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Application Proof of

Suzhou TFC Optical Communication Co., Ltd.

(the **"Company"**)

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Suzhou TFC Optical Communication Co., Ltd.
蘇州天孚光通信股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share plus [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
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SUMMARY

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

OVERVIEW

We are a 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.

We are the world's largest provider of integrated optical component solutions. We are principally engaged in the R&D, manufacturing and sales of (i) passive optical components, and (ii) active optical components. For passive optical components, we offer a diverse product portfolio comprising optical parts (individual structural pieces manufactured from basic materials) and optical assemblies (integrated functional units composed of multiple parts). For active optical components, we primarily provide high-speed optical engines which enable optoelectronic signal conversion and signal modulation. Besides, we provide optical transceiver integration services to fulfill customized demands from different customers. Our products are primarily used in data communication (datacom) and telecom applications to facilitate efficient data transmission.

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 co-packaged optics, or 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 silicon photonics, or SiPh, integration and thin-film lithium niobate, or 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:

Notes:

(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.

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.

OUR STRENGTHS

We believe that the following strengths contributed to our success: (i) technology moat enabled by our highly reusable technology platforms and market-oriented R&D strategy; (ii) business ecosystem based on our distinctive value chain positioning and "Trust First" philosophy; (iii) quality and cost advantages solidified by our vertically integrated one-stop solutions; (iv) supply chain resilience and flexibility enabled by our precision, intelligent and global manufacturing system; and (v) sustained prosperity led by our visionary management and driven by our progressive corporate culture.

OUR STRATEGIES

We plan to implement the following business strategies: (i) 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; (ii) technology-driven (以遠領航): to continue substantial R&D investments and proactively develop core technologies to deliver greater customer value; (iii) vertically-integrated (以深築基): to continuously expand our vertical integration capabilities and enhance our one-stop solution offerings; (iv) vision-guided (以廣拓界): to pursue dual-engine growth through organic development and synergistic expansion; and (v) talent-centric (以才聚力): to attract and retain multi-disciplinary talent to propel our continued success.

OUR PRODUCTS AND SOLUTIONS

Passive Optical Components

We have developed a diverse portfolio of passive optical components and held the world's largest market share in the fiber array unit, or FAU, segment in terms of revenue in 2025, according to Frost & Sullivan. 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. 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.

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. 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.

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.

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: (i) top-level architecture and design platforms, (ii) fundamental manufacturing and process platforms, and (iii) core component and final product integration platforms.

OUR RESEARCH AND DEVELOPMENT

We uphold the R&D strategy of "grounded in the present, geared toward the future." 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 technology 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. As of December 31, 2025, we had obtained 194 registered patents, representing a world-leading optical component patent portfolio among all optical component providers. As of the same date, we had 774 R&D personnel, accounting for 71.0% of non-manufacturing employees. 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.

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. Leveraging our dual-engine global manufacturing system anchored in Gao'an, Jiangxi province, China and Chonburi, Thailand, we strive 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. 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. Supported by a centralized management and local execution model, we maintain uniform quality standards and an established organizational framework globally.

CUSTOMERS AND SUPPLIERS

Our products are primarily used in datacom and telecom fields, including AI computing and data centers. Our customer base includes world-leading optical transceiver manufacturers and world-leading AI computing infrastructure providers. We adopt a direct sales model, providing products and services to customers in approximately 30 countries and regions worldwide, spanning Asia, North America, Europe, and other regions over the world. In each of the years ended December 31, 2023, 2024 and 2025, our revenue from our five largest customers accounted for 82.2%, 87.5% and 90.6% of our total revenue, respectively; our revenue from the single largest customer accounted for 54.0%, 62.2% and 63.9% of our total revenue, respectively.

Leveraging our dual-headquarters in Suzhou and Singapore, we have achieved integrated and synergistic operations across our global supply chain. 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. In each of the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 54.7%, 54.4% and 61.5% of our total purchase amount, respectively; purchases from our single largest supplier accounted for 29.4%, 35.5% and 34.8% of our total purchase amount, respectively.

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.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Revenue	1,925,578	100.0	3,225,918	100.0	5,114,531	100.0
Cost of sales	(902,433)	(46.9)	(1,408,243)	(43.7)	(2,409,541)	(47.1)
Gross profit	**1,023,145**	**53.1**	**1,817,675**	**56.3**	**2,704,990**	**52.9**
Other income and gains	94,022	4.9	134,995	4.2	143,096	2.8
Selling and marketing expenses	(18,196)	(0.9)	(22,986)	(0.7)	(21,285)	(0.4)
Administrative expenses	(80,491)	(4.2)	(131,681)	(4.1)	(130,012)	(2.5)
Research and development expenses	(143,256)	(7.4)	(232,236)	(7.2)	(266,581)	(5.2)
Impairment losses on financial assets, net	(6,124)	(0.3)	(18,348)	(0.6)	(18,636)	(0.4)
Other expenses	(21,291)	(1.1)	(4,244)	(0.1)	(56,425)	(1.1)
Finance costs	(545)	(0.0)	(1,558)	(0.0)	(1,181)	(0.0)
Share of profits of an associate	239	0.0	367	0.0	651	0.0
Profit before tax	**847,503**	**44.0**	**1,541,984**	**47.8**	**2,354,617**	**46.0**
Income tax expense	(111,108)	(5.8)	(192,225)	(6.0)	(326,200)	(6.4)
Profit for the year	**736,395**	**38.2**	**1,349,759**	**41.8**	**2,028,417**	**39.7**
Attributable to:						
Owners of the parent	736,396	38.2	1,350,417	41.9	2,028,007	39.7
Non-controlling interests	(1)	(0.0)	(658)	(0.0)	410	0.0
	736,395	**38.2**	**1,349,759**	**41.8**	**2,028,417**	**39.7**

Revenue by Segment

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
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.

Revenue by Geography

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland[(1)]	333,215	17.3	752,513	23.3	1,275,552	24.9
Overseas markets	1,592,363	82.7	2,473,405	76.7	3,838,979	75.1
Asia[(2)]	1,537,966	79.9	2,388,918	74.1	3,766,770	73.6
North America	42,548	2.2	76,489	2.4	66,233	1.3
Others	11,849	0.6	7,998	0.2	5,976	0.1
Total	**1,925,578**	**100.0**	**3,225,918**	**100.0**	**5,114,531**	**100.0**

(1) Excludes bonded areas of the PRC.
(2) Primarily includes Singapore and bonded areas of the PRC, but excludes Chinese Mainland.

Gross Profit and Gross Profit Margin by Segment

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

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Passive optical components	704,976	60.0	1,065,813	68.2	1,307,408	63.3
Active optical components	328,945	44.4	759,804	46.3	1,369,444	46.1
Others	5,778	62.3	9,116	45.7	60,574	75.4
Provision for inventory impairment	(16,554)	—	(17,058)	—	(32,436)	—
Total	**1,023,145**	**53.1**	**1,817,675**	**56.3**	**2,704,990**	**52.9**

Gross Profit and Gross Profit Margin by Geography

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

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland[(1)]	168,443	50.6	449,257	59.7	756,839	59.3
Overseas markets[(2)]	871,256	54.7	1,385,476	56.0	1,980,587	51.6
Provision for inventory impairment	(16,554)	—	(17,058)	—	(32,436)	—
Total	**1,023,145**	**53.1**	**1,817,675**	**56.3**	**2,704,990**	**52.9**

(1) Excludes bonded areas of the PRC.

(2) Include bonded areas of the PRC.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	3,045,129	3,524,465	4,848,407
Total non-current assets	853,093	1,212,261	1,600,896
Total assets	**3,898,222**	**4,736,726**	**6,449,303**
Total current liabilities	503,872	726,690	909,011
Total non-current liabilities	31,139	24,038	27,613
Total liabilities	**535,011**	**750,728**	**936,624**
Net current assets	**2,541,257**	**2,797,775**	**3,939,396**
Net assets	**3,363,211**	**3,985,998**	**5,512,679**
Share capital	394,887	553,972	777,416
Reserves	2,797,637	3,425,593	4,728,568
Non-controlling interests	170,687	6,433	6,695
Total equity	**3,363,211**	**3,985,998**	**5,512,679**

Our net assets (total equity) increased from RMB3,363.2 million as of December 31, 2023 to RMB3,986.0 million as of December 31, 2024, primarily due to our profit in 2024 of RMB1,349.8 million, partially offset by profit appropriation to the shareholders of RMB672.6 million and others of RMB233.6 million, primarily related to our acquisition of minority interests in one of our subsidiaries. See Note 18 to the Accountants' Report included in Appendix I to this document for more details. Our net assets increased from RMB3,986.0 million as of December 31, 2024 to RMB5,512.7 million as of December 31, 2025, primarily due to our profit in 2025 of RMB2,028.4 million, partially offset by profit appropriation to the shareholders of RMB666.4 million.

Summary of Consolidated Statements of Cash Flow

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

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	901,865	1,262,516	1,868,204
Net cash flows from/(used in) investing activities	258,488	(357,820)	(264,524)
Net cash flows used in financing activities	(9,445)	(781,993)	(673,130)
Net increase in cash and cash equivalents	1,150,908	122,703	930,550
Cash and cash equivalents at beginning of year	672,610	1,827,702	1,978,488
Effect of foreign exchange rate changes, net	4,184	28,083	(45,295)
Cash and cash equivalents at end of year	**1,827,702**	**1,978,488**	**2,863,743**

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	For the year ended/ As of December 31,		
	2023	2024	2025
Revenue growth rate	N/A	67.5%	58.5%
Gross profit margin	53.1%	56.3%	52.9%
Net profit margin	38.2%	41.8%	39.7%
Current ratio	6.04	4.85	5.33
Quick ratio	5.54	4.37	4.83
Liability to asset ratio	13.7%	15.8%	14.5%
Return on equity	24.5%	36.7%	42.7%

RISK FACTORS

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

- We operate in an industry with rapid technological developments. Failure to adapt to these developments could adversely affect our results of operations and business prospects;
- Our continuous success requires continued R&D investments;
- Any decrease in demand from our downstream customers and slowdown in the growth of the end markets that adopt our products could adversely affect our business prospects, financial condition and results of operations;
- We are subject to the risk of customer concentration;
- We are exposed to regulatory, operational and other risks associated with our global operations;
- Our historical results of operations may not be indicative of our future performance;
- We cooperate with some major suppliers, and any disruption in supply could adversely affect our business and results of operations;

- Any product defects may adversely affect our business and reputation;
- Any delay or failure in executing our production capacity expansion or upgrade or any extended ramp-up period may adversely affect our business prospects, financial condition and results of operations; and
- Unexpected disruptions to our production facilities or production operations may adversely affect our business prospects, financial condition and results of operations.

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders are Tianfu Renhe, Mr. Zou, Ms. Ou, Ms. Zou Yonghang and Mr. Zou Xinhang. As of the Latest Practicable Date, our Company was held as to approximately 37.56% by Tianfu Renhe and approximately 0.01% by Ms. Ou. As of the Latest Practicable Date, Tianfu Renhe was owned as to 40% by Mr. Zou, 20% by Ms. Ou (the spouse of Mr. Zou), 20% by Ms. Zou Yonghang (the daughter of Mr. Zou and Ms. Ou) and 20% by Mr. Zou Xinhang (the son of Mr. Zou and Ms. Ou). Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), our Controlling Shareholders will in aggregate control the voting rights attached to approximately **[REDACTED]**% of our total issued share capital and will remain as our Controlling Shareholders.

USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** based on the maximum **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and assuming no exercise of the **[REDACTED]**, after deducting estimated **[REDACTED]** and other estimated expenses payable by us in connection with the **[REDACTED]**.

In line with our strategies, we plan to use the **[REDACTED]** from the **[REDACTED]** for the purposes set forth below: (i) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used to expand our intelligent manufacturing system over the next five years and build higher-quality, more efficient, more scalable and more flexible intelligent manufacturing capabilities, thereby better capitalizing on strategic opportunities presented by the explosive growth in demand for optical interconnects; (ii) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used for the R&D of new products and cutting-edge technologies over the next five years to comprehensively enhance our technological capabilities, thereby maintaining a leading position amidst the rapid evolution of the optical interconnect sector; (iii) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used for strategic investments and acquisitions, to strengthen our vertical integration capabilities and deepen our coverage along the industry value chain; and (iv) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be allocated for working capital and general corporate purposes to support our business operations and growth. For more details, please see "Future Plans and Use of **[REDACTED]**."

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since 2015, our Company has been listed on the Shenzhen Stock Exchange. Our Directors confirm that, as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect and, to the best of the knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to **[REDACTED]**' attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on public searches on the websites of the Shenzhen Stock Exchange, the CSRC and the Jiangsu Regulatory Bureau, there are no records of material non-compliance of our Company with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations. Therefore, nothing has come to the PRC Legal Advisor's attention that, for the two years ended December 31, 2024 and 2025 and up to the date of the submission of the **[REDACTED]**, our Company had any instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations in relation to its listing on the Shenzhen Stock Exchange in any material respect. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange.

RECENT DEVELOPMENTS

In early April 2026, our Board proposed to declare a final dividend of RMB544.2 million in respect of the year ended December 31, 2025. At the same time, our Board proposed a share premium conversion plan, pursuant to which our Company will convert RMB311 million of share premium into share capital by issuing 310,966,356 new Shares to our existing Shareholders at a ratio of four Shares for every 10 Shares held. The above proposed final dividend and share premium conversion plan are subject to the approval of our Shareholders' meeting.

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

[REDACTED]

All statistics in the following table are based on the assumptions that (1) the **[REDACTED]** has been completed and **[REDACTED]** H Shares are **[REDACTED]** pursuant to the **[REDACTED]**, and (2) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**.

	Based on the maximum [REDACTED] of HK$[REDACTED]
[REDACTED](1)	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets per H Share(2)	HK$**[REDACTED]**

Notes:

(1) The calculation of **[REDACTED]** of our Shares is based on (i) **[REDACTED]** H Shares expected to be **[REDACTED]**; and (ii) [777,415,891] A Shares in issue with an average closing price of RMB[321.68] (equivalent to approximately HK$[365.77]) per A Share as of five business days immediately preceding the Latest Practicable Date, representing in aggregate **[REDACTED]** Shares expected to be in issue immediately following the completion of the **[REDACTED]** (assuming no exercise of the **[REDACTED]**). For details, see the section headed "Share Capital—Immediately after Completion of the **[REDACTED]**" in this document.

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per H Share is calculated after making the adjustments referred to in Appendix II to this document. The unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of our Company is calculated based on **[REDACTED]** Shares (including [777,415,891] A Shares and **[REDACTED]** H Shares) in issue assuming the **[REDACTED]** has been completed on December 31, 2025.

DIVIDEND POLICY

After the completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. According to applicable PRC laws and regulations, and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the accumulated losses incurred in the previous years; allocations to the statutory reserve equivalent to 10% of our profit after tax until the cumulative amount of such reserve reaches 50% of our registered capital; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting. A decision to declare or to pay dividends in the future and the amount will be made at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, subject to certain customary conditions, our annual cash dividends will account for no less than 20% of the profits realized by us in that year that are available for distribution. We have declared and paid dividends of RMB395.7 million and RMB554.6 million in respect of the years ended December 31, 2023 and 2024, respectively. For the year ended December 31, 2025, we have declared and paid an interim dividend of RMB388.7 million and, in early April 2026, our Board proposed to declare a final dividend of RMB544.2 million. This proposed final dividend remains subject to the approval of our Shareholders' meeting.

[REDACTED]

Assuming full payment of the **[REDACTED]**, the estimated total **[REDACTED]** (based on the maximum **[REDACTED]** of HK$**[REDACTED]** per H Share and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, representing **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**. The estimated total **[REDACTED]** consist of: (i) **[REDACTED]** expenses of HK$**[REDACTED]**, and (ii) **[REDACTED]** related expenses of HK$**[REDACTED]**, comprising (a) fees and expenses of legal advisors and Reporting Accountants of HK$**[REDACTED]**, and (b) other fees and expenses of HK$**[REDACTED]**. We do not believe that any of these fees or expenses are material to our Group, taken as a whole, or are unusually high. During the Track Record Period, we did not incur any **[REDACTED]**. We expect to incur **[REDACTED]** of approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), of which approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) is expected to be charged to the consolidated statements of profit or loss for the year ending December 31, 2026 and approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) is expected to be recognized as a deduction in equity directly upon the **[REDACTED]**.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"2023 Restricted Share Incentive Scheme"	the 2023 restricted share incentive scheme of our Company, as approved by our Board and Shareholders in general meeting on November 10, 2023 and December 1, 2023, respectively, and the principal terms of which are set out in the section headed "Statutory and General Information—D. Restricted Share Incentive Scheme" in Appendix IV to this document
"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are listed on the ChiNext Board of the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of our Company for the three years ended December 31, 2025 prepared by Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association"	the articles of association of our Company conditionally adopted on April 2, 2026 with effect from the **[REDACTED]**, a summary of which is set out in Appendix III to this document
"Audit Committee"	the audit committee of the Board
"Auxora Shenzhen"	Auxora (Shenzhen), Inc. (北極光電(深圳)有限公司), a limited liability company established in the PRC on November 14, 2003 and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
	[REDACTED]
"China," "Chinese Mainland" or "PRC"	the People's Republic of China, excluding, for the purpose of this document only, except where the context requires otherwise, Hong Kong, Macau and Taiwan, China

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Suzhou TFC Optical Communication Co., Ltd. (蘇州天孚光通信股份有限公司), a joint stock company with limited liability established in the PRC on July 20, 2005, the A Shares of which have been listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300394)
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholders"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to Tianfu Renhe, Mr. Zou, Ms. Ou, Ms. Zou Yonghang and Mr. Zou Xinhang
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	the enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the report prepared by Frost & Sullivan
"Gao'an TFC"	Gao'an TFC Photoelectric Technology Co., Ltd. (高安天孚光電技術有限公司), a limited liability company established in the PRC on November 3, 2010 and a wholly-owned subsidiary of our Company
	[REDACTED]

"Group," "our Group," "the Group," "we," "our" or "us"	our Company and its subsidiaries from time to time or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, and as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"H Share(s)"	overseas **[REDACTED]** foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and **[REDACTED]** on the Hong Kong Stock Exchange
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
	[REDACTED]
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[REDACTED]

"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

[REDACTED]

"Jiangxi TFC"	Jiangxi TFC Technology Co., Ltd. (江西天孚科技有限公司), a limited liability company established in the PRC on August 8, 2016 and a wholly-owned subsidiary of our Company
	[REDACTED]
"Joint Sponsors"	the joint sponsors as named in the "Directors and Parties Involved in the **[REDACTED]**" section of this document
	[REDACTED]
"JPY"	Japanese Yen, the lawful currency of Japan
"Latest Practicable Date"	April 3, 2026, being the latest practicable date for ascertaining certain information contained in this document before its publication
	[REDACTED]
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Zou"	Mr. Zou Zhinong (鄒支農), our founder, chairman of our Board, chief engineer, executive Director and one of our Controlling Shareholders

"Ms. Ou"	Ms. Ou Yang (歐洋), our co-founder, general manager, executive Director and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[REDACTED]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and effective from March 31, 2023, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles in Chinese Mainland
"PRC Legal Advisor"	Commerce & Finance Law Offices, our legal advisor as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"SGD"	Singapore dollars, the lawful currency of Singapore
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and upon the **[REDACTED]**, our H Shares
"Shareholder(s)"	holder(s) of the Shares
	[REDACTED]
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)

"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"TFC Japan"	TFC Co., Ltd., a limited liability company incorporated in Japan on June 27, 2017 and a wholly-owned subsidiary of our Company
"TFC SG"	TFC Technology (SG) Pte. Ltd., a limited liability company incorporated in Singapore on June 9, 2023 and a wholly-owned subsidiary of our Company
"TFC Thailand"	TFC Technology (Thailand) Co., Ltd., a limited liability company incorporated in Thailand on August 5, 2022 and a non wholly-owned subsidiary of our Company
"THB"	Thai Baht, the lawful currency of Thailand
"Tianfu International Investment"	Tianfu International Investment Pte. Ltd., a limited liability company incorporated in Singapore on June 28, 2022 and a wholly-owned subsidiary of our Company
"Tianfu Renhe"	Suzhou Tianfu Renhe Investment Management Co., Ltd. (蘇州天孚仁和投資管理有限公司) (formerly known as Suzhou Tianfu Trade Co., Ltd. (蘇州天孚貿易有限公司)), a limited liability company established in the PRC on June 8, 2005 and one of our Controlling Shareholders
"Tianfu Zhixing"	Suzhou Tianfu Zhixing Technology Co., Ltd. (蘇州天孚之星科技有限公司), a limited liability company established in the PRC on March 8, 2022 and a wholly-owned subsidiary of our Company
"Track Record Period"	the financial years ended December 31, 2023, 2024 and 2025
	[REDACTED]
"US$," "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
"VAT"	value added tax

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "core connected person(s)," "connected transaction(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. These terms and their meanings may not always correspond to standard industry meanings or usages of these terms.

