate remedial measures to minimize the impact on our business, operations, and reputation. For details, see "Risk Factors—Risks Relating to Our Operation—We, our Directors and our management may from time to time be subject to

claims, disputes, lawsuits and other legal and administrative proceedings." During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, no litigation or arbitration was pending or threatened against us or our Directors that had or would have a material adverse effect on our business, financial condition, or results of operations.

LICENSES, APPROVALS AND PERMITS

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

License/Approval/Permit	Holder	Issuing Authority	Validity Period
Customs Registration Certificate of Declaration Entity	Our Company	Suzhou Customs of the People's Republic of China	Long-term
Filing Registration Form of Foreign Trade Operator	Jiangxi TFC	Commerce Bureau of Gao'an City, Jiangxi Province	Long-term
Filing Registration Form of Foreign Trade Operator	Gao'an TFC	Commerce Bureau of Gao'an City, Jiangxi Province	Long-term
Customs Registration Certificate of Declaration Entity	Auxora Shenzhen	Shenzhen Customs of the People's Republic of China	Long-term
Filing Registration Form of Foreign Trade Operator	Auxora Shenzhen	Commerce Bureau of Bao'an District, Shenzhen	Long-term
Filing Registration Form of Enterprise for Entry—Exit Inspection and Quarantine Declaration	Auxora Shenzhen	Shenzhen Entry—Exit Inspection and Quarantine Bureau of the People's Republic of China	Long-term

DATA SECURITY AND PRIVACY PROTECTION

In the ordinary course of our business, we collect and store certain operating data, technical information, and personal data of our employees such as names, ages, and emergency contact information solely for limited and legitimate purposes. As our customers are corporates rather than individual consumers, we generally do not collect personal information from our customers. As of the Latest Practicable Date, we had not been engaged in cross-border transfers of important data.

We believe that the confidentiality, integrity, and availability of data are vital to our business operations. Our information security department is responsible for developing and implementing our policies and procedures relating to cybersecurity and privacy protection.

We have adopted a framework that covers the full data lifecycle, from collection and creation to storage, use and transmission, and monitors data security. We collect data only where lawful and with explicit user consent, strictly limiting the scope of data collection to business necessities. Following a multi-layered strategy, we classify our information assets into four protection levels and apply corresponding controls. These classifications and controls are embedded in our data security policies to protect commercial interests, ensure regulatory compliance and minimize operational risk. In addition, we require data security training for all employees. These training sessions, together with technical controls and governance, form our integrated approach to protecting data and ensuring regulatory compliance.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any data breaches or any other customer information related incidents that had or would have a material adverse effect on our business, financial condition or results of operations. During the same period, we had not been subject to any material administrative penalties by regulatory authorities for violations of data protection laws, nor had we received any significant complaints from third parties regarding data privacy and security issues in jurisdictions where we operate.

ENVIRONMENT AND SAFETY MATTERS

ESG Governance

We place significant emphasis on sustainable development and environment, social and governance ("**ESG**") governance, and have established and continuously enhanced a three-tier ESG governance framework covering the full spectrum of decision-making, management and execution: (i) our Board is responsible for monitoring our ESG policies and business operations, overseeing the assessment of our ESG related impact, guiding and reviewing our ESG strategies, approving our ESG reports, and supervising and guiding the implementation of our ESG practices; (ii) our Strategy Committee provides to our Board analysis and recommendations on key ESG issues; allocates resources to identify, mitigate, manage and monitor our ESG related impact; and develops our ESG plans, incentives and evaluation systems; and (iii) our ESG specialized task force, comprising designated representatives from our various departments, and executes our ESG work plans. In addition, in respect of environmental, health and safety ("**EHS**") matters, we have set up an EHS committee that is composed of our general manager, EHS specialists, safety specialists and representatives our relevant departments. Our general manager is responsible for establishing our EHS targets, which are subsequently cascaded to relevant functions and management levels for implementation.