"400G," "800G, " "1.6T," or "3.2T"	400 gigabits per second, 800 gigabits per second, 1.6 terabits per second, or 3.2 terabits per second, respectively, being the speed at which optical products enable data transmission
"AI"	artificial intelligence
"AIDC"	artificial intelligence data center
"AOC"	active optical cable, a cabling technology that uses electrical-to-optical conversion at the cable ends to transmit data, improving speed and distance performance of the cable without sacrificing compatibility with standard electrical interfaces
"ASIC"	application-specific integrated circuit
"AWG"	arrayed waveguide grating, an optical device, typically fiber-coupled, that separates or combines multiple wavelength channels using constructive interference, created by an array of waveguides with precise length differences
"BI"	business intelligence system
"CAGR"	compound annual growth rate
"CPO"	co-packaged optics, a packaging technology integrates optical engines directly inside the same package as ASIC, placing them in close proximity, which slashes power consumption, increases bandwidth density and lowers latency, offering a superior alternative to traditional front-panel pluggable optical transceivers
"datacom"	data communication
"EAM"	enterprise asset management system
"EHR"	electronic human resource management system
"ELS"	external laser source
"EML"	electro-absorption modulated laser
"ERP"	enterprise resource planning system
"FAU"	fiber array unit, a high-precision waveguide optical component used to align multiple optical fibers for efficient light coupling light, widely used in data centers and telecom devices
"GFA"	gross floor area
"GPU"	graphics processing unit, a specialized electronic circuit designed for digital image processing and to accelerate computer graphics, which is increasingly used for AI processing due to its linear algebra acceleration
"IT"	information technology

GLOSSARY OF TECHNICAL TERMS

"LiDAR"	light detection and ranging
"MES"	manufacturing execution system
"NPO"	near-packaged optics, a packaging technology where optical engines are placed on the same substrate or board very close to the ASIC
"OA"	office automation system
"PLM"	product lifecycle management system
"ROSA"	receiver optical sub-assembly, an optical component that converts optical signals to electrical signals
"R&D"	research and development
"scale-across"	interconnections across data centers
"scale-out"	high-bandwidth connections within and between computing clusters to enable high-speed data exchange between nodes
"scale-up"	interconnections between chips and within a single node
"SiPh"	silicon photonics
"telecom"	telecommunication
"TFF"	thin film filter, an optical filter that reflects certain wavelengths of light while transmitting others, with almost no absorption for all wavelengths of interest; an interference filter could be high-pass, low-pass, bandpass, or band-rejection
"TFLN"	thin-film lithium niobate
"TOSA"	transmitter optical sub-assembly, an optical component that converts electrical signals to optical signals
"WDM"	wavelength division multiplexing, a technology that multiplexes a number of optical-carrier signals onto a single optical fiber by using different wavelengths of laser light, enabling bidirectional communications over a single strand of fiber (also called wavelength-division duplexing) as well as multiplication of capacity; CWDM refers to coarse wavelength division multiplexing, DWDM refers to dense wavelength division multiplexing, and LWDM refers to local area network wavelength division multiplexing
"WMS"	warehouse management system
"μm"	micrometer, a metric unit of linear measure that equals one-millionth of a meter

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "ought to," "may," "seek," "should," "intend," "plan," "projection," "potential," "could," "vision," "goals," "aim," "aspire," "objective," "target," "schedules" and "outlook") are not historical facts, are forward looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business prospects;
- our business strategies and plans to achieve these strategies, including our expansion plans;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and future developments, trends and conditions in the industries and markets in which we operate;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel, and recruit qualified staff;
- the actions of and developments affecting our competitors; and
- all other risks and uncertainties described in the section headed "Risk Factors."

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution **[REDACTED]** against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements contained in this document are expressly qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this document, including the risks and uncertainties described below and in the Financial Information section, among others, before making an **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the* **[REDACTED]** *of our H Shares could decline, and you may lose all or part of your* **[REDACTED]**.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in an industry with rapid technological developments. Failure to adapt to these developments could adversely affect our results of operations and business prospects.

We operate in the optical interconnect industry, which is characterized by rapid technological developments and frequent product iterations. Driven by the demanding requirements on interconnectivity in the AI era, optical interconnection technologies are rapidly evolving. Our optical components are part of the global optical communication network and must comply with various industry standards on technical requirements formulated by international standard-setting bodies, industry alliances and industry associations to operate efficiently. We also need to customize our products to meet our customers' technical requirements. New technologies may make the current technologies on which our products are based less competitive or obsolete, or require us to invest significantly in upgrading our technologies. Our customers also constantly seek new products with higher cost efficiency. We may be required to make significant investments to redesign or iterate our products to meet customer demands. Our success relies heavily on our ability to continuously develop better-performing new products and optimize our existing products to meet customers' requirements. There can be no assurance that we will be able to keep up with the latest technologies, maintain our technological leadership, effectively manage our R&D projects, or make our new or iterated products commercially available on a timely basis. If we fail to predict or respond effectively to rapid technological developments or customer requirements, demand for our relevant products may decline or such products may become obsolete, and our results of operations and business prospects may be adversely affected.

Our continuous success requires continued R&D investments.

Our R&D capabilities are critical to our success. As of December 31, 2025, we had 774 R&D personnel, accounting for 71.0% of non-manufacturing employees. In 2023, 2024 and 2025, our R&D expenses amounted to RMB143.3 million, RMB232.2 million, and RMB266.6 million, respectively, representing 7.4%, 7.2%, and 5.2% of our total revenue for these respective years. We are required to continuously incur significant R&D investments to offer products desirable to our customers and remain competitive in our rapidly evolving industry. However, our R&D activities and investments cannot guarantee revenue generation, and we may not be able to recover costs incurred. In addition, R&D efforts are inherently uncertain, typically involve long development cycles, and may fall short of our expectations due to changes in market conditions, technical challenges, unforeseen technological trends, evolving customer specifications, qualification and reliability testing cycles, and supply chain constraints. We cannot assure you that our R&D projects will be successful or completed within the anticipated time frame and budget, or that our newly developed products will achieve commercial success or meet our expected sales or profitability targets. In particular, failure of any key R&D project could result in sunk costs and loss of time-to-market opportunities. In addition, it may give rise to significant opportunity costs by diverting financial, technical and managerial resources away from other potentially viable projects. Our competitors may also develop similar or superior products at more competitive costs. Furthermore, due to uncertainties in developing new products and limited market windows for new products, we may have to abandon ongoing developments that are no longer commercially viable, even after having invested significant resources in their R&D. All the foregoing factors could materially and adversely affect our business prospects, financial condition and results of operations.

Any decrease in demand from our downstream customers and slowdown in the growth of the end markets that adopt our products could adversely affect our business prospects, financial condition and results of operations.

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. Our financial performance for a particular period may fluctuate depending on the timing, size and mix of orders from our customers. Our customers' procurement decisions are influenced by their own business strategies, customer order visibility, inventory levels and pricing dynamics. Any reduction, delay or cancellation of customer orders, changes in our customers' procurement strategies or market conditions, failed validations of our products, or failure by our customers to successfully commercialize their products could adversely affect our sales, margins and cash flows.

If developments in the end markets, particularly AI related cloud computing and data centers, fall short of expectations, demand for our products could decline and our revenue could be adversely affected. Demand for our customers' products from the end markets is subject to factors beyond our control, such as macroeconomic conditions, shifting customer expectations, emerging technologies, downstream products' manufacturing cycles, data center and telecom providers' investment cycles, advancements of AI technologies, investments in AI computing infrastructure, disruptions in supply chains, and changes in regulatory policies. Any decline in the end markets' growth could adversely affect sales of our customers' products, which in turn would negatively affect their willingness to procure products from us and adversely affect our business prospects, financial condition and results of operations.

We are subject to the risk of customer concentration.

We are subject to customer concentration risk. In each of the years ended December 31, 2023, 2024 and 2025, revenue attributable to our five largest customers accounted for 82.2%, 87.5% and 90.6% of our total revenue, respectively; and revenue attributable to our largest customer accounted for 54.0%, 62.2% and 63.9% of our total revenue, respectively. See "Business—Customers" for further details. Demand from our major customers may fluctuate due to factors beyond our control, including changes in their business models, strategies or product mix, the market environment or macroeconomic conditions. In addition, we cannot assure you that we will continue to meet the qualifications or technical requirements of our major customers or maintain long-term good relationships with them, if at all. If our sales to one or more major customers are restricted or otherwise adversely affected, we would experience declines in our revenue. Furthermore, there can be no assurance that we will be able to acquire new customers to mitigate the concentration risk. We may be unable to identify new customers with similar levels of demand on comparable or commercially reasonable terms in a timely manner, or at all, or otherwise make up for the decrease in sales. If we are unable to retain our existing customers or to acquire new customers in a cost-effective manner, our business, financial condition and results of operations may be adversely affected.

We are exposed to regulatory, operational and other risks associated with our global operations.

We operate a global sales and service network with our customer base extending across approximately 30 countries and regions. In 2023, 2024 and 2025, our overseas revenue represented 82.7%, 76.7% and 75.1% of our total revenue, respectively. In addition to our operations in China, we have manufacturing facilities in Thailand and Japan and operations in Singapore, Thailand, Japan and the United States, and sell our products to customers all over the world. Global operations expose us to risks including challenges in maintaining consistent management systems and standards across jurisdictions, recruiting and managing overseas staff, allocation of resources, and accounting and tax differences; limited local market experience; potential political instability and changes in economic conditions in local markets; and unfamiliar and complicated regulations on issues such as competition, tariffs, data privacy, national security and intellectual property protection. For example, our overseas business operations may be subject to risks associated with political instability, regional conflicts, changes in government, and evolving regulatory policies. If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets may be impaired, which could have an adverse effect on our business prospects, financial condition and results of operations.

Our historical results of operations may not be indicative of our future performance.

We experienced steady financial growth during the Track Record Period. Our revenue increased from RMB1.9 billion in 2023 to RMB3.2 billion in 2024, and further increased to RMB5.1 billion in 2025. Our gross profit margin consistently remained above 50% throughout the Track Record Period, being 53.1%, 56.3% and 52.9% in 2023, 2024 and 2025, respectively. Our historical results of operations may not be indicative of our future performance. We cannot assure you that we will be able to sustain historical levels of revenue growth or gross profit margins. While the optical interconnect industry has experienced rapid growth in recent years, its growth could slow down, which could reduce demand for our products and our revenue. In addition, our gross profit margin may fluctuate due to changes in the mix of products sold, the pace and timing of new product commercialization, our pricing strategy and market competition. Our efforts to develop new higher-margin products may not succeed or meet our expected timeframes. In addition, our products may face price declines due to market competition and increased adoption of alternative solutions. We may also be exposed to price increases or shortages of raw materials driven by supplier capacity constraints, changes in commodity prices and foreign exchange rates. Furthermore, our expansion into new applications may not achieve the expected scale or profitability. If product validations for new applications are not timely completed and mass production is delayed, our capacity ramp-up may be prolonged and, as a result, lead to higher unit costs and lower gross profit margins.

Moreover, our future performance will be affected by numerous factors, such as our ability to maintain and expand our customer base; our customers' demand and procurement plans; our ability to execute our growth strategies and business initiatives and to commercialize new products on a timely basis; our ability to manage the increasing complexity of our operations as we expand, including recruiting, training and retaining qualified personnel; and our ability to control expenses and capital expenditures and to scale our operations in a cost-effective manner. If we fail to effectively manage our business growth and profitability, we may fail to execute our strategies on schedule or within our budget. As market conditions and the regulatory environment continue to evolve, we cannot assure you that our operations will continue to deliver expected results. If our assumptions regarding risks and future revenue growth or profitability turn out to be incorrect or if we fail to respond effectively to challenges, our business prospects, financial condition and results of operations could be adversely affected.

We cooperate with some major suppliers, and any disruption in supply could adversely affect our business and results of operations.

We procure raw materials from third-party suppliers in China and certain overseas countries. In each of the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 54.7%, 54.4% and 61.5% of our total purchase amount, respectively; and purchases from our single largest supplier accounted for 29.4%, 35.5% and 34.8% of our total purchase amount, respectively. For further details, see "Business—Raw Materials and Supply Chain Management—Our Suppliers." We cannot assure you that we will be able to maintain stable relationships with our existing suppliers. Any interruption in their operations, any failure for them to accommodate our growing business scale, any termination or suspension of our supply arrangements with them, any material change in our procurement terms, or any disputes with these suppliers could adversely affect our results of operations.

If our suppliers cannot meet our requirements for quantity, quality or delivery schedules, we may face supply shortages or higher procurement costs. Our suppliers may fail to meet our needs for reasons beyond our control, including their quality or other manufacturing problems, their inability to ramp up production capacity to meet customer demand, changes in their supply allocation policies or priorities, their financial difficulties, fires, natural disasters, extreme weather, epidemics, strikes, transportation interruptions, or governmental regulations. In addition, changing suppliers may require a long lead time. We may not be able to locate alternative suppliers in sufficient supply quantities, of suitable quality, or at an acceptable price within a reasonable period of time, if at all. Continued supply disruptions could exert significant pressure on our costs, and we cannot assure you that all or part of any increased costs can be shared with our customers. Any disruption from these suppliers may delay the provision of our products to our customers. As a result, our business and results of operations could be adversely affected.

Any product defects may adversely affect our business and reputation.

Our commercial success depends on our ability to consistently deliver high-quality, reliable products. Any deterioration in product quality, or failure to meet customer expectations, could result in customer complaints, return requests, or order cancellations. Our manufacturing processes are required to meet certain quality standards and comply with applicable laws and regulations. We cannot guarantee that our quality control system will remain effective or fully compliant with applicable standards, or that all products we produce will be free from defects. Product defects may arise from a number of factors, many of which are outside of our control, such as design or manufacturing errors, technical malfunctions, human errors, tampering by third parties, and quality issues with raw materials we purchase. Certain product defects may not become apparent until after prolonged use. Any failure to detect or prevent quality defects in our products before delivery could result in product recalls or withdrawals, product liability claims, or other issues that may cause customer dissatisfaction, damage our customer relationships and harm our reputation and business. In the event of product liability claims brought against us, regardless of their merits, we could incur substantial legal costs, which could divert significant resources and management attention and adversely affect our reputation, business prospects, financial condition and results of operations.

Any delay or failure in executing our production capacity expansion or upgrade or any extended ramp-up period may adversely affect our business prospects, financial condition and results of operations.

Our growth is affected by our ability to expand and upgrade our production facilities to meet customer demand and deliver high-quality products at competitive costs. However, we cannot guarantee that our upgrade or expansion plan will succeed operationally or financially or be supported by sufficient market demand. Any such expansion or upgrade initiative may be restrained by the availability of capital to support these capital expenditures, regulatory approvals and licenses required, potential delays in construction and commissioning of the facilities, and related overruns of labor and other costs and expenses. In addition, the ramp-up of our expanded or upgraded production facilities may take longer than we expected due to factors such as labor shortages, time required to train new workers, unanticipated equipment downtime, and time required to improve production yield. We may experience lower production capacity utilization during the ramp-up period of our new facilities. As depreciation and amortization expenses associated with such facilities are generally fixed in nature, any underutilization may increase our unit production costs, which could adversely affect our profitability until optimal capacity utilization is achieved. Moreover, we may be unable to recoup the costs and expenses of production capacity expansion and upgrade if demand for our products declines due to deterioration of market conditions, geopolitical relations or other factors. As a result, our business prospects, financial condition and results of operations may be adversely affected.

Unexpected disruptions to our production facilities or production process may adversely affect our business prospects, financial condition and results of operations.

Our production facilities, located in China, Thailand and Japan, are subject to various operating risks. Our production operations could be disrupted as a result of operational accidents that result in damages to production equipment and facilities or delays in production or delivery. We are subject to risks related to workplace safety during our production process. If we fail to prevent any accidents, we could be held responsible for monetary damages or other legal liabilities in connection with such incidents. In addition, such incidents could result in negative publicity and damage to our brand image and reputation, which could adversely affect our business, financial condition and results of operations. Moreover, any unexpected disruptions to our production facilities or production process, including equipment failures, power disruptions, labor shortages, strikes, fire and natural disasters, could prevent us from delivering products to customers in a timely manner. As a result, our relationship with our customers could be adversely affected and we may also be subject to contractual claims for compensation to the customers. Furthermore, the use of more advanced, complex and costly technologies and equipment may further increase our exposure to operational risks and difficulties in timely repair or replacement. Extended interruption could cause us to suffer financial loss and reputational harm. Any of the foregoing factors could adversely affect our business prospects, financial condition and results of operations.

We operate in a competitive industry. If we fail to compete effectively, our business prospects, financial condition and results of operations could be adversely affected.