Our costs for compliance with the applicable environmental regulations amounted to approximately RMB1.3 million, RMB1.3 million and RMB1.7 million in 2023, 2024 and 2025, respectively. We do not expect there to be substantial changes to our costs for compliance with the applicable environmental regulations in the near future.

We have developed internal sustainable development management policies and procedures to provide guidance on our management of ESG related matters. In particular:

- ***Environmental matters:*** Following ISO14001 Environmental Management System standards, our environmental policies cover energy conservation, carbon emission reduction, and the treatment of exhaust gas, wastewater, and solid waste. We commit to pollution prevention, reduced use of hazardous chemicals, and waste minimization and recycling. We also conduct environmental risk assessments and maintain preventive controls and emergency response plans for environmental incidents.

- ***Occupational health and safety matters:*** In line with OHSAS18001 Occupational Health and Safety Assessment and ISO45001 Occupational Health and Safety Management, our policies integrate occupational disease prevention, employee health protection, and safety training. Our policies also promote workforce diversity and an inclusive, equal-opportunity working environment.

- ***Social matters***: Social responsibility is embedded in our business strategy under a formal social responsibility management policy. We aim to deliver safe, high-quality and environmentally responsible products, support job creation, and contribute to local economic development.

Environmental Protection

We endeavor to foster a resource-conserving and environmentally friendly enterprise and achieve harmonious coexistence among us, the environment, and nature. Our environmental management system obtained the ISO14001 certification in 2017. Under this system, we set annual environmental targets, take specific actions to achieve these targets, and then verify the results. To achieve our targets, we are committed to reducing waste emissions and utilizing energy, water and other resources prudently and efficiently.

Emissions

We have established strict wastewater, waste gas and solid waste management procedures and tailored to our operations. We aim to ensure compliant discharges of all pollutants, reduce emission volumes, and minimize negative impacts on the environment and surrounding communities. We have engaged accredited third-party testing agencies to monitor our exhaust emissions, wastewater discharges and noise levels on an annual basis, and they confirmed that all monitored parameters met the applicable regulatory standards.

Waste Gas Management: Our designated personnel are responsible for the daily maintenance of exhaust gas treatment facilities to ensure their normal operation. They also regularly inspect and maintain our production equipment, ensuring its normal operation and compliant emissions.

Wastewater Management: Our wastewater primarily consists of (i) domestic sewage, which is discharged into municipal sewage systems via site wastewater pipelines; and (ii) industrial wastewater, which is treated at our on-site wastewater treatment facility before being discharged to the wastewater treatment plant of a third-party service provider. We have designated staff responsible for regular cleaning of our sewage systems. Our EHS committee supervises our effluent discharges.

Solid Waste Management: Our relevant policy requires solid waste to be segregated and managed centrally. Hazardous wastes generated during our production process are stored in dedicated facilities and regularly handed to licensed contractors for disposal.

Noise Management: By implementing sound insulation and vibration reduction measures in our facilities, such as installing soundproof doors and windows, sound-absorbing insulation materials, noise barriers, and exhaust silencers, we minimize noise from machinery and equipment to reduce the impact on the surrounding environment and nearby residents.

The table below sets forth the amounts of our waste discharges for the years indicated.

	Year ended December 31,		
Indicator	**2023**	**2024**	**2025**
		(*in tons*)	
Solid waste discharges	901.2	980.9	1,008.3
- Hazardous solid waste discharges	0.6	8.6	4.0
- Non-hazardous solid waste discharges	900.6	972.3	1,004.3
Waste water discharges	234,731.5	340,259.3	359,543.9

Resource Use

Energy Consumption: Our energy consumption arises primarily from electricity consumed by machinery in our production and also includes natural gas, gasoline and diesel fuel. Fluctuations in electricity prices may impact our business costs, and our electricity consumption is also a major source of greenhouse gas ("**GHG**") emissions. We apply energy-saving and digital management measures to develop modern, smart and green offices. For example, we have taken energy-saving initiatives such as promoting

energy-efficient products and paperless workflows, upgrading to LED lighting, switching off electrical equipment when not in use, and participating in community green initiatives. In 2023, 2024 and 2025, we consumed electricity of approximately 39,179 MWh, 58,322 MWh and 71,403 MWh, respectively. In 2025, our total energy consumption was approximately 8,806 tons of standard coal, with an energy consumption intensity of 0.02 ton of standard coal per RMB10,000 of revenue.