The optical interconnect industry in which we operate is competitive and rapidly evolving. We cannot assure you that we will be able to compete successfully in the markets in which we operate or plan to enter. We face direct competition across all product lines, both in China and globally. Competition could intensify as new entrants pursue market access and compete for customer orders, expand their product offerings or advance their technologies. Our competitors may possess greater resources, broader customer bases and greater economies of scale than we do, enabling them to respond more quickly to changing market demands more cost-effectively. They may also devote greater resources to technological development and the promotion and sale of their products. Furthermore, during periods of supply constraint, better-resourced competitors may secure priority access to critical raw materials or equipment, placing us at a potential competitive disadvantage. Any failure to adapt to changing market conditions and to compete successfully with existing or new market players would limit our growth and adversely affect our business prospects, financial condition and results of operations.

Our business depends substantially on our ability to attract, retain and motivate key management members and qualified personnel.

Our business depends substantially on our ability to attract, retain and motivate key management members and qualified personnel, particularly our R&D personnel. We may need to recruit additional key management members and R&D personnel to support our continued business growth. Many of our key management members and R&D personnel would be difficult to replace due to their specialized experience and the high entry barriers in the optical interconnect industry. We face intense competition for talent, together with external pressures such as rising labor costs and poaching by competitors. This competition could increase our costs in the form of cash and stock-based compensation, and any future stock price volatility could reduce the retentive value of our stock-based compensation. Despite our ongoing efforts to enhance employee compensation and benefits, we may still not be able to attract or retain qualified personnel or other highly skilled employees. Each of our executive officers and key employees has entered into an employment agreement with us that includes confidentiality and non-compete clauses. However, we cannot assure you that we will not lose management members or R&D personnel and we may be subject to legal proceedings arising from disputes over non-compete provisions. If any of our key management members and R&D personnel joins a competitor or forms a competing company, we may lose customers and know-how, which could adversely impact our competitive position and our business prospects.

RISKS RELATING TO OUR FINANCIAL POSITION

If we fail to manage our inventories effectively, our business, liquidity, financial condition and results of operations may be adversely affected.

Our inventories consisted of raw materials, work in progress and finished goods during the Track Record Period. Our inventory turnover days in 2023, 2024 and 2025 were 89.4 days, 78.5 days and 61.1 days, respectively. Certain raw materials require relatively long procurement lead times. As a result, we are required to place purchase orders based on our demand forecasts, which may be affected by market conditions and other factors beyond our control. If our forecasts prove to be inaccurate, we may experience shortages of raw materials, which could delay our production schedules and product deliveries, or we may procure excess inventory, which could increase our inventory holding costs. We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue.

Given the rapid product iteration cycles in our industry, we may continue to record inventory provisions, and the amount and proportion of such provisions may increase as our business scale expands and our products are upgraded and iterated. In 2023, 2024 and 2025, our provision for inventories amounted to RMB32.1 million, RMB34.0 million and RMB57.1 million, respectively. We make provision for inventories if the net realizable value of inventories is lower than the cost. Failure to manage inventory effectively may result in higher storage costs, obsolescence, or inventory shortages, any of which could adversely affect our business, liquidity, financial condition and results of operations.

Exposure to customer credit risk may adversely affect our cash flows and financial condition.

We are subject to credit risks of our customers, and our cash flows are affected by timely receipt of payments. As of December 31, 2023, 2024 and 2025, we recorded trade and bills receivables of RMB464.6 million, RMB808.1 million and RMB1,140.7 million, respectively. In 2023, 2024 and 2025, our trade and bills receivables turnover days were 82.4 days, 72.0 days and 69.5 days, respectively. If any customer experiences financial difficulties or a deterioration in creditworthiness, collecting full or partial payment may be challenging and enforcing judgment debts may be difficult. Such circumstances may also render our estimates of expected credit loss allowance inaccurate. Any failure to timely receive payments could adversely affect our cash flows and financial condition.

Any reduction or loss of preferential tax treatments or government grants could adversely affect our results of operations and financial condition.

We have benefited from certain preferential tax treatments. Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and its implementation rules, the statutory enterprise income tax rate is 25%. Our Company and certain subsidiaries, including Jiangxi TFC, Gao'an TFC, and Auxora Shenzhen, have qualified as High and New Technology Enterprises and have been entitled to a preferential enterprise income tax rate of 15%. This qualification is subject to review by the relevant PRC tax authorities every three years. In addition, our Company and the above subsidiaries have enjoyed a 5% additional deduction for VAT for advanced manufacturing enterprises, which is applicable until 2027. All such preferential treatments are subject to review, renewal and potential revocation; if we cease to qualify or if applicable PRC laws and regulations change, our income tax expenses could increase significantly. We also recorded government grants of RMB14.8 million, RMB28.0 million and RMB46.6 million in 2023, 2024 and 2025, respectively. As the grant of such subsidies is at the discretion of the government and is non-recurring in nature, we cannot assure you that we will continue to receive them. Any reduction or loss of preferential tax treatments or government grants could adversely affect our results of operations and financial condition.

If we fail to fulfill our contractual obligations with customers in respect of contract liabilities, our cash flow, working capital and results of operations may be adversely affected.

As of December 31, 2023, 2024 and 2025, our contract liabilities amounted to RMB83.7 million, RMB184.0 million and RMB160.6 million, respectively, representing payments received from our customers prior to delivery of our products. If we fail to fulfill our contractual obligations, we may be unable to convert these contract liabilities into revenue, and customers may require us to refund amounts already received. This would adversely affect our cash flow, working capital and results of operations.

Our operations may be subject to transfer pricing adjustments by competent authorities.

Our operations may be subject to transfer pricing adjustments by competent authorities. During the Track Record Period, we engaged in intra-group transactions among our Company and certain of our subsidiaries in the PRC and other jurisdictions that may be subject to audit or challenge by relevant tax authorities. We expect such intercompany transactions to continue in the foreseeable future. There is no assurance that tax authorities would agree that our intercompany transactions are priced on an arm's length basis, and relevant transfer pricing laws and regulations may be modified to our detriment. If an authority determines that such transactions were not conducted on an arm's length basis, it could require our relevant subsidiaries to re-determine transfer prices and adjust revenue, costs, expenses or taxable income accordingly. Failure to rectify any such adjustment within the required timeframe may result in late payment interest on unpaid taxes, surcharges and other penalties. A transfer pricing adjustment may also give rise to tax recoverable under any applicable double taxation relief arrangement, and any such adjustment could result in a higher overall tax liability, adversely affecting our business, financial condition and results of operations. For further details, see "Business—Transfer Pricing Arrangements" in this document.

Share-based payments may dilute Shareholders' interests and adversely affect our financial condition and results of operations.

During the Track Record Period, we made share-based payments to certain eligible key personnel. In 2023, 2024 and 2025, we incurred share-based compensation of RMB8.8 million, RMB84.3 million and RMB57.4 million, respectively. We believe the granting of share-based awards is important to our ability to attract and retain key personnel. However, grants under our incentive schemes may dilute Shareholders' equity interests and our net asset value per H Share, and costs associated with such incentives may adversely affect our financial condition and results of operations. See "Statutory and General Information—D. Restricted Share Incentive Scheme" in Appendix IV to this document for further details.

We may be unable to obtain additional capital when desired on acceptable terms or at all, and any equity or debt financing may dilute your shareholding or restrict our business operations.

We may need additional capital to fund our continued operations but fail to raise adequate funds on acceptable terms or at all. Our ability to obtain additional capital is subject to a variety of potential changes in the future, including (i) our profitability, overall financial condition and results of operations, (ii) our market position and competitiveness in the industry, (iii) general market conditions for capital-raising activities by our competitors; and (iv) economic, political and other conditions in the countries or regions we operate in. Any failure to raise capital as and when needed could negatively impact our ability to pursue our business strategies, thereby adversely affecting our results of operations. Our future capital or other business needs may require us to sell additional equity securities or incur additional indebtedness. Equity financing may dilute your interests as holders of our H Shares. On the other hand, debt financing may subject us to covenants restricting our ability to incur additional debt, make capital expenditures or declare dividends. Any failure to comply with financing covenants, without being rectified within the grace period, could result in cross default or cross acceleration on other indebtedness and constrain our liquidity. In addition, any failure to obtain necessary financing when desired on terms acceptable to us in a timely manner, if at all, could have an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR OPERATION

We are subject to risks associated with economic sanctions and export control laws and regulations.

The United States and other jurisdictions and organizations, including the European Union, the United Kingdom, the United Nations and Australia, impose economic sanctions and export controls that may target countries, industry sectors, companies or individuals. These measures involve relevant lists and are subject to frequent changes, including those issued by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") such as the Specially Designated Nationals and Blocked Persons List ("**SDN List**"). Their implementation, interpretation and enforcement involve substantial uncertainty, which may be heightened by national security or foreign policy considerations. Similar or more restrictive measures may be imposed in the future.

In recent years, the United States has significantly expanded export controls on China through the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"). The BIS maintains the Entity List and other restricted parties lists, which impose strict limitations on dealings with designated entities. The export, re-export and/or (in-country) transfer of items subject to the EAR to a party (including as purchaser or end-user) on the Entity List is generally not permitted unless the transaction is licensed by BIS. During the Track Record Period and up to the Latest Practicable Date, we had limited sales to certain customers on the Entity List and, as advised by our legal advisor, the products that we supplied to such customers are not subject to the EAR, and therefore no BIS license is required for these transactions. We maintain internal compliance policies, use screening services, and engage external legal advisors to monitor regulatory developments and ensure adherence to applicable sanctions and export control regulations. Nevertheless, sanctions and export control laws and regulations are complex and continue to evolve rapidly, with new persons and entities regularly added to restricted lists, including the OFAC SDN List, BIS Entity List, and other lists maintained by the United States, the European Union, the United Kingdom, and the United Nations. Escalating geopolitical tensions may lead to new designations, broader restrictions or heightened scrutiny of our business. There can be no assurance that our compliance measures will be sufficient to prevent all risks in this rapidly changing environment. Any violation or designation could adversely affect our reputation, business prospects, results of operations and financial condition.

We are subject to geopolitical risks, including protectionist trade policies and national security measures.

We may be adversely affected by any deterioration in political and economic relations among the countries in which we operate or sell our products, and their protectionist trade policies and national security measures. These policies and measures are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainty, particularly in light of national security concerns. Such developments could impair our collaborations with our suppliers and customers, and may adversely affect our business, financial condition and results of operations.

Starting from February 2025, the U.S. government imposed a series of tariff increases on imports from China, including two sets of tariffs under the International Economic Emergency Powers Act (the "**IEEPA**"). For example, the United States government imposed a 20% tariff to address the fentanyl issue, and, temporarily, a 125% reciprocal tariff on Chinese-origin goods. In response to the multiple rounds of tariff increases by the U.S. government, China also announced several rounds of tariffs on goods imported from the U.S. On May 12, 2025, the United States implemented a 90-day pause on the varying reciprocal tariffs except for those on Chinese goods, leaving the 10% baseline tariff in place, so that the United States would impose tariffs of 30% on most Chinese imports during this period, while China would impose tariffs of 10% on U.S. imports. In August 2025, the two countries announced a further 90-day extension of this suspension, and in October 2025, announced a lowering of the above U.S. 30% tariff to 20%. Effective from February 24, 2026, the U.S. customs authority ceased to collect the reciprocal and fentanyl related tariffs since the U.S. Supreme Court ruled that the President lacked authority to impose tariffs under IEEPA.

Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% under Section 122 of the Trade Act on all imports to the U.S. effective from February 24, 2026 for a period of 150 days. During the Track Record Period and up to the Latest Practicable Date, our sales to the U.S. were minimal and our products imported into the U.S. were all of Chinese origin. As of the Latest Practicable Date, in addition to the applicable base tariff, most of our products imported into the U.S. were subject to the 10% Section 122 tariff, and some of these products were subject to a 25% Section 301 tariff. These changing policies have created considerable uncertainty regarding future tariff rates and the trajectory of U.S.-China trade relations. At this time, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments.

Additionally, the U.S. government has implemented policies restricting outbound investment in China, which could affect our access to capital. In October 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rule**"), which became effective on January 2, 2025. The Outbound Investment Rule targets investments involving persons and entities associated with "countries of concern," currently only China (including Hong Kong and Macau), and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in covered activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. With limited exceptions, equity investments by a U.S. person (as defined in the Outbound Investment Rule) in a covered foreign person are subject to prohibition or notification requirements, depending primarily on the nature of technology involved. As advised by our legal advisor, we do not believe that we are a covered foreign person under the Outbound Investment Rule because we do not engage in activities that are "covered activities" under the Outbound Investment Rule. However, we cannot assure you that Treasury will not take a different view. Any **[REDACTED]** with questions about the application of the Outbound Investment Rule to its participation in the **[REDACTED]** should consult its own legal counsel. Subsequent to the implementation of the Outbound Investment Rule, the U.S. government issued an "America First Trade Policy" on January 20, 2025 and an "America First Investment Policy" on February 21, 2025, including to direct Treasury and several other executive departments modify the Outbound Investment Rule. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), as part of the National Defense Authorization Act for Fiscal Year 2026, became law. The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications, including an expansion of the scope of outbound investment restrictions to additional sectors. While the COINS Act was enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Final Rule immediately. The COINS Act is a U.S. federal statute that provides a statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Final Rule) to implement the law. **[REDACTED]**, including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their own legal counsel if they have questions regarding the Outbound Investment Rule, the COINS Act and their implications to any **[REDACTED]** in us. If our ability to raise capital from U.S. **[REDACTED]** is impaired by the Outbound Investment Rule, the COINS Act or similar laws, our business, financial position, and prospects could be harmed. Under extreme circumstances, the value of our Shares could decline significantly or even become worthless.

Our joint ventures, investments and acquisitions may not be successful, and we may not realize the anticipated strategic benefits or financial returns.

We have established joint ventures and made strategic acquisitions and investments to strengthen our capabilities in the optical interconnect sector. We may pursue additional strategic acquisitions and investments at opportune moments to strengthen our technologies and product portfolio and penetrate overseas markets. We may enter into joint ventures or make investments and acquisitions from time to time along the value chain of the optical interconnect industry. Such joint ventures, investments and acquisitions may involve risks and uncertainties, including (i) failure to achieve expected business objectives or realize the benefits of acquisitions and investments; (ii) difficulties in integrating acquired companies, personnel or products; (iii) unanticipated costs, inadequate returns on investment and issues not discovered during due diligence; (iv) diversion of our management's time and attention from other business concerns; and (v) difficulties in retaining key employees of acquired businesses, all of which may adversely affect our business, results of operations and financial condition. Therefore, we cannot assure you that any joint ventures, investments and acquisitions we enter into or carry out in the future will be successful. Failure in executing these initiatives could negatively affect our business prospects, financial condition and results of operations.

We, our Directors and our management may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

In the course of our operations, we may from time to time face legal and administrative proceedings in China and overseas, including disputes involving intellectual property, product liability, contracts, employment, properties, regulatory compliance and other commercial issues. These proceedings could involve substantial costs, including those associated with investigation, litigation, settlement, judgments, penalties, or fines. Such proceedings may also be time-consuming, divert management and personnel resources from our core business operations, and generate negative publicity, regardless of the validity of the allegations or the ultimate outcome. Such publicity could harm our reputation and diminish customer trust in our products, which may adversely affect our business relationships and market position. As we expand our international presence, our exposure to cross-border legal and regulatory risks will increase. Furthermore, our Directors and management may also become subject to litigation, regulatory investigations, proceedings or negative publicity in relation to commercial, labor, employment, securities or other matters. Any such proceedings could result in potential liability, additional expenses or reputational harm to us. If we are unable to effectively manage or resolve such disputes or proceedings, our business, financial condition and results of operations could be adversely affected.

Failure to protect our intellectual property rights, and any claims that we infringe third-party intellectual property rights, could harm our business and competitive position.

Our trade secrets, trademarks, patents, software copyrights, know-how, and other intellectual property rights are essential to our success. Unauthorized use by third parties could adversely affect our revenues and reputation. To safeguard our intellectual property, we rely on trademark and patent law, unfair competition laws and contractual rights, including confidentiality agreements with employees and third parties. However, these measures may be insufficient or breached, leading to unauthorized disclosure of our trade secrets and proprietary information. Any litigation initiated by us concerning the infringement by third parties of our intellectual property rights is likely to be expensive and time consuming, and could result in outcomes unfavorable to us, which may adversely affect our business and operations. Additionally, there is no guarantee that our applications for trademarks, patents or other intellectual property will be approved, or that our granted rights will not be challenged or deemed invalid. Even where patents are granted, issued patents may not provide meaningful protection or competitive advantages. Patent claims might not be broad enough to prevent others from developing similar technologies, existing patents or pending applications in our field could have priority over ours, potentially invalidating our applications, and our patents may expire without extension. Intellectual property granted to us in certain jurisdictions would not guarantee us equivalent rights in other jurisdictions due to the complexity of applicable regulation and processes, and the laws of some countries do not protect intellectual property rights as fully as others. Policing unauthorized use of proprietary technology is challenging and expensive, and we cannot ensure our measures will prevent all misappropriation or infringement. Failure to stop others from using our intellectual property could adversely affect our business, financial condition and results of operations.

We cannot be certain that our operations, or any aspects of our business, do not or will not infringe third-party patents, copyrights or other intellectual property rights, including patents of which we may be unaware. Further, evolving patent laws and interpretations in the jurisdictions where we operate may increase this risk. If we are found to have infringed third parties' intellectual property rights, we may face legal liability, injunctions prohibiting use of the intellectual property, licensing fees, or the need to develop alternatives, which we may not achieve on acceptable terms or a timely basis, if at all. Defending infringement claims, regardless of merit, could involve significant costs, divert management and resources, and generate adverse publicity. Successful claims could result in substantial monetary damages and disrupt our business. As a result, any intellectual property-related dispute or litigation could adversely affect our business, financial condition and results of operations.

Any loss of, or failure to obtain, maintain or renew, requisite approvals, licenses, permits or other relevant governmental approvals necessary for our business operations could adversely affect our business, results of operations and financial condition.

Our operations span multiple jurisdictions, including Chinese Mainland, Hong Kong, Singapore, Thailand, Japan and the United States. In accordance with the laws and regulations in such jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications to operate our business. See "Business—Licenses, Approvals and Permits." We need to comply with such laws and regulations across multiple jurisdictions, and any non-compliance may expose us to liability. Furthermore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing laws and regulations, we cannot guarantee that we will be able to obtain all requisite approvals, licenses, permits and certifications. In addition, we may be required to renew existing licenses or permits or acquire new ones but fail to obtain all requisite approvals, licenses, permits and certifications in a timely manner, if at all. Any such failure could result in disruptions to our operations and adversely affect our business, results of operations and financial condition.

Failure to comply with applicable labor laws and regulations may adversely affect our financial condition and results of operations.

Companies operating in the PRC are required to participate in various employee benefit plans mandated by the government, including certain social insurances, housing provident fund contributions and other welfare-oriented payment obligations. The specific requirements and implementation of these employee benefit plans may vary depending on the level of economic development across different locations in the PRC. Any failure to make adequate payments may result in late payment fees, fines, and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution of social insurance and housing provident fund for certain of our employees in a timely manner according to relevant PRC laws and regulations. According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and we may be liable for the additional late payment penalty at a daily rate of 0.05% of the shortfalls. We may also be liable to a penalty of one to three times of the outstanding contribution amount in the event that we fail to make such payments in time. In addition, according to applicable PRC laws and regulations, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. Enforcement actions may be taken against us according to rulings of relevant PRC courts if we fail to rectify by that deadline.

As advised by our PRC Legal Advisor, the risk of us being subject to proactive enforcement or significant penalties by competent authorities in respect of social insurance and housing provident fund contributions is remote, provided that there are no material changes to current policies and regulations, because: (i) pursuant to notices issued by the Ministry of Human Resources and Social Security, the Ministry of Finance, the SAT, the National Healthcare Security Administration and other relevant authorities, relevant authorities are not permitted to proactively take centralized enforcement actions; (ii) based on our PRC Legal Advisor's interviews with, or written confirmation from, relevant competent authorities, these authorities confirmed that they would not proactively take enforcement actions or impose penalties against us; (iii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties by relevant authorities, nor were we aware of any material complaints from or disputes with relevant employees, in connection with social insurance or housing provident fund contributions; and (iv) if competent authorities or relevant employees require us to rectify, we will fulfill relevant obligations in a timely manner in accordance with applicable regulatory requirements. As a result, during the Track Record Period, we did not make any provision in connection with the failure to make full contribution of social insurance and housing fund. However, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties on us. As a result, our financial condition and results of operations could be adversely affected.

We may not be able to timely detect or prevent misconduct by our employees or third parties, which could expose us to liabilities, harm our reputation and adversely affect our business, financial condition and results of operations.

We may not be able to timely detect or prevent misconduct or other improper activities by our employees or third parties, including noncompliance with regulatory requirements, violations of laws, fraud or other improper activities. Examples could include their failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, bribery of domestic or foreign government officials, hiding unauthorized or unlawful activities, and concealing unauthorized or unlawful activities. Despite our policies, procedures and controls, such misconduct is difficult to detect or prevent. Any failure by any of our employees or third parties to comply with applicable laws or regulations could damage our reputation and may subject us to fines, penalties, restitution or other damages. Any of these outcomes would adversely affect our business, financial condition and results of operations. In addition, we are often involved in our customers' product design and development processes, during which we may have access to their trade secrets and proprietary information. As a result, we and our employees are generally bound by confidentiality obligations. Any breach of such obligations, whether intentional or inadvertent, could harm our relationships with customers, expose us to legal liability, and further damage our reputation and business prospects.

Negative publicity and allegations involving us, our affiliates, Directors, officers, employees or business partners may adversely affect our reputation, business, financial condition and results of operations.

Negative publicity and allegations involving us, our affiliates, Directors, officers, employees or business partners, including our customers or suppliers, may harm our brand image and reputation and erode market recognition of our products. Even negative publicity about other industry players or the optical interconnect industry as a whole may negatively affect us. Our exposure to reputational risk is amplified by our customer concentration. Any adverse publicity or compliance issues involving these major customers could disrupt our operations, reduce our revenues, or harm our reputation. In addition, any negative publicity involving our affiliates, Directors, officers or employees could adversely impact our business and marketing efforts due to their close association with us. Moreover, negative publicity may come from malicious harassment or unfair competition by third parties beyond our control. Such negative publicity may also result in the diversion of management's attention and governmental investigations or other forms of scrutiny, which may have an adverse effect on our reputation, business, financial condition and results of operations.

Increases in labor costs or any possible labor-related issues may adversely affect our business, financial condition and results of operations.

We cannot guarantee that we will not face any labor-related issues such as collective bargaining, workplace disputes, strikes, or challenges in attracting and retaining qualified workers. Such issues could result in work stoppages or labor shortages, impacting our ability to meet customer demands and fulfill orders on time. Resolving labor disputes, hiring temporary workers, or implementing contingency plans to mitigate the effects of labor shortages could incur additional costs. Relevant expenses, along with potential revenue losses from delayed deliveries, may negatively affect our profitability and overall results of operations. In 2023, 2024 and 2025, direct labor cost in our cost of sales amounted to RMB135.1 million, RMB216.3 million, and RMB308.2 million, respectively. Rising labor costs due to intense competition for talent, general wage inflation or stricter minimum wage laws in the jurisdictions where we operate could further pressure our margins. Unless we can offset these increases through other measures, our profit margins may decline, adversely affecting our business, financial condition and results of operations. As a company with global operations, we have employees in multiple jurisdictions and are subject to the employment laws and regulations there. Any failure to comply with applicable local employment laws and regulations may result in fines, reputational damage, and significant rectification costs, which could adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation.

We face various risks in connection with our business. Our current insurance coverage may not be sufficient to cover all potential losses or liabilities that may arise in connection with our business. In particular, we currently do not carry any business interruption or litigation insurance. See "Business—Insurance" for further details. We cannot guarantee that a product liability claim or other litigation will not be brought against us. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our production facilities or business operations, or any material litigation (such as product liability claims), our financial condition and results of operations could be adversely affected. There is no certainty that we will be able to successfully claim our losses under our current insurance policy, such as our property insurance, on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition and results of operations may be adversely affected.

If we fail to maintain effective internal controls, our business, financial condition and results of operations could be adversely affected.

Due to the inherent limitations in the design and implementation of our risk management system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place. New business initiatives, including development of new products, entry into new markets or applications, and strategic investments or mergers and acquisitions, may also give rise to additional risks that are currently unknown to us. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be adversely affected. In addition, there can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement, update and modify our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be adversely affected.

We are subject to environmental, social and governance ("ESG") related laws and regulations, and changes in relevant compliance requirements could adversely affect our business, results of operations and financial condition.

We are subject to a number of environmental, fire control and health and safety laws and regulations, including the treatment and discharge of pollutants into the environment during our business operations. Our production lines can only be put into operation after the relevant administrative authorities in charge of building control, environmental protection, fire control and health and safety (as applicable) have examined and approved the relevant facilities. We may experience isolated immaterial incidents and cannot assure you that we will be able to comply with all regulations and obtain all the regulatory approvals required for our production in a timely manner, or at all. Delays or failures in obtaining such approvals may affect our ability to develop, manufacture and commercialize our products in line with our plans. With the rising awareness of environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs. In addition, any failure to comply with these laws and regulations could result in rectification orders or production suspension, and subject us to substantial fines and potentially significant monetary damages. We cannot eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of testing, developing and manufacturing our products. In the event of an accident involving a breach of any of these laws and regulations, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business, results of operations and financial condition.

We may face risks associated with IT system failures, network disruptions, or cybersecurity breaches.

IT systems are critical for us to effectively manage our operations. If we do not allocate sufficient resources to build and maintain proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, and customer service disruptions. Moreover, if our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, system failures, cybersecurity attacks, or human errors, our ability to effectively plan, forecast and execute our business plans and comply with applicable laws and regulations will be impaired. Challenges relating to the building of new IT infrastructure can subject us to certain errors, inefficiencies, and disruptions. Our IT systems, and the systems of our third-party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including natural disasters, terrorist attacks, electrical or telecom failures, software program errors, computer viruses, cyberattacks or hackers, and other security issues or threats that may pose a risk of financial losses, business interruptions, wrongful use of information, damage to reputation, and lack of proper protection. Cybersecurity attacks are evolving and include malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information, and corruption of data. Given the unpredictability of the timing, nature and scope of IT disruptions and security breaches, our relevant policies, procedures and measures may not have been effectively implemented and we could potentially be subject to operational interruption, damage to our image and private data exposure. We may also need to incur significant expenses for implementing additional security measures to protect our IT systems.

Our operations could be subject to natural disasters, health epidemics and other factors out of our control.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, regional conflicts, acts of terrorism, environmental accidents, power outages or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic or pandemic illness or other adverse public health developments in the PRC or elsewhere could disrupt our business and operations. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would disrupt our operations and have an adverse effect on our business, financial condition and results of operations. Our operations could also be disrupted if any of our employees or employees of our business partners are suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the relevant facilities. In addition, our revenue and profitability could be reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economies in general.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Any adverse changes in global and regional economic and political conditions could affect our business, results of operations and financial condition.

We operate primarily in China and also have operations in Singapore, Thailand, Japan and the U.S. Our sales are primarily made to overseas markets. As such, our business, financial condition and results of operations are influenced by global and regional economic and political conditions. Economic growth in our geographic markets has been uneven, both geographically and among various sectors within relevant economies. The growth of the regional and global economy has slowed in recent years, and it remains uncertain how long this slowdown will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by central banks and financial authorities of the world's leading economies, particularly the U.S. and China, compounded by concerns over war, unrest and terrorist threats in certain countries and regions, including the Israel-Iran war and the Russia-Ukraine war, which have resulted in volatility in oil and other markets. Any economic slowdown or negative business sentiment could have an adverse impact on our industry. Changes in the economic or political environment could increase our exposure to legal and business risks and may adversely affect our operations. Continued turbulence in international markets, including changes in trade relations between countries and newly imposed tariffs, could also adversely affect our ability to access capital markets to meet liquidity needs, which in turn could adversely affect our business, results of operations and financial condition.

Legal system uncertainties in jurisdictions where we operate could adversely affect our business, financial condition and results of operations.

The legal systems of the geographic markets where we operate vary significantly between jurisdictions, with some based on civil law and others on common law. Under civil law systems, prior court decisions have limited precedential value. The legal systems of some geographic markets where we operate are evolving, and recently enacted laws may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in the geographic markets where we operate. Local courts may also exercise discretion to reject enforcement of foreign or arbitral awards. Furthermore, some legal systems are based in part on their respective government policies and internal interpretations, some of which may have retroactive effect. In addition, administrative and court proceedings in certain of the geographic markets may be protracted, resulting in substantial costs and diversion of management resources. Any new laws or regulations applicable to our businesses could slow the growth of our industries and adversely affect our business, financial condition and results of operations.

Exchange rate fluctuations may have an adverse effect on our results of operations and dividend payment to holders of the H Shares.

Our business operates across China and overseas markets, exposing us to exchange rate fluctuation risks. Our subsidiaries mainly operate in China, Singapore, Thailand, Japan and the United States, and our sales are mainly settled in U.S. dollars and RMB and, to a lesser extent, currencies such as Japanese Yen. The vast majority of our revenue is from overseas sales and part of our cost of sales and expenses are denominated in foreign currencies. The value of RMB against the U.S. dollar and other currencies depends to a large extent on domestic and international economic and political developments. In 2023 and 2024, our foreign exchange gains, net amounted to RMB7.1 million and RMB25.9 million, respectively. In 2025, we recorded foreign exchange losses, net, of RMB47.5 million. Therefore, exchange rate fluctuations could adversely affect our results of operations and financial condition. The **[REDACTED]** from the **[REDACTED]** will be received in Hong Kong dollars and we expect a portion of the **[REDACTED]** to be spent in RMB. As a result, any appreciation of the RMB against the Hong Kong dollar may result in a decrease in the value of our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the RMB against the Hong Kong dollar may adversely affect the value of, and any dividends payable on, the H Shares in Hong Kong dollars.

PRC foreign currency conversion regulations may restrict our foreign exchange transactions, including dividend payment to holders of our H Shares.

We may need to convert revenue into other currencies to meet foreign currency obligations, including operating costs and dividends payable on our H Shares. Shortages in foreign currencies may restrict our ability to pay dividends or satisfy our other foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior SAFE approval, subject to compliance with applicable procedural requirements. Conversion of Renminbi into foreign currency for capital account purposes, such as repayment of foreign currency-denominated loans, requires approval from or registration with the relevant governmental authorities. As foreign exchange regulations may evolve over time, we cannot assure you that the rules governing the remittance of Renminbi into or out of the PRC will remain unchanged.

Dividends and gains on transfer of H Shares may be subject to PRC income taxes.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within Chinese Mainland paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from Chinese Mainland sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese Mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of Chinese Mainland at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese Mainland are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of Chinese Mainland resident enterprises listed on overseas stock exchanges.

If Chinese Mainland income tax is imposed on gains from the transfer of our H Shares or on dividends paid to non-Chinese Mainland resident investors, the value of your **[REDACTED]** may be affected.

Furthermore, Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese Mainland may not necessarily qualify for benefits under such treaties or arrangements.

Our offshore subsidiaries may be classified as PRC tax resident enterprises, resulting in a higher tax burden.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得稅法實施條例》), enterprises established outside China with "de facto management bodies" located within China may be classified as PRC tax resident enterprises and subject to a 25% enterprise income tax on their global income. Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies) (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》(Guo Shui [2009] No. 82) further specifies that Chinese-controlled offshore incorporated enterprises will be classified as PRC resident enterprises if all of the following conditions are met: (i) senior management personnel and departments responsible for daily operations are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board and shareholders' meetings are kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The SAT has subsequently provided further guidance on the implementation of Circular 82. As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by competent regulatory authorities. Nonetheless, it remains subject to future interpretation as to what types of enterprise would be deemed a PRC resident enterprise for such purposes. If deemed PRC resident enterprises, they could be subject to EIT at 25% on their global income, except that dividends received from our PRC subsidiaries may be exempt to the extent they constitute dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise. Such an outcome could significantly increase our tax burden and adversely affect our cash flows and profitability.

Failure to comply with evolving data protection and cybersecurity regulations may adversely affect our business.

Any improper handling of data or security incidents, such as unauthorized access by hackers, could result in reputational damage and expose us to civil or regulatory liabilities, which could have legal, financial and operational consequences. In the ordinary course of our business, we collect and store certain operational data, technical information and personal information of our employees. We are subject to applicable laws and regulations relating to the collection, use, retention, protection and transfer of data domestically and abroad. As of the Latest Practicable Date, we had not been engaged in the cross-border transfer of important data. The regulatory framework for data privacy and cybersecurity is continuously improving and becoming increasingly comprehensive. Compliance with these laws and regulations may require us to further enhance our internal control measures, upgrade our information technology systems and incur additional compliance costs.

We may be subject to approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with overseas offerings and future capital raising activities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines, effective from March 31, 2023. Pursuant to the Trial Measures, domestic companies are required to file with and report relevant information to the CSRC when seeking to offer or list securities overseas, both directly and indirectly, and in the event of subsequent offerings and certain major events. If it is determined that we failed to comply with these requirements, such as for our future capital raising activities, if any, we could be subject to penalties imposed by the CSRC or other PRC regulatory authorities. Failure to timely complete such filings with the CSRC could result in delays or termination of our relevant capital raising plans, as well as our reputation, business, financial condition and results of operations.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Provisions**"), effective from March 31, 2023. These rules require that, for its overseas securities offerings and listings, either directly or indirectly, a domestic enterprise, and relevant securities companies and securities service institutions, are required to comply with requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of these rules may evolve. Failure to comply with these rules may adversely affect our reputation, results of operations and financial condition.

Any violation of foreign ownership limits or other applicable laws may adversely affect our business, financial condition and results of operations.

In Thailand, foreign participation in certain businesses is generally restricted under the Foreign Business Act B.E. 2542 (1999) (the "**FBA**"). Without a foreign business license or certificate to conduct restricted businesses, a foreign company is prohibited from engaging such businesses in Thailand. As advised by our local counsel in Thailand, Section 8 of the FBA restricts foreign participation in the businesses that are listed in its schedules. As manufacturing is not listed as a restricted business, based on the Ruling issued by the Department of Business Development, Ministry of Commerce of Thailand in December 2025, our local counsel in Thailand is of the view that our operations in Thailand, which are limited to the manufacturing of goods, are not subject to the restrictions under the FBA. If our operations in Thailand are found to be in breach of the FBA or any applicable laws, including zoning, factory or building control laws, whether due to changes in our shareholding structure, shifts in the interpretation or enforcement of the law, we may be required to restructure our operations, obtain additional permits or licenses, or suspend or discontinue some or all of our business activities in Thailand. We may also be subject to monetary fines and criminal liability such as imprisonment as a result of our violations of the law. Any such event could adversely affect our business, financial condition and results of operations.

You may face difficulties effecting service of legal process or enforcing judgments against us, our Directors and senior management.

We are incorporated under PRC law. A substantial portion of our assets, and the assets of the majority of our Directors and senior management, are located within Chinese Mainland. It may therefore be difficult to effect service of process outside Chinese Mainland upon us or most of our Directors and senior management. Chinese Mainland does not have treaties providing for reciprocal recognition and enforcement of judgments with the United States, the United Kingdom, Japan or many other countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States, making recognition and enforcement of foreign court judgments in Chinese Mainland or Hong Kong uncertain.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region of the PRC signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). On January 18, 2019, the Supreme People's Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between Chinese Mainland and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement broadens the scope of judgments that may be enforced between Chinese Mainland and Hong Kong under the Arrangement. The New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024, both in Chinese Mainland and in Hong Kong and replaced the Arrangement. However, the Arrangement remains applicable to a written choice of court agreement within the meaning of the Arrangement that was made before the effective date of the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a Chinese Mainland or Hong Kong court.

Although we will be subject to the Listing Rules and the Takeovers Code upon the **[REDACTED]**, the holders of our H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

RISKS RELATING TO THE [REDACTED]

The A Share and H Share markets have different characteristics, and H Share [REDACTED] may not be comparable to A Share prices.

Our A Shares have been listed on the Shenzhen Stock Exchange since 2015. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shenzhen Stock Exchange while our H Shares will be **[REDACTED]** on the **[REDACTED]**. Under current PRC laws and regulations, and without the approval of the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the two markets. The two markets have divergent trading volumes, liquidity and **[REDACTED]** bases, and different levels of retail and institutional participation. As a result, the **[REDACTED]** of our H Shares and A Shares may not be comparable, and fluctuations in the **[REDACTED]** of one may adversely affect the **[REDACTED]** of the other. The historical trading price of our A Shares is not indicative of the future performance of our H Shares, and you should not place undue reliance on our A Share trading history when evaluating an **[REDACTED]** in our H Shares.

We will be concurrently subject to Chinese Mainland and Hong Kong [REDACTED] and regulatory requirements.

As we are listed on the Shenzhen Stock Exchange and will be **[REDACTED]** on the **[REDACTED]**, we will be required to comply with the listing rules and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Compliance with two concurrent sets of listing rules may result in additional costs and resources being incurred.

Information disclosed in connection with our A Share listing may not be comparable to the information in this document and should not be relied upon.

As our A Shares are listed on the Shenzhen Stock Exchange, we are subject to periodic reporting and information disclosure requirements in Chinese Mainland, and we release information on the Shenzhen Stock Exchange and other CSRC-designated media outlets from time to time. However, such disclosures are prepared in accordance with Chinese Mainland regulatory requirements, industry standards and market practices, which differ from those applicable to the **[REDACTED]**. The financial and operational information disclosed on the Shenzhen Stock Exchange may not be directly comparable to the information in this document. Accordingly, prospective **[REDACTED]** should rely solely on the information contained in this document when making their **[REDACTED]** decisions regarding our H Shares. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

There is no prior [REDACTED] for our H Shares, and an active trading market may not develop or be sustained.

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our H Shares. There is no guarantee that an active trading market will develop or be sustained following completion of the **[REDACTED]**. The

[REDACTED], which is the result of negotiations between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), may not be indicative of the **[REDACTED]** at which our H Shares will subsequently **[REDACTED]**. If an active market does not develop, the **[REDACTED]** and liquidity of our H Shares may be adversely affected.

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The **[REDACTED]** and **[REDACTED]** of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions in Hong Kong, Chinese Mainland and elsewhere. The trading performance of other Chinese Mainland-based companies listed in Hong Kong, some of which have experienced significant volatility and price declines following their initial public offerings, may affect investor sentiment towards Chinese Mainland-based issuers and consequently impact the **[REDACTED]** of our H Shares. These broad market and industry factors may significantly affect the **[REDACTED]** and volatility of our H Shares regardless of our actual operating performance.

An increase in the supply of our H Shares could reduce the [REDACTED] and dilute existing Shareholders.

The **[REDACTED]** of our H Shares could decline as a result of future sales of a substantial number of H Shares or other securities relating thereto, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities may confer rights and privileges that take priority over those of the H Shares. Additionally, significant price and volume volatility in securities markets, unrelated to our operating performance, may also adversely affect the **[REDACTED]** of our H Shares.

Future share sales by substantial Shareholders could adversely affect our H Share [REDACTED].

Future sales of a substantial number of our Shares, or the perception that such sales might occur, especially by our substantial Shareholders, could negatively impact the **[REDACTED]** of our H Shares and our ability to raise equity capital in the future at a time and **[REDACTED]** we deem appropriate. We cannot assure you that such persons will not dispose of any H Shares they may own in the future, and the availability of these Shares for sale may have a negative impact on the **[REDACTED]** of our H Shares.

Our Controlling Shareholders' significant influence over our Company may not be aligned with the interests of other Shareholders.

As of the Latest Practicable Date, our Controlling Shareholders held 37.57% of our issued Shares, and upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), approximately **[REDACTED]**% of our issued Shares will remain held by our Controlling Shareholders. The interests of our Controlling Shareholders may conflict with those of other Shareholders, and they will continue to have significant influence over matters such as mergers, consolidations, disposal of assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control, potentially depriving other Shareholders of opportunities to receive a premium for their Shares and reducing the **[REDACTED]** of our H Shares. Such actions may be taken even if opposed by other Shareholders, including those who subscribe for our H Shares in the **[REDACTED]**.

[REDACTED] of our H Shares will experience immediate dilution and may experience further dilution in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**, and purchasers of the **[REDACTED]** will therefore experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. **[REDACTED]** may experience further dilution if we **[REDACTED]** additional Shares at a **[REDACTED]** lower than the net tangible asset value per H Share at that time, or if we **[REDACTED]** Shares pursuant to any existing or future equity incentive plan.

Government-sourced statistics and forecasts in this document have not been independently verified and may not be reliable.

Certain facts, forecasts and statistics in this document are derived from various government official sources. Such information has not been independently verified by us, the Joint Sponsors, the **[REDACTED]** or any other party involved in the **[REDACTED]**, and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Accordingly, you should not place undue reliance on such information and should carefully consider the weight to be given to it.

We cannot guarantee future dividend payments, and you may need to rely solely on H Share [REDACTED] appreciation for returns.

We cannot assure you when or in what form dividends will be paid on our H Shares following the **[REDACTED]**. Our historical dividend record is not indicative of future dividend policy, and the declaration and distribution plan of dividends is at the discretion of the Board, subject to our business and financial performance, capital and regulatory requirements, and general business conditions, and can only be implemented upon the approval of our Shareholders' meeting. If we retain most or all of our available funds to fund the development and commercialization of new products, we may not pay any cash dividends in the foreseeable future. Even where our Board decides to declare dividends, the timing, amount and form will depend on our results of operations, cash flow, financial condition, working capital requirements, expansion plans, and legal and regulatory constraints. Under PRC law, dividends can only be paid out of the distributable profit of a PRC company, being the lower of profit determined under the PRC GAAP or IFRS, after recovery of accumulated losses and appropriations to statutory and other required reserves. As a result, we may not have sufficient distributable profit to make dividend distributions to our Shareholders. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Accordingly, the return on your **[REDACTED]** in our H Shares will likely depend entirely on any future **[REDACTED]** appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value or maintain the **[REDACTED]** at which they were purchased, and you may not realize a return on, or may lose all of, your **[REDACTED]**.

You should read the entire document carefully and rely only on information in this document and not on press or media coverage relating to us or the [REDACTED].

Subsequent to the date of this document but prior to completion of the **[REDACTED]**, there may be press and media coverage regarding us and the **[REDACTED]**, which may include financial information, projections, valuations and other forward-looking information. We have not authorized any such disclosures and do not accept responsibility for the accuracy or completeness of any press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any projections, valuations or other forward-looking information so published. To the extent such statements are inconsistent with or conflict with information contained in this document, we disclaim responsibility for them. Accordingly, you should rely solely upon the information contained in this document and any formal announcements made by us in Hong Kong when making your **[REDACTED]** decision regarding our H Shares. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the **[REDACTED]**.

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and senior management of our Group are primarily based outside Hong Kong, where the Group's management is best able to attend to its functions. Our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Group and therefore would not be in the best interests of our Company and Shareholders as a whole. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. In order to maintain regular and effective communication with the Stock Exchange, we will put in place the following measures:

- we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Ms. Ou, an executive Director and the general manager of our Company, and Ms. Chan Ching Nga, our joint company secretary (together, the "**Authorized Representatives**"). The Authorized Representatives will be readily contactable by the Stock Exchange by telephone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon the request of the Stock Exchange;

- each of the Authorized Representatives will have all necessary means to contact our Directors (including our independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact our Directors on any matters;

- all of our Directors who are not ordinarily resident in Hong Kong have, or can apply for, valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice;

- our Company will retain a Hong Kong legal advisor to advise on matters relating to the application of the Listing Rules and other applicable Hong Kong laws and regulations after the **[REDACTED]**;

- Somerley Capital Limited, our compliance advisor, will act as an additional channel of communication with the Stock Exchange, and we will ensure that the compliance advisor will have access to our Authorized Representatives, Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the compliance advisor may need or may reasonably request in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A of the Listing Rules; and

- pursuant to Rule 3.20 of the Listing Rules, each Director has provided his or her telephone number, mobile phone number, email address, residential address and correspondence address, where available, to the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Chen Kairong ("**Mr. Chen**"), a deputy general manager and the board secretary of our Company, and Ms. Chan Ching Nga ("**Ms. Chan**") of Computershare Hong Kong Investor Services Limited, as the joint company secretaries of our Company. Please see the section headed "Directors and Senior Management—Joint Company Secretaries" in this document for their biographies.

Ms. Chan is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company's principal business activities are conducted outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. Chen, who is a member of the senior management of our Company and who has day-to-day knowledge of our Company's affairs. Mr. Chen has the necessary nexus to the Board and a close working relationship with the management of our Company in order to perform the functions of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the **[REDACTED]**, on the conditions that: (i) Ms. Chan is appointed as a joint company secretary to assist Mr. Chen in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; (ii) the waiver will be revoked immediately if Ms. Chan, during the three-year period, ceases to provide assistance to Mr. Chen as a joint company secretary; and (iii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. In addition, Mr. Chen will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the **[REDACTED]**. Our Company will further ensure that Mr. Chen has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Mr. Chen to determine whether he has satisfied the requirements as stipulated under the Listing Rules and whether he needs further assistance. We will liaise with and seek the Stock Exchange's confirmation on whether Mr. Chen, having benefited from the assistance of Ms. Chan for the preceding three years, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary alone so that a further waiver will not be necessary.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zou Zhinong (鄒支農)	Room 902, Block 5, Shihui Huayuan, No. 99 Suhui Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, PRC	Chinese
Ms. Ou Yang (歐洋)	Room 902, Block 5, Shihui Huayuan, No. 99 Suhui Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, PRC	Chinese
Mr. Wang Chih-Hung (王志弘)	4th Floor, No. 80, Lane 295 Section 4, Heping East Road Wenshan District Taipei City Taiwan, PRC	Chinese (Taiwan)
Non-executive Director		
Mr. Zhu Songgen (朱松根)	Room 202, Block 33, No. 181, Jici Road, Huqiu District Suzhou City, Jiangsu Province, PRC	Chinese
Independent Non-executive Directors		
Dr. Lu Lin (路琳)	Room 801, No. 60, Lane 88, Pingji Road, Minhang District, Shanghai, PRC	Chinese
Dr. Geng Huimin (耿慧敏)	2-4-1, No. 82, Hongxinghai Block B, Dalian Economic and Technological Development Zone, Liaoning Province, PRC	Chinese
Ms. Du Linlin (杜琳琳)	49A, Tower 1, Grand Promenade 38 Tai Hong Street Sai Wan Ho Hong Kong	Chinese

Please refer to the section headed "Directors and Senior Management" in this document for further details.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and [REDACTED]	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Merrill Lynch (Asia Pacific) Limited 55/F, Cheung Kong Center 2 Queen's Road Central Central, Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Cleary Gottlieb Steen & Hamilton (Hong Kong)** 37/F, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong
	As to PRC law: **Commerce & Finance Law Offices** 12-15th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing 100004 PRC

Legal advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong and U.S. laws:* **Kirkland & Ellis** 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC

[REDACTED]

CORPORATE INFORMATION

Registered office and headquarters in the PRC	No. 695 Changjiang Road High-tech Zone Suzhou PRC
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	46/F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Company's website	**www.tfcsz.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. Chen Kairong (陳凱榮)** No. 695 Changjiang Road High-tech Zone Suzhou PRC **Ms. Chan Ching Nga (陳靜雅)** *(Associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Authorized Representatives	**Ms. Ou Yang (歐洋)** No. 695 Changjiang Road High-tech Zone Suzhou PRC **Ms. Chan Ching Nga (陳靜雅)** 46/F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Audit Committee	Ms. Du Linlin (杜琳琳) (*Chairperson*) Dr. Geng Huimin (耿慧敏) Mr. Zhu Songgen (朱松根)
Remuneration and Evaluation Committee	Dr. Lu Lin (路琳) (*Chairperson*) Ms. Ou Yang (歐洋) Dr. Geng Huimin (耿慧敏)
Nomination Committee	Dr. Lu Lin (路琳) (*Chairperson*) Mr. Wang Chih-Hung (王志弘) Dr. Geng Huimin (耿慧敏)

Strategy Committee	Mr. Zou Zhinong (鄒支農) (*Chairperson*) Mr. Wang Chih-Hung (王志弘) Ms. Du Linlin (杜琳琳)

[REDACTED]

Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Principal Banks	**Agricultural Bank of China Limited** **Suzhou High-Tech Industrial Development Zone Branch** No. 65 Shishan Road Suzhou High-Tech Industrial Development Zone Suzhou Jiangsu PRC
	Bank of China Limited **Gao'an Branch** No. 76 Ruizhou Middle Road Gao'an Jiangxi PRC
	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
	Industrial and Commercial Bank of China (Thai) **Public Company Limited** **Rayong Industrial Zone Branch** L,11-13 FL, Emporium Tower 622 Sukhumvit Road Khlong Ton, Khlong Toei Bangkok 10110 Thailand

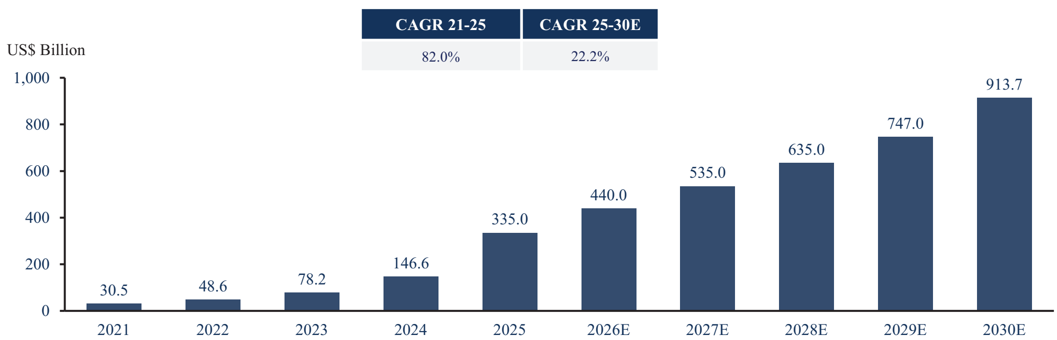
*The information contained in this section, unless otherwise indicated, has been derived from various official government publications and other publications and the market research report prepared by Frost & Sullivan which we commissioned (the "**F&S Report**"). We engaged Frost & Sullivan for preparing the F&S Report in respect of the* **[REDACTED]**. *We have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. We have not, nor have any of the Joint Sponsors, the* **[REDACTED]**, *or any of their respective directors, officers or representatives or any other parties involved in the* **[REDACTED]**, *independently verified the information in the various official government publications nor give any representation as to the accuracy or completeness of such information. As of the Latest Practicable Date, our Directors confirm that, after taking reasonable care, there had been no material adverse change in the market information presented in this section.*

AI Infrastructure Investment Surge Driving Optical Interconnect Demand

The global AI industry is experiencing an explosive growth, propelling AI infrastructure investment into a trillion-dollar capital expenditure cycle. Driven by the widespread adoption of large language models and the development of multi-modal applications, demand for computing power is expanding exponentially. Global tech giants and cloud service providers continue to invest heavily in construction of data centers, high-speed interconnect computing power networks, and other sectors, leading to a substantial year-on-year expansion in investment scale.

Global AI infrastructure investment has increased from US$30.5 billion in 2021 to US$335.0 billion in 2025, representing a CAGR of 82.0%. This growth momentum is expected to persist, underpinned by a structural shift in computing demand towards inference and the continuous expansion of cloud-based AI services. The total investment is projected to reach US$913.7 billion by 2030, representing a CAGR of 22.2% from 2025 to 2030.

AI Infrastructure Investment*, Global, 2021-2030E

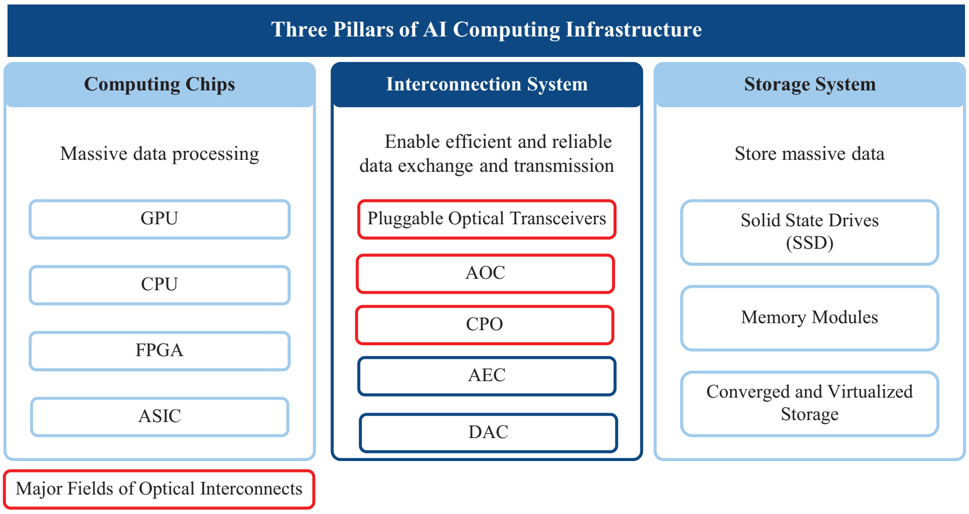


Source: Expert Interviews, Frost & Sullivan

* AI infrastructure investment includes AI computing power investment and other data center construction investment.

AI computing infrastructure (e.g. AI computing clusters and data centers) serves as the foundation for AI applications. As model parameters continue to scale, the scale of AI computing clusters has expanded rapidly, driving a surge in datacom demand across chips, server clusters and artificial intelligence data center (AIDC) facilities. Optical interconnects, by leveraging photonic transmission, offer definitive advantages over traditional electrical interconnects, delivering superior bandwidth, lower signal latency and reduced power consumption, and serve as a critical enabler for overcoming bandwidth and energy-efficiency bottlenecks in AI infrastructure.

AI Computing Infrastructure



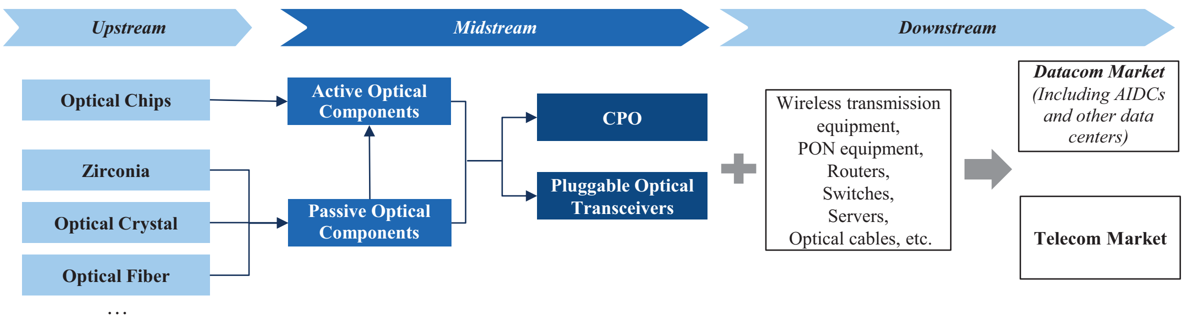
Source: Frost & Sullivan

ANALYSIS OF THE GLOBAL OPTICAL INTERCONNECT INDUSTRY

In the optical interconnect industry chain, optical chips enable electro-optical/optoelectronic conversion, and optical transceivers integrate discrete components into compact products. As a critical midstream segment, optical components represent the highest value concentration and the most significant technical barriers within the industry, accounting for over 45% of the total cost of optical transceivers. These components integrate optical chips and subassemblies with micron-level precision to facilitate signal modulation, beam splitting, and other complex functions. Their performance directly determines the bandwidth and power consumption limits of optical transceivers. The high technical thresholds of these components stem from ultra-precise manufacturing processes and advanced materials science. Furthermore, developers must overcome significant physical challenges, such as heat dissipation and high-frequency coupling, at microscopic scales.

Optical interconnects is primarily used in the datacom (e.g., AIDCs and other data centers) and telecom sectors. The global optical interconnect market surged from US$10.9 billion in 2021 to US$22.7 billion in 2025, representing a CAGR of 20.3%. The market is projected to reach US$99.1 billion by 2030, with a CAGR of 34.2% from 2025 to 2030. Fueled by the AI computing power boom, datacom has become the most dynamic and fastest-growing segment, accounting for approximately 71% of the total optical interconnect market in 2025 and is expected to reach approximately 90% by 2030.

Value Chain of Optical Interconnects



Source: Frost & Sullivan

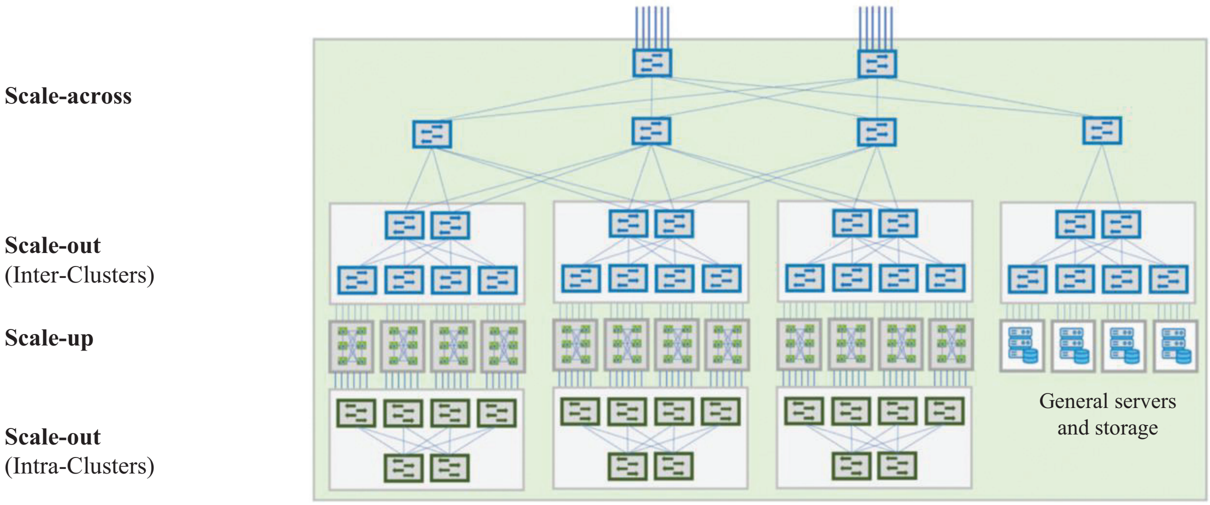
Nowadays, optical interconnects is emerging as the core foundation for the large-scale expansion of AI computing power, providing comprehensive support across three dimensions:

Scale-out: Optical interconnects enables horizontal intra- and inter-cluster connectivity between GPU servers via pluggable optical transceivers, CPO and high-speed switching chips, serving as a critical enabler of current AI training clusters.

Scale-up: Optical interconnects is gradually challenging traditional electrical interconnects. Conventional scale-up relies on copper cables or board-level serializer deserializer (SerDes) for point-to-point or ring connectivity between GPUs. However, as transmission rates rise, electrical interconnects encounter physical bottlenecks such as signal attenuation, surging power consumption, and interference from dense wiring. Leveraging technologies such as CPO and SiPh integration, optical interconnects shifts electro-optical conversion to the chip or packaging edge, replacing high-speed copper wires with optical fibers to achieve low-loss connectivity at longer distance, full-mesh or quasi-full-mesh topologies with higher bandwidth density, reduced power consumption and optimized thermal management.

Scale-across: Optical interconnects facilitates cross-campus and cross-data center computing power scheduling via coherent optical transceivers and data center interconntection (DCI) systems, supporting collaborative training across multiple data centers and the pooling of computing power resources. This drives the evolution of AI infrastructure from a single-cluster architecture toward a distributed computing power network.

Three Paths for Optical Interconnects to Boost AI Computing Power

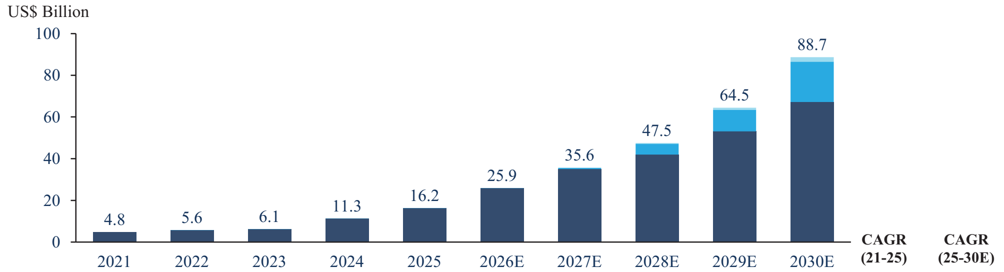


Source: Frost & Sullivan

Driven by the demand for AI computing power, the global datacom optical interconnect market has continued to expand, growing from US$4.8 billion in 2021 to US$16.2 billion in 2025, representing a CAGR of 35.3%. Scale-out is a core segment supporting horizontal data center expansion where pluggable optical transceivers play a critical role, serving as a stable source of both existing and incremental demand. From 2021 to 2025, the scale-out market achieved a CAGR of 35.2%, reaching US$16.1 billion in 2025, holding a predominant position in the datacom optical interconnect industry. It is projected to reach US$67.1 billion by 2030 with a CAGR of 33.0% from 2025 to 2030, remaining the core segment within this industry. Furthermore, with the gradual maturity of CPO, SiPh, and super-node architectures, coupled with robust demand for high bandwidth, low latency, and high-density computing power for large-scale AI model training, scale-up is transitioning from electrical interconnects to optical interconnects and will become one of the most important growth engines for the industry. Its CAGR is expected to reach 269.7% from 2025 to 2030, with its market size projected to surge to US$19.3 billion by 2030.

Meanwhile, underpinned by 1.6T and higher-speed coherent modules and all-optical switching technologies, scale-across is expected to achieve gradual commercialization in the next 2-3 years, with the corresponding market size reaching US$2.2 billion by 2030. Together, scale-out, scale-up and scale-across will constitute three primary growth engines of the datacom optical interconnect market.

Market Size* of Datacom Optical Interconnects (in Terms of Sales Value, by Scale-out/Scale-up/ Scale-across), Global, 2021-2030E



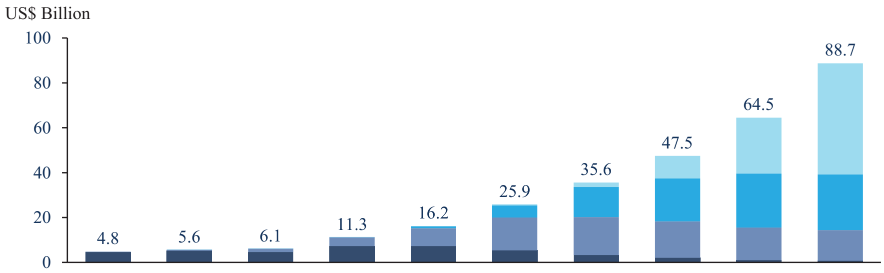
	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR (21-25)	CAGR (25-30E)
Scale-across	-	-	-	-	-	-	-	0.5	1.0	2.2	N/A	N/A
Scale-up	-	0.0	0.0	0.0	0.0	0.0	0.6	5.0	10.4	19.3	N/A	269.7%
Scale-out	4.8	5.6	6.1	11.3	16.1	25.8	35.0	42.0	53.1	67.1	35.2%	33.0%
Total	**4.8**	**5.6**	**6.1**	**11.3**	**16.2**	**25.9**	**35.6**	**47.5**	**64.5**	**88.7**	**35.3%**	**40.5%**

Source: Expert Interviews, Frost & Sullivan

* The market size of the optical interconnect industry does not include wireless transmission equipment, PON equipment, routers, switches, servers, and optical cables.

Regarding the evolution of transmission speed, the explosive expansion of global data centers and AI computing power is driving structural growth in the high-speed optical interconnect products market, with particularly strong momentum in 800G-and-above products. As the most advanced solution currently available, 800G optical interconnect products achieved a high CAGR of 155.8% from 2021 to 2025, with the market size rapidly rising from US$0.2 billion in 2021 to US$8.0 billion in 2025. Looking ahead, the growth of 800G optical interconnect products is expected to remain strong over the next three years. Its CAGR from 2025 to 2028 is expected to reach 26.7%, and the market size will hit US$16.2 billion in 2028, remaining one of the mainstream deployment solutions in the datacom optical interconnect market. Furthermore, with the increasing maturity of the 1.6T industry chain, the gradual mass production of CPO, and the continuous demand for higher bandwidth density from hyperscale AI computing centers, ultra-high-speed optical interconnect solutions such as 1.6T, 3.2T and above are poised for explosive growth. Their CAGRs from 2025 to 2030 are projected to reach as high as 97.7% and 256.1%, respectively, as they will gradually become mainstream while replacing traditional 400G, 800G and lower-speed products. This evolution will drive a structural upgrade of the global datacom optical interconnect market from mid-low to ultra-high speeds, continuously lifting the overall bandwidth and value proposition of the industry.

Market Size of Datacom Optical Interconnects (in Terms of Sales Value, by Transmission Rate), Global, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR (21-25)	CAGR (25-28E)	CAGR (25-30E)
3.2T and above	-	-	-	0.0	0.1	0.4	2.0	10.1	24.9	49.5	N/A	389.4%	256.1%
1.6T	-	0.0	0.0	0.1	0.8	5.5	13.4	19.1	24.1	24.8	N/A	185.3%	97.7%
800G	0.2	0.5	1.5	3.9	8.0	14.6	16.9	16.2	14.5	13.7	155.8%	26.7%	11.5%
400G and below	4.6	5.2	4.6	7.3	7.3	5.4	3.3	2.0	1.0	0.7	12.0%	-34.5%	-38.1%
Total	**4.8**	**5.6**	**6.1**	**11.3**	**16.2**	**25.9**	**35.6**	**47.5**	**64.5**	**88.7**	**35.3%**	**43.2%**	**40.5%**

Source: Expert Interviews, Frost & Sullivan

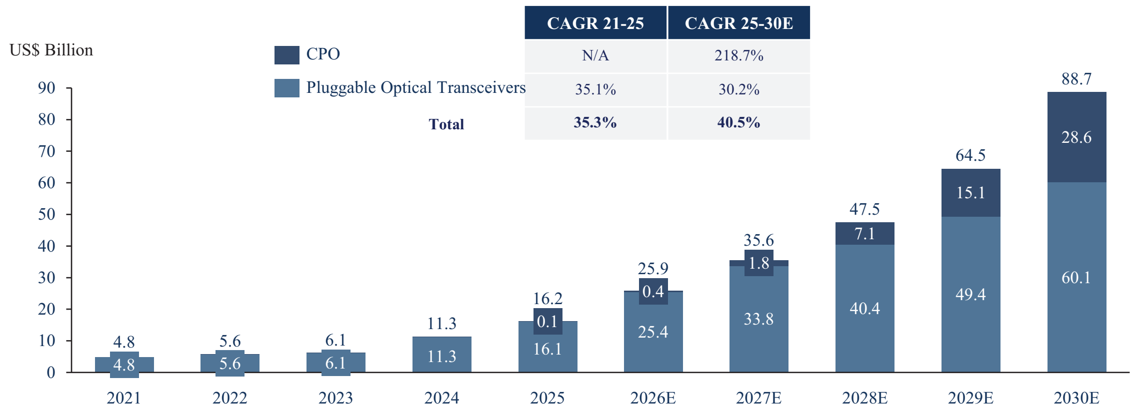
Additionally, as data transmission rates surpass 800G and advance toward 1.6T and above, traditional pluggable optical transceivers face mounting challenges in areas such as power consumption control, signal attenuation control, and port density. On one hand, at higher data rates, excessively long electrical traces lead to a sharp degradation in signal integrity, with high-frequency signal attenuation and crosstalk escalating exponentially. Even with optimized interface designs, physical transmission limits remain insurmountable, making it difficult to meet the increasingly stringent requirements for low bit-error rates in AI computing clusters. On the other hand, pluggable optical transceivers occupy substantial rack space, severely restricting the number of ports that a single switch can support. Amid surging demand for port density in AI clusters and hyperscale data centers, the density bottleneck of pluggable solutions becomes a physical constraint increasingly difficult to resolve, driving the industry toward highly integrated, low-power solutions. CPO technology has brought about a fundamental transformation in optical transceiver architecture by directly integrating optical engine onto the switch application-specific integrated circuits (ASIC). This integration drastically reduces power consumption by shortening electrical traces and minimizing signal loss, while boosting port density significantly, effectively addressing the performance bottlenecks faced by next-generation AI clusters and hyperscale data centers.

	Pluggable Optical Transceivers	**CPO（Co-Packaged Optics）**
Definition	Standardized, independently packaged and hot-pluggable optoelectronic conversion assemblies that interface with the device motherboard via gold-plated edge connectors to complete electrical-optical-electrical signal conversion.	Integration of the optical engine with the switch/compute chip on a common substrate, achieving optoelectronic conversion through ultra-short electrical interconnects.
Transmission Rate	Mainstream rates: 400G/800G; 1.6T is gradually becoming commercially available.	Targeting at 1.6T/3.2T and above ultra-high-speed scenarios to address the bandwidth density limitations of traditional solutions, serving as a core solution for next-generation hyperscale data center interconnection.

	Pluggable Optical Transceivers	CPO（Co-Packaged Optics）
Signal Integrity	Due to long copper traces on the PCB, connector insertion loss, and high-frequency dispersion, a certain degree of signal attenuation occurs.	By leveraging millimeter-level ultra-short interconnects, ultra-low signal attenuation can be achieved, with total signal attenuation reduced by over 80%, significantly improving the level of signal integrity.
Integration Level	Independently packaged, requiring significant front panel space, with port density limited by module size and thermal constraints.	Integrated on a common substrate, with the chip and optical engine co-packaged, increasing port density by over 50%.
Latency	Several microseconds, affected by copper cable transmission and on-module DSP processing.	Sub-microsecond; with extremely short interconnect distances.
Maintenance Cost	A single port fault only affects the faulty port, with a Mean Time to Repair (MTTR) of less than 15 minutes.	A single port fault affects the entire board, with a Mean Time to Repair (MTTR) exceeding 24 hours.

The clear roadmaps of global leading AI infrastructure providers are accelerating the large-scale commercialization of CPO technology. The CPO market size is expected to witness explosive growth in the future, reaching US$28.6 billion by 2030, with a projected CAGR of 218.7% from 2025 to 2030.

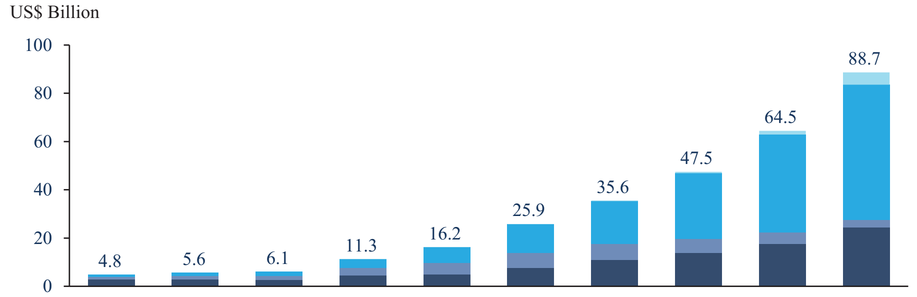
Market Size of Datacom Optical Interconnects (in Terms of Sales Value, by Product), Global, 2021-2030E



Source: Expert Interviews, Frost & Sullivan

Driven by the surge in AI computing power and the ongoing transition of data centers toward high-density, low-latency, and low-power consumption architectures, the global datacom optical interconnect industry is undergoing a technological migration toward SiPh and TFLN. With the rapid maturity of SiPh integration technology, its advantages — including complementary metal-oxide-semiconductor, or CMOS, compatibility, high integration, and cost efficiency — have become prominent. Its penetration rate in 800G and 1.6T products continues to rise, making it a core technology route for high-speed optical interconnection. In 2025, the SiPh market reached US$6.5 billion, representing a CAGR of 64.8% from 2021 to 2025. It is expected to reach US$56.0 billion by 2030, maintaining a robust CAGR of 54.0% between 2025 and 2030. Meanwhile, as an emerging material, TFLN has achieved rapid breakthroughs in ultra-high-speed modulation and long-haul transmission scenarios, leveraging its characteristics of ultra-high bandwidth, low insertion loss, and low driving voltage. It is expected to achieve a CAGR of 176.4% from 2025 to 2030, with the market size reaching US$5.2 billion by 2030, demonstrating immense growth potential.

Market Size of Datacom Optical Interconnects (in Terms of Sales Value, by Technical Route), Global, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR (21-25)	CAGR (25-30E)
TFLN	-	-	-	0.0	0.0	0.1	0.3	0.6	1.5	5.2	N/A	176.4%
SiPh	0.9	1.4	1.8	3.7	6.5	11.9	17.7	27.2	40.5	56.0	64.8%	54.0%
VCSEL	1.1	1.3	1.6	3.1	4.7	6.2	6.6	5.9	4.8	3.0	45.2%	-8.5%
EML	2.9	2.9	2.7	4.5	5.0	7.6	11.0	13.7	17.6	24.5	14.5%	37.5%
Total	**4.8**	**5.6**	**6.1**	**11.3**	**16.2**	**25.9**	**35.6**	**47.5**	**64.5**	**88.7**	**35.3%**	**40.5%**

Source: Expert Interviews, Frost & Sullivan

ANALYSIS OF THE GLOBAL OPTICAL COMPONENT INDUSTRY

Optical components are key functional units that facilitate transmission, modulation, reception, coupling, beam splitting and interconnection throughout the optical signal transmission process. Based on whether electrical drive and active light emission are required, optical components can be divided into two major categories: passive optical components and active optical components. Passive optical components do not require electrical power or generate optical signals, and are utilized exclusively for the transmission, distribution or isolation of optical signals. They do not participate in electrical-optical conversion, but primarily determine coupling efficiency and loss, thereby affecting system stability and cost. Representative products include FAUs, optical isolators, and optical fiber connectors. Active optical components require electrical power and are capable of generating or modulating optical signals. They participate in electrical-optical conversion and determine transmission rates and power consumption, positioning as critical enablers for bandwidth upgrades. Active optical components primarily consist of optical engines and light sources/lasers.

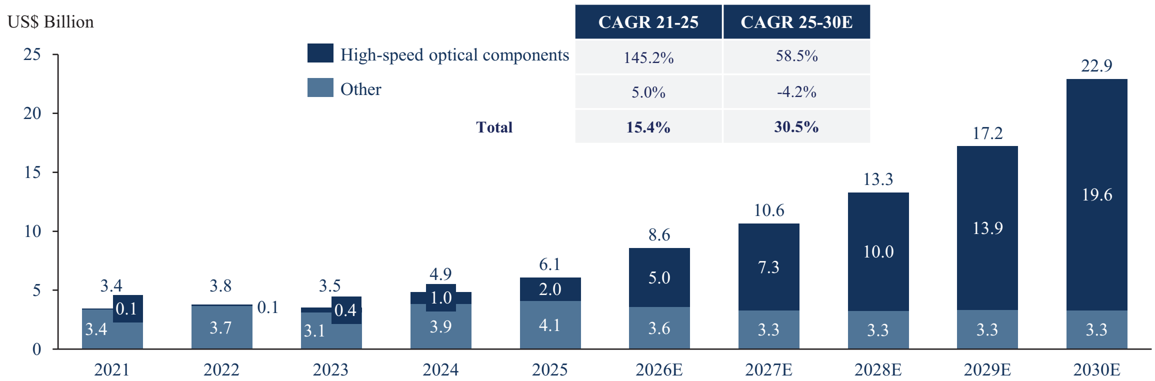
Optical engines are high-speed electro-optical conversion core units that integrate driver chips, optical coupling structures and other active optical components. They represent a system-level packaging form of highly integrated active optical components.

Driven by multiple factors including the boom in AI computing power and the high-density upgrade of data centers, the global optical component market has continued to expand, reaching approximately US$6.1 billion in 2025 with a CAGR of 15.4% from 2021 to 2025, maintaining a robust growth trajectory. In terms of speed iteration, the demand for high-density interconnection in AI computing clusters is driving the industry to rapidly advance toward 800G-and-above solutions.

High-speed optical components refer to optical components used in 800G and higher-speed optical interconnect products. Their core features include high-speed signal processing capability, excellent optical transmission performance, and highly-integrated product architectures. Specifically, they feature high single-channel transmission rate, low optical insertion loss, and superior extinction ratio and responsivity, ensuring the integrity and stability of optical signal transmission. Furthermore, they exhibit miniaturized, highly integrated physical characteristics and low power consumption, effectively matching the technical requirements for increased bandwidth, reduced latency, higher integration density, and enhanced energy efficiency in high-speed optical interconnect applications.

In 2025, the global high-speed optical component market reached US$2.0 billion, representing an extraordinary CAGR of 145.2% from 2021 to 2025. Its share of the broader market has continued to rise, making it the core growth engine of the industry. Going forward, with the gradual maturity of the 1.6T optical transceiver industry chain and the large-scale deployment of cutting-edge technologies such as CPO and SiPh, high-speed optical components will remain the core driver of market growth, and continue to elevate the overall scale and value proposition of the industry. By 2030, the high-speed optical component market is expected to reach US$19.6 billion, representing a CAGR of 58.5% from 2025 to 2030.

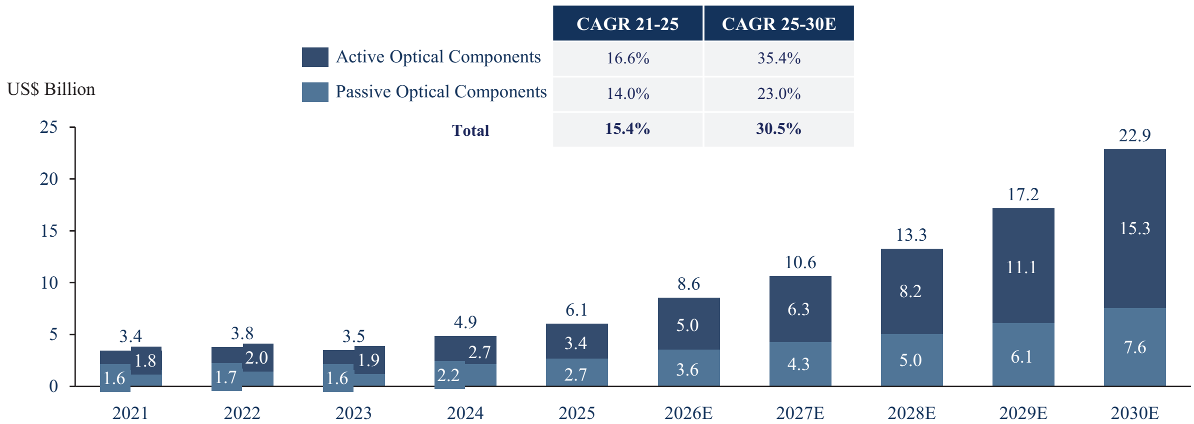
Market Size of Optical Components (in Terms of Sales Value, by Transmission Speed), Global, 2021-2030E



Source: Expert Interviews, Frost & Sullivan

Meanwhile, the active optical component market is projected to grow rapidly from US$3.4 billion in 2025 to US$15.3 billion in 2030, representing a CAGR of 35.4%. This momentum is driven by robust demand for high-bandwidth, low-latency chips and high-speed optical components for AI model training and inference, supported by technological iterations including CPO, SiPh, as well as steady volume ramp-up of 1.6T-and-higher ultra-high-speed products. Additionally, the value proportion of active optical component segment is expected to continue to rise, reaching approximately 67% of the global optical component market by 2030, becoming a key driver of industry growth and the shift toward higher value-added segments.

Market Size of Optical Components (in Terms of Sales Value, by Product Type), Global, 2021–2030E



Source: Expert Interviews, Frost & Sullivan

In 2025, by optical component supply revenue (only including external sales of optical components used in optical interconnect products), the Company ranked first with a revenue of US$711.4 million, representing a market share of 11.7%. The top five global optical component suppliers collectively accounted for 25.4% of the total market share.

Ranking of Optical Component[1] Suppliers (by revenue[2]), Global, 2025

Rank	Company Name	Revenue (US$ Million)	Market Share
1	**The Company**	**711.4**	**11.7%**
2	Company A[3]	307.3	5.1%
3	Company B[4]	179.8	3.0%
4	Company C[5]	178.1	2.9%
5	Company D[6]	162.7	2.7%
	Others	4,515.1	74.6%
	Total	6,054.4	100.0%

Source: Annual Reports, Frost & Sullivan

(1) Including optical components sold externally and used in optical interconnect products only.

(2) Revenue is calculated based on the 2025 average US$/RMB exchange rate of 7.14.

(3) Founded in 2000 and headquartered in Guangdong, China, Company A is a private company specializing in the R&D and manufacturing of optical components, transceivers and subsystems, with its products applied in communication networks and data centers.

(4) Founded in 2000 and headquartered in Guangdong, China, Company B is a company listed on the Shenzhen Stock Exchange. It focuses on the R&D and manufacturing of optical components, with its products applied in optical communications, data centers, and automotive LiDAR.

(5) Founded in 2010 and headquartered in Henan, China, Company C is a company listed on the Shanghai Stock Exchange. It focuses on the R&D and manufacturing of optical chips and components, with a product portfolio including PLC optical splitter chips, arrayed waveguide grating (AWG) chips, DFB laser chips and others.

(6) Founded in 2003 and headquartered in Zhejiang, China, Company D is a company listed on the Shenzhen Stock Exchange. It is a developer and manufacturer of optoelectronic devices in the field of optical communications, with products serving telecom, datacom, consumer electronics, and other sectors.

Entry Barriers of Global Optical Interconnect Market

R&D Barriers for High-performance Optical Interconnect Technologies

High-performance optical interconnects imposes extremely stringent requirements on core technologies including high-speed modulation, precision optical coupling, and low-power consumption packaging. These technologies entail long R&D cycles, substantial capital investment, and continuous iteration to keep pace with increasing bandwidth requirements driven by AI computing power and data centers. Enterprises are required to have full-stack technological accumulation spanning from materials, components to systems, while keeping pace with cutting-edge technology routes such as SiPh and TFLN. The competitiveness of enterprises with slow technological iteration or insufficient R&D investment will be significantly weakened.

Barriers of Industry Experience Accumulation and Engineering Know-how

The yield, reliability, and cost control of optical interconnect products are highly dependent on long-term engineering experience and know-how, including coupling accuracy of high-speed optical engines and consistency of passive optical components. These capabilities cannot be replicated through short-term imitation, but require continuous refinement in large-scale mass production. Even if new entrants master the underlying technical principles, it is difficult for them to achieve stable mass production and cost optimization within a short period of time.

Barriers of Industry Chain Resources and Supply Chain Integration Capabilities

The optical interconnect industrial chain is highly complex, covering multiple segments including optical chips, passive optical components, optical engines and ultra-precision manufacturing, with a highly concentrated supply of high-end components (such as high-speed optical chips). Enterprises need to establish long-term, in-depth cooperation with core upstream suppliers, and possess global supply chain management and risk-hedging capabilities to address challenges such as geopolitical risks and production capacity fluctuations. Enterprises without a stable supply chain will face risks including persistently-high costs and delivery delays.

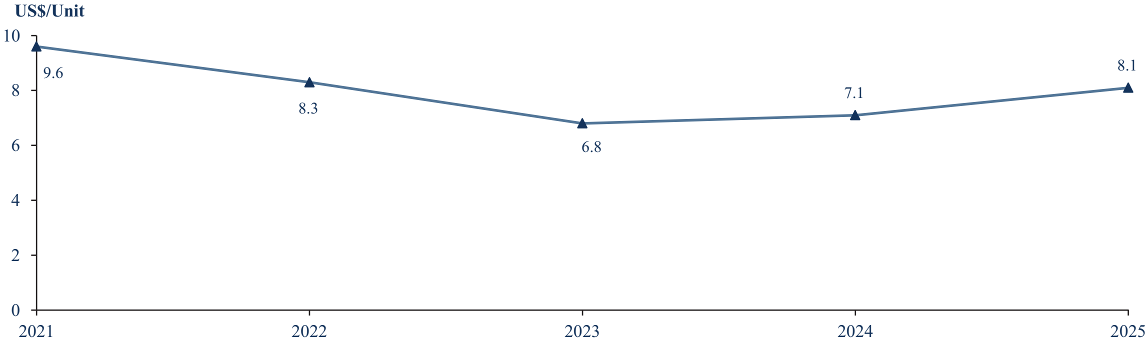
Barriers of Customer Resources and First-mover Advantages

Optical interconnect products are subject to high customer certification barriers. Products must undergo rigorous reliability tests and networking compatibility tests to ensure long-term stability in complex environments, with a qualification cycle typically ranging from one to two years. Once an enterprise is shortlisted on the approved vendor list and commences mass production, customers are unlikely to replace the supplier considering supply chain stability and switching costs. First-mover enterprises often become embedded in customers' next-generation product roadmaps through joint R&D and in-depth customization, forming a strong ecological synergy that significantly raises the threshold.

COST ANALYSIS OF THE GLOBAL OPTICAL INTERCONNECT INDUSTRY

Optical chips are a core raw material for optical component products and represent a significant portion of the cost structure. To meet the growing demand for higher transmission speeds from downstream applications, optical chips are continuously evolving toward higher data transmission rates and greater output power. As a result, the overall price level of optical chips has shown an upward trend in recent years. Nevertheless, there are significant price disparities between optical chips with different transmission speeds. For a specific type of optical chip such as single-channel 100G EML optical chip, its price has gradually declined from 2021 to 2023 due to gradual maturity of the technology and increased shipment volume. Since 2024, robust demand for high-speed optical transceivers has led to supply shortages of single-channel 100G EML optical chips, resulting in a rebound of its average price.

Average Price of Single-Channel 100G EML Optical Chip, Global, 2021-2025



Source: Frost & Sullivan

SOURCE OF INFORMATION AND RESEARCH METHODOLOGY

We engaged Frost & Sullivan for preparing an independent industry report in respect of the global optical interconnect and optical component market. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB500,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publication, company reports, independent research reports and data based on its own research database.

PRC REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across our business. This part sets out a summary of the most important laws, regulations and policies that are applicable to our current business activities within the territory of the PRC.

Regulations Relating to Our Business in the PRC

On January 15, 2021, the Ministry of Industry and Information Technology (the "**MIIT**") issued the Action Plan for the Development of the Basic Electronic Components Industry (2021-2023) (《基礎電子元器件產業發展行動計劃（2021-2023年）》). The plan proposed to achieve breakthroughs in key core technologies, focusing on the development of high-frequency, high-speed, low-loss, and miniaturized optoelectronic connectors, high-speed and high-precision optical detectors, high-speed directly modulated and externally modulated lasers, and high-power lasers.

On June 2, 2023, the MIIT, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Finance, and the State Administration for Market Regulation issued the Implementation Opinions on Enhancing the Reliability of the Manufacturing Industry (《製造業可靠性提升實施意見》). The opinions proposed to improve the reliability of electronic components, including precision optical components, optical communication devices, and high-speed connectors.

On December 27, 2023, the National Development and Reform Commission of the PRC (the "**NDRC**") issued the Catalog for Guiding Industry Restructuring (2024 version) (《產業結構調整指導目錄(2024年本)》), which became effective on February 1, 2024. The catalog is composed of three categories: encouraged, restricted, and eliminated. The construction of optical transmission systems operating at 100Gb/s and above, and the manufacture of optoelectronic devices, are classified as the information industry and fall within the encouraged category.

On January 2, 2025, the MIIT issued the Notice on Launching the Pilot Work for 10-Gigabit Optical Networks (《關於開展萬兆光網試點工作的通知》). The notice proposed to carry out pilot work for 10-gigabit optical networks in key scenarios such as residential communities, factories, and industrial parks, deploying and applying technologies including 50G-PON ultra-broadband optical access, coordination between FTTH/FTTR and Wi-Fi 7, high-speed and high-capacity optical transmission, and the integration of optical networks with artificial intelligence.

Regulations Relating to Companies and Foreign Investment

The Company Law of the PRC (《中華人民共和國公司法》) was passed by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993, latest amended on December 29, 2023 and became effective on July 1, 2024. The articles of association of a listed company shall, in addition to complying with the items required to be specified in the articles of association of a company limited by shares, in accordance with the provisions of laws and administrative regulations, also set forth the composition and functions of the special committees of the board of directors, as well as stipulate matters such as the compensation assessment mechanisms for directors and senior management personnel.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the National People's Congress on March 15, 2019 and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019, China applies pre-establishment national treatment with a negative list approach to foreign investment. The current industry entry clearance requirements governing investment activities in the PRC conducted by foreign investors are set out in two catalogues, namely the Special Administrative Measures for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") which was promulgated by the NDRC and the Ministry of Commerce of the People's Republic of China (the "**MOFCOM**") on September 6, 2024 and became effective on November 1, 2024, and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraging Catalog**"), which was jointly promulgated by the NDRC and the MOFCOM on December 15, 2025 and came into effect on February 1, 2026. Optoelectronic devices and other optical communication equipment fall under the "encouraged" category in the Encouraging Catalog. Our principal business operations do not fall under the "restricted" category or the "prohibited" category under the Negative List.

According to the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and came into effect on January 1, 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, follow the principles of truthfulness, accuracy and completeness, and shall not make false or misleading reports or material omissions.

Regulations Relating to Production Safety

On June 29, 2002, the SCNPC promulgated the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was recently amended on June 10, 2021 and became effective on September 1, 2021. Enterprises engaged in production and business activities shall establish and improve the workplace management system to ensure workplace safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

Regulations Relating to Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and recently amended with immediate effect on December 29, 2018, producers or sellers who produce or sell substandard products shall be subject to (i) administrative penalties including production/sales suspension, rectification orders, confiscation of non-compliant products, monetary fines, forfeiture of illegal gains, and in severe cases, business license revocation; and (ii) criminal prosecution where the violation constitutes a criminal offense.

Regulations Relating to Import and Export of Goods and Technology

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May, 1994 and recently amended on December 27, 2025 and became effective on March 1, 2026, and the Notice of the Department of Enterprise Management and Inspection on Matters Related to the Filing of Consignors and Consignees of Import and Export Goods (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC (the "**GAC**") with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

According to the Customs Law of the PRC (《中華人民共和國海關法》), promulgated by the SCNPC on January 22, 1987, implemented on July 1, 1987, and latest amended and took effect on April 29, 2021, unless otherwise provided, import and export goods may be handled by the consignors and consignees of the import and export goods themselves for customs declaration and tax payment procedures, or they may entrust customs declaration enterprises to handle customs declaration and tax payment procedures. According to the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GAC on November 19, 2021, which became effective on January 1, 2022, customs declaration entities shall refer to the customs declaration enterprise and the consignor or consignee of imported and exported goods under the provisions. Customs declaration entities may conduct customs declaration business within the customs territory of the PRC. An application for the record-filing of a consignor or consignee of imported and exported goods or a customs declaration enterprise shall obtain the qualification of market entity eligibility.

Regulations Relating to Construction and Environmental Protection

According to the Construction Law of the PRC (《中華人民共和國建築法》) which was promulgated by the SCNPC on November 1, 1997 and recently amended with immediate effect on April 23, 2019, and the Measures for Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on June 25, 2014 and recently amended with immediate effect on March 30, 2021, the construction entity shall apply for a construction permit after obtaining the construction project planning permit, and then start construction.

According to the Regulation on the Administration of Confirmation and Recordation of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) promulgated by the State Council on November 30, 2016 and became effective on February 1, 2017, projects related to national security, major productivity distribution, strategic resource development and major public interests are subject to approval management.

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, latest amended and became effective on April 29, 2021, and the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, latest amended on August 21, 2023 and became effective on October 30, 2023, the fire protection design and construction of construction projects shall comply with national technical standards of fire protection for construction projects.

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and became effective on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, latest amended with immediate effect on December 29, 2018, the Regulations on the Administration of Environmental Protection for Construction Project (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and became effective on October 1, 2017, the Measures for the Administration of Recordation of Registration Forms of Environmental Impact of Construction Projects (《建設項目環境影響登記表備案管理辦法》) promulgated by the Ministry of Environmental Protection (the "**MEP**") on November 16, 2016 and became effective on January 1, 2017, the Interim Measures on Environmental Protection Acceptance of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the MEP with immediate effect on November 20, 2017 and other relevant environmental laws and regulations, entities generating environmental pollution and other public hazards must incorporate environmental protection measures into their plans and set up a responsibility system of environmental protection. Construction projects shall go through the environmental impact assessment procedure accordingly.

Regulations Relating to Pollutant Discharge Permits

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations.

According to the Regulation on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) promulgated by the State Council on October 2, 2013 and became effective on January 1, 2014, enterprises, public institutions, and individual businesses engaged in industrial, construction, catering, medical, and other activities that discharge sewage into urban drainage facilities must apply for and obtain a permit for sewage discharge into the drainage network from the urban drainage authority.

Regulations Relating to Atmospheric Pollution

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution(《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1985, latest amended with immediate effect on October 26, 2018, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution, and keep the original monitoring records. Such entities and other units that implement administration of pollution discharge permits, shall obtain a pollutant discharging permit.

Regulations Relating to Solid Wastes

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 3,1995, latest amended on April 29, 2020 and became effective on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law.

Regulations Relating to Water Pollution

According to the Water Pollution Prevention and Control Law of the PRC (《中華人民共和 國水污染防治法》) promulgated by the SCNPC on May 11, 1984, latest amended on June 27, 2017 and became effective on January 1, 2018, any enterprise or public institution or other business entity which directly or indirectly discharges industrial waste water or medical sewage to waters or waste water or sewage subject to pollutant discharge licensing, shall obtain a pollutant discharge license.

Regulations Relating to Land

According to the PRC Land Administration Law (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and became effective on January 1, 2020, the land in the PRC is either state-owned or collectively-owned. Where a development entity needs to use state-owned land, it shall acquire the right to use such land through means such as conveyance with compensation.

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, latest amended on August 26, 2019 and became effective on January 1, 2020, where real estate development is carried out with the right to use land obtained through conveyance, the land must be developed in accordance with the intended use of the land and the period for commencing development as stipulated in the land use right conveyance contract.

Regulations Relating to the Management of Lease Housing

According to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994, latest amended on August 26, 2019 and became effective on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

Regulations Relating to Overseas Investment

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, which was latest amended on September 6, 2014 and came into effect on October 6, 2014. As defined therein, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration.

The Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment projects, reporting relevant information and cooperating with the supervision and inspection.

Regulations Relating to Foreign Exchange Administration

According to the Notice on Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), promulgated by the People's Bank of China and the State Administration of Foreign Exchange (the "**SAFE**") on December 24, 2025, and implemented on April 1, 2026, domestic companies listed overseas shall submit the registration documents for their overseas listings to the bank located in the registered place to open capital account-settlement accounts regarding their initial or follow-on offerings and share repurchases, and handle the exchange, transfer and remittance of relevant funds through such designated accounts, and the proceeds raised from overseas listings of a domestic company shall, in principle, be promptly remitted into the PRC or deposited overseas, and the use of such proceeds shall be consistent with those set out in this document or other publicly disclosed documents such as the corporate bonds offering documentations, board resolutions or shareholders' resolutions.

According to the Foreign Exchange Business Guidelines for Capital Account (2024 version) (《資本項目外匯業務指引(2024年版)》)promulgated by the SAFE on April 3, 2024, and implemented on May 6, 2024, funds raised by domestic companies through overseas listings shall, in principle, be remitted back to China in a timely manner, either in Renminbi or foreign currency. The use of such funds shall be consistent with the relevant content disclosed in public documents such as prospectuses, corporate bond issuance documents, shareholder circulars, or board of directors or shareholders' meeting resolutions.

Regulations Relating to Labor, Social Insurance and Housing Provident Fund

Labor Contract

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, latest amended with immediate effect on December 29, 2018, the Labor Contract Law of the

PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, latest amended on December 28, 2012 and became effective on July 1, 2013, and the Regulation on the Implementation of the Employment Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council with immediate effect on September 18, 2008, a written employment contract shall be entered into to create an employment relationship.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, latest amended with immediate effect on December 29, 2018, Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, latest amended with immediate effect on March 24, 2019, employers in PRC are obligated to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing provident fund. In addition, any employer that fails to make contributions to the social insurance and housing provident fund as required may be ordered to pay the outstanding contributions within a prescribed time limit. If the employer fails to comply within the specified period, a fine may be imposed. For details on our social insurance and housing provident fund contributions, 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."

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated by the Supreme People's Court on July 31, 2025 and became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the PRC, the people's court shall uphold such claim.

Regulations Relating to Intellectual Property

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and became effective on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and became effective on January 20, 2024, provide for three types of patents, namely "inventions," "utility models" and "designs." Invention patents are valid for twenty years, utility model patents are valid for ten years and design patents are valid for fifteen years, in each case from the date of application.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019 and became effective on November 1, 2019, and the Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) latest amended on April 29, 2014 and became effective on May 1, 2014, registered trademarks are valid for 10 years from the date the registration is approved, which may be renewed for consecutive 10-year periods upon request by the trademark owner, unless otherwise revoked.

Copyright

According to the PRC Copyright Law (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, latest amended on November 11, 2020 and became effective on June 1, 2021, copyright encompasses a series of personal and property rights. Chinese citizens, legal persons and organizations shall own copyright to their copyrightable works.

In order to further implement the Regulations on Computer Software Protection (《計算機軟體保護條例》) promulgated by the State Council on June 4, 1991, latest amended on January 30, 2013 and became effective on March 1, 2013, the National Copyright Administration issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which was amended on July 1, 2004 and specifies detailed procedures and requirements with respect to the registration of software copyrights.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, the MIIT supervises and administers domain services nationwide. The principle of "first come, first served" applies to domain name registration services.

Regulations Relating to Tax

Enterprise Income Tax

According to the EIT Law of the PRC (《中華人民共和國企業所得稅法》) latest amended by the SCNPC with immediate effect on December 29, 2018, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》) latest amended by the State Council on December 6, 2024 and became effective on January 20, 2025, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of the foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need the support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

Value-added Tax

According to the PRC Value-Added Tax Law (《中華人民共和國增值稅法》) latest amended by the SCNPC on December 25, 2024 and became effective on January 1, 2026, and the Implementation Rules of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》) latest amended by the State Council on December 25, 2025 and became effective on January 1, 2026, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in Chinese mainland are subject to the Value-Added Tax (the "**VAT**"). Unless otherwise specified, the VAT rate is generally 13% in respect of the sale or importation of goods.

Regulations on Overseas Securities Listings

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and circulated five supporting guidelines (collectively, the "**Filing Rules**"), which has become effective on March 31, 2023. The Filing Rules apply to all overseas equity financing and listing activities of PRC domestic companies, including initial and follow-on offerings of shares, depository receipts, convertible corporate bonds, or other equity instruments and trading of securities in overseas market. The Filing Rules provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Filing Rules stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within 3 working days after the occurrence and public disclosure of (i) a change of control thereof; (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment; and (iv) a voluntary or mandatory delisting.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which became effective on March 31, 2023. According to the Archives Rules, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities, companies, securities service institutions, overseas regulatory authorities and other entities and individuals shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing.

Other Regulations

Information Disclosure

A listed company shall establish a sound information management system in accordance with the regulatory requirements of the securities authorities, market practice, its specific circumstances, and the general information disclosure requirements for listed companies, such as the Measures for the Administration of Information Disclosure of Listed Companies (《上市公司信息披露管理辦法》) promulgated by CSRC on January 30, 2007, which was most recently amended on March 26, 2025 and became effective on July 1, 2025.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THAILAND

Foreign Business Act B.E. 2542 (1999) ("FBA 1999")

The Foreign Business Act B.E. 2542 (1999), as amended (the "**FBA**") is the primary law restricting foreign investments in Thailand by prohibiting or restricting "Foreigner"[1] from engaging in certain restricted businesses unless a foreign business license or a foreign business certificate is obtained from the Thai Ministry of Commerce.

(1) The term "Foreigner" under the FBA means: (i) a non-Thai national; (ii) a juristic person not registered in Thailand; (iii) a juristic person registered in Thailand that has any of the following characteristics: a. a juristic person in which more than 50% of its share capital is held by persons falling within (i) or (ii) above, or a juristic person in which persons falling within (i) or (ii) above invest more than 50% of its share capital; b. a limited partnership or registered ordinary partnership in which a person falling within (i) above acts as the managing partner or manager; or (iv) a juristic person incorporated in Thailand in which more than 50% of its share capital is held by persons falling within (i), (ii) or (iii) above, or by a juristic person in which persons falling within (i), (ii), or (iii) above invest more than 50% of its share capital.

Based on the current shareholding structure of TFC Thailand, in which 100 percent of the shares are owned by foreigners, it is regarded as a Foreigner under the FBA. However, manufacturing activities (excluding the provision of services) are not classified as restricted business activities under the FBA as set out above. Given that TFC Thailand manufactures optical components based on designs and specifications developed by itself and does not provide original equipment manufacture services to customers, its business activities fall within the scope of "manufacturing" as interpreted by the Ministry of Commerce under its official ruling issued in December 2025 and are therefore not restricted under the FBA.

Land Code B.E. 2497 (1954), as amended ("Land Code")

The Land Code is the principal legislation governing land ownership in Thailand. The Land Code restricts land ownership by foreign entities (as defined under Section 97 of the Land Code[(2)]), unless such ownership is permitted pursuant to other applicable privileges or regulations. In this regard, Section 44 of the IEAT Act provides that industrial operators may be granted permission to acquire ownership rights in land within an industrial estate for the purpose of conducting business, even if the relevant land area exceeds the limit permitted under other laws. TFC Thailand has obtained a letter from the Industrial Estate Authority of Thailand No. AorKor 5103.2.3/(Kor) 263, dated 19 June 2024, permitting the TFC Thailand to own the land under Land Title Deed Nos. 68823. Accordingly, TFC Thailand is entitled to own such land in Thailand notwithstanding the limitations prescribed under the Land Code.

Factory Act B.E. 2535 (1992)

The operation of TFC Thailand's factories in Thailand is regulated under the Factory Act B.E. 2535 (1992) (as amended) (the "**Factory Act**"). The Factory Act regulates and controls the operation, expansion and safety of factories in Thailand and the levels of industrial pollution released through factory activities. A factory as defined in the Factory Act means buildings, premises, or vehicles using machines with total power from 50 horsepower, or equivalent of 50 horsepower, or more or which employ 50 workers or more, with or without machinery to engage in factory operation in accordance with the type or kind of factory as prescribed in the Ministerial Regulation Prescribing Categories, Types and Sizes of Factory, B.E. 2563 (2020) (as amended). Generally, either (i) a factory licence or approval from the Department of Industrial Works, Ministry of Industry of Thailand (or, if the factory is located in an industrial estate, by the Industrial Estate Authority of Thailand), or (ii) a prior notice, is required before the operation of a factory, as the case may be, depending on the type of such factory.

Certain types of factories do not require licences or governmental approval. The extent of governmental regulations that apply to each factory varies according to the size of the factory, perceived amount of environmental impact and the level of environmental protection deemed necessary. TFC Thailand conducts its operations in the AMATA City Chonburi Industrial Estates and holds all licences required under the Factory Act.

Investment Promotion Act B.E. 2520 (1977)

Pursuant to the Investment Promotion Act B.E. 2520 (1977), as amended (the "**Investment Promotion Act**"), the Board of Investment of Thailand (the "**BOI**") issues notifications specifying the types, sizes and conditions of business activities eligible for investment promotion. Such notifications may be amended from time to time as the BOI considers appropriate considering prevailing social and economic circumstances.

(2) According to Section 97 of the Land Code, the following entities shall be entitled to the same land rights as foreigners: (a) limited companies or the public limited companies with registered shares, held by foreigners more than forty nine percent of the registered capital, or those in which the number of foreign shareholders accounts for more than half of the total number of shareholders, as the case may be. For the purposes of this Section, any bearer share issued by a limited company shall be deemed to be held by a foreigner; (b) registered limited partnerships or registered ordinary partnerships in which foreigners hold shares exceeding forty nine percent of the total capital, or those in which the number of foreign partners accounts for more than half of the total number of partners, as the case may be; (c) associations, including co-operatives, in which the foreign members exceed half of the total number of members, or those which operate particularly or mainly for the benefit of foreigners; and (d) foundations whose objectives focusing particularly or mainly on the benefit of foreigners.

Under the Investment Promotion Act and the relevant BOI notifications, certain manufacturing activities relating to parts and equipment for optical fiber, optical devices, and electro-optical devices (type 4.2.11.2 of BOI activities), and manufacturing of Printed Circuit Board Assembly (PCBA), or products resulting from PCBA production within the same project using Surface Mount Technology (SMT) throughout the entire production line (type 4.2.5.2 of BOI activities) may be eligible for investment promotion. Companies engaged in the production of products within these categories—such as Fiber Array Unit (FAU), Cable and Optical Engine (OE)—may qualify for investment promotion privileges, subject to the applicable conditions and criteria prescribed by the BOI.

Subject to the Investment Promotion Act and the relevant BOI notifications, the BOI may grant investment promotion privileges for a specified period. For instance, TFC Thailand has been granted investment promotion privileges for its manufacturing operations in Thailand and is entitled to an exemption from corporate income tax on the net profits derived from the promoted activity for a period of four to six years up to certain amount specified in the BOI certificate from the date on which income is first generated from such promoted activity (depending on the products).

The investment promotion privileges granted by the BOI may include: (a) tax incentives up to the amount specified in the BOI certificate, such as exemptions from import duties on machinery and on raw or essential materials used in production, and exemptions from corporate income tax on the net profits as well as dividends derived from the promoted activity; and (b) non-tax incentives, such as permission to remit funds abroad in foreign currency, permission to bring foreign skilled workers and experts into Thailand for the promoted activities, and permission to own land for the purposes of carrying on the promoted business, subject to the applicable criteria and conditions prescribed by the BOI.

Product Liability Act B.E. 2551 (2008)

In Thailand, the Product Liability Act B.E. 2551 (2008) (the "**PLA**") prescribes that Entrepreneurs (which refers to, *inter alia*, (i) manufacturer or hirer, (ii) importer, or (iii) seller) shall be jointly liable to the injured person for the damages caused by the unsafe product, regardless of whether the damages are intentionally or negligently caused by the Entrepreneur(s); the PLA prescribes that the seller(s) shall only be liable in the case where the manufacturer, the hirer, or the importer cannot be identified.

In this regard, an "unsafe product" refers to a product which causes or may cause damages either by its manufacturing defect; or its design defect; or by having no instruction preservation, warning messages, or relevant information about the product; or having incorrect or unclear information with regards to its nature including its usual usage and preservation.

Under the PLA, the injured person needs only to prove that he or she suffers from damages caused by the Entrepreneur's products and the usage or preservation of such products by its nature without needing to prove which Entrepreneur causes such damage.

TFC Thailand manufactures electronic and optoelectronic components, namely FAUs, cable, and optical engine. As a manufacturer of such products, the Thai Subsidiary may be deemed an entrepreneur under the PLA and may therefore be subject to liability for damages arising from unsafe products if such products are found to be defective or lack adequate instructions or warnings.

However, an Entrepreneur shall not be liable for damages caused by the unsafe products if they can prove that: (i) such products are not unsafe products; (ii) the injured person has already been aware that the products are unsafe; or, (iii) the damages were caused by an incorrect usage or preservation when an Entrepreneur has put the correct and clear usage, preservation, warning message or relevant information on the product.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN JAPAN

Business Registration Requirements

The establishment of a company in Japan by a foreign investor, as well as the acquisition of voting rights in a company in Japan by a foreign investor is subject to the Foreign Exchange and Foreign Trade Act (the "**FEFTA**"). The establishment of a company or the acquisition of voting rights in a company by a foreign investor may trigger filing or reporting obligations under the FEFTA. Under the FEFTA, prior notification is required when a foreign investor intends to establish or acquire voting rights in a company in Japan engaging in certain designated business sectors that may affect national security, public order, or public safety (including defense, energy, telecom, transportation, and finance). Such notification must generally be submitted at least 30 days prior to the intended establishment or acquisition. For sectors other than the designated businesses, the foreign investor is required instead to submit an ex post facto report following the establishment. Such post-establishment report must typically be filed within a prescribed period (in principle, within 45 days from the date of establishment or acquisition) in the prescribed form.

Sale of Goods and Consumer Protection

The sale of products in Japan is generally governed by The Civil Code and The Commercial Code, with product safety and warranty obligations being key aspects of sale of products. Japan's Product Liability Act imposes strict liability on any person who manufactures, processes, or imports a product in the course of business, as well as on any person who uses a name, trade name, trademark, or other indication on the product as the manufacturer, and any person who can be recognized by others as the actual manufacturer (the "**manufacturers, etc.**"). The manufacturers, etc. are liable to compensate for any personal injury (including death or bodily injury) or property infringement caused by a defect in the delivered product, which was manufactured, processed, imported, or on which indications including a name were referred to. However, this does not apply if the damage occurs to the product alone.

Under The Act on Specified Commercial Transactions, sellers are required to display particular information about their products in advertisements and purchase application forms when these are provided through websites or other media, and the transactions are carried out via communication tools such as postal mail or electronic devices. The information that must be shown includes the sale price, payment methods and timing, delivery schedule, and the relevant rules regarding withdrawal or cancellation. This Act also prohibits sellers from issuing deceptive advertisements and from sending promotional emails without obtaining the recipient's prior consent.

Import and Export and Customs Declaration Requirements

Pursuant to the Customs Act of Japan (Act No. 61 of 1954), entities engaging in international trade must adhere to strict declaration procedures. For the importation of foreign merchandise, importers are generally required to submit an official import declaration to the customs authorities. To secure import clearance, the subject goods must undergo any requisite inspections, and the importer must settle all applicable financial obligations, including customs duties, as well as national and local consumption taxes. Similarly, entities exporting goods from Japan must file an official export declaration and subject their cargo to necessary customs inspections to obtain export permission.

Upon the submission of an import or export declaration, customs authorities conduct comprehensive documentary reviews and physical inspections as deemed necessary. As a general rule, final import authorization is granted only upon confirmation that all applicable duties and taxes have been fully remitted, while export authorization is issued upon verification of compliance with relevant export regulations.

Furthermore, should the importation or exportation of specific goods be subject to licensing, approval, or trade control requirements under statutory frameworks outside the purview of customs laws (e.g., the FEFTA), the trading entity is strictly obligated to procure such authorizations from the competent ministries or agencies prior to obtaining final customs clearance.

Employment-related Matters

Employment relationships in Japan are governed primarily by The Labor Standards Act, The Industrial Safety and Health Act, and The Labor Contract Act.

The Labor Standards Act prescribes minimum working conditions applicable to most employers and employees, and any contractual terms that fall below these statutory standards are deemed invalid. The Industrial Safety and Health Act requires employers to implement workplace safety and health measures and to establish appropriate safety management systems.

Under the Labor Contract Act, when an employer dismisses or takes disciplinary action against an employee, such dismissal or disciplinary action is required to be based on objectively reasonable grounds and to be socially appropriate. Changes to employment terms that disadvantage employees must also be reasonable in order to be valid.

LAWS AND REGULATIONS IN RELATION TO U.S. OUTBOUND INVESTMENT RULE, EXPORT CONTROLS, SANCTIONS AND TARIFFS

U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Final Rule on Outbound Investment (the "**Outbound Investment Rule**"), which implements Executive Order 14105, Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern. The Outbound Investment Rule became effective on January 2, 2025.

The Outbound Investment Rule aims to mitigate national security risks associated with investments in sensitive technologies such as semiconductors, artificial intelligence (AI), quantum computing, and supercomputing in identified "countries of concern." Currently, "countries of concern" under the Outbound Investment Rule are limited to the PRC, including the Special Administrative Region of Hong Kong (Hong Kong), and the Special Administrative Region of Macau (Macau).

As of January 2, 2025, "U.S. persons" are subject to certain compliance obligations when engaging in certain transactions with "covered foreign persons" from countries of concern (PRC, including Hong Kong, and Macau), which may include a prohibition on the transaction or a notification requirement to the U.S. Government within 30 days of completing the transaction.

On December 18, 2025, President of the United States signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the law.

If U.S. persons engage in a "covered transaction," including a transaction that involves the acquisition of the equity interests of a "covered foreign person" that are not yet publicly traded, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. On December 23, 2025, the U.S. Department of Treasury published additional frequently asked questions (the "**FAQs**") on the Outbound Investment Rule. One of these FAQs (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a "covered foreign person," and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security" in