Water Consumption: Our primary source of water usage is purchased municipal water. To reduce water consumption, we have implemented multiple measures, such as installing rainwater-harvesting systems to collect and reuse stormwater, introducing water-saving equipment and process optimizations to lower water use per unit of product, and implementing real-time water meters and monitoring systems to detect leaks and control consumption. We also run employee awareness campaigns with slogans displayed on-site to promote water conservation and reinforce water-saving practices. In 2023, 2024 and 2025, our total water consumption was 238,407 tons, 356,724 tons and 381,042 tons, respectively. In 2025, our water consumption intensity was 0.7 ton per RMB10,000 of revenue.

Recycling: We continue to advance decarbonization across the full production process and product lifecycle by recycling scrap metal, timber and cardboard generated during production and establishing a classified collection and centralized treatment mechanism for production waste.

We currently aim to reduce our water and energy consumption intensity per RMB10,000 of revenue by 10% in 2026 compared to 2025 levels.

Climate Change

Climate change may pose potential risks and opportunities to our business operations. We have formulated a group-level climate strategy to identify and assess both physical and transition risks and to integrate climate-related considerations into our overall planning and decision-making. At the same time, we continuously monitor domestic and international climate-related regulatory and policy developments and adjust our business practices as appropriate to maintain compliance and competitiveness. In addition, we are progressively advancing our transition toward lower-carbon operations by reducing reliance on carbon-intensive products, promoting circular economy initiatives and upgrading energy-efficient infrastructure. Furthermore, we seek to strengthen the resilience of our supply chain by prioritizing suppliers with lower carbon footprints.

The following table sets forth the climate-related risks related to us:

Risks	Description	Potential Impacts
Physical Risks	• Extreme weather events such as floods, typhoons and heatwaves that may damage facilities, disrupt production and interrupt logistics • Long-term climate shifts such as sea-level rise and changes in rainfall patterns that affect site suitability and infrastructure resilience	• Direct damage to manufacturing facilities, equipment, and inventory, leading to increased infrastructure maintenance and relocation costs; • Disruption to employee safety and logistics networks, causing supply chain delays and increased transportation costs; and • Volatility in the supply and cost of critical raw materials.
Transition Risks	• Policy and regulatory transition risks including carbon taxes, emissions trading schemes and mandatory reduction targets that raise compliance obligations • Technology transition risks including rapid adoption of low-carbon technologies and the phasing out of old-fashioned processes and equipment • Reputational transition risks including perceived failure to act on climate issues by customers, investors or regulator	• Increased compliance costs, including potential expenses for more comprehensive disclosure; • Increased capital expenditure for technology upgrades, disruption during technology transition; and • Loss of customer trust, reduced market access, negative impact on brand value and investor relations.

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

Indicator	Unit	Year ended December 31, 2023	2024	2025
GHG emissions				
- Scope 1	Tons of CO_2 equivalent	896.9	1,174.6	1,437.9
- Scope 2	Tons of CO_2 equivalent	22,136.1	33,039.5	40,158.0
Total		23,033.0	34,214.1	41,595.9

Occupational Health and Safety

To support a sustained and healthy development, we have established a safety production management system and implemented production-safety training programs to enhance our frontline staff's safety awareness and practical knowledge and prevent workplace incidents. We also use digitalized, on-site information tools to facilitate the timely identification and resolution of safety issues. In addition, our safety management department conducts regular and special inspections and organizes practical drills covering hazardous chemicals handling, fire safety and emergency rescue. All personnel engaged in special operations are required to receive formal safety training and obtain the required qualifications before undertaking such work.

We obtained the OHSAS 18001 certification on occupational health and safety in 2017 and the ISO45001 certification for our occupational health and safety management system in 2021. These certifications demonstrate our ability to meet international occupational health and safety standards and minimize occupational health and safety risks. During the Track Record Period and up to the Latest Practicable Date, our operations had not experienced any material incidents, and we experienced no major incident that resulted in severe work injuries.

Social and Welfare Matters

We are committed to fulfilling our social responsibilities and giving back to the community. For our employees, we endeavor to build an equal, inclusive, diverse, healthy and safe working environment. Our female directors and senior management members accounted for 37.5% of our board and senior management team. On business ethics, we target to create a clean office and business environment. We also aim to co-operate with our business partners in a win-win manner and integrate the concept of sustainable development into our supply chain. For example, we maintain a green procurement policy that requires our suppliers to comply with relevant environmental standards and regulations, including Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). We also require our suppliers to not use regulated, hazardous or toxic materials that do not meet regulatory requirements.

Anti-corruption

We endeavor to comply with the anti-corruption laws and regulations of the countries in which we operate. Our relevant internal control systems, such as our integrity management system, procurement and tendering management code, and code of business conduct and ethics, clearly define various aspects of business ethics. We require all of our long-term suppliers to enter into an integrity and compliance agreement. Any suppliers engaging in bribery or other fraudulent conduct during procurement will be disqualified. We also require our employees to strictly follow our procurement policies and procedures. In addition, we have implemented whistleblower procedures for corrupt practices internally and a reporting system for our suppliers and customers. We maintain strict confidentiality of whistleblower information to safeguard their legitimate rights and interests. We were not involved in any corruption lawsuits during the Track Record Period and up to the Latest Practicable Date.

Social Charitable Efforts

We integrate social responsibility into our medium- and long-term business strategy to deliver safe, reliable, high-quality and green products while advancing sustainable growth and responding to stakeholder expectations. Our charitable efforts have focused on areas such as caring for the disadvantaged, education support, and environmental protection. We also actively carry out public welfare and charity activities to demonstrate our social responsibility and commitment. Since 2022, we have made annual donations through the Suzhou High-Tech Zone Charity Federation (Foundation) to support charitable initiatives. We have also organized the "Love Warms Young Hearts—Aid for Children's Growth" public welfare donation campaign, providing material donations, growth companionship, and capacity-building support to underprivileged children.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board of Directors and senior management are responsible for devising and supervising the execution and efficacy of our internal control framework. This framework is designed in accordance with pertinent regulatory mandates that govern our business activities and corporate governance to prevent any compliance failures. We are committed to ensuring that our internal control procedures are adequate in scope, feasibility and operational effectiveness.

In the ordinary course of our business, we are exposed to operational, market, and financial risks. Recognizing these exposures, we firmly believe that robust risk management strategies are essential to mitigating risks, safeguarding our operations against potential adversities, and securing our competitive edge and financial stability. For the purpose of effective risk management, we have implemented or will adopt upon the **[REDACTED]** a number of policies and measures to manage our risks and set up proper internal controls: (i) our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels; (ii) our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies; (iii) our financial, legal and compliance, human resources and other relevant departments are responsible for implementing our risk management policies and conducting daily risk management activities; and (iv) when necessary, we engage external professional advisors to work with our internal audit and legal teams to conduct regular reviews to ensure the validity of all registrations, licenses, permits, filings and approvals.

In March 2026, we engaged an independent internal control consultant to perform certain agreed-upon reviews of our internal controls. The key areas of the review included: (i) entity-level and business process internal controls, (ii) sales, accounts receivable and collections, (iii) procurement, accounts payable and payments, (iv) R&D processes, inventory management, production and cost, (v) human resources and payroll, (vi) fixed assets and intangible assets management, (vii) cash and funds management, (viii) insurance management, (ix) financial reporting and information disclosure control, (x) tax management, and (xi) general controls of information systems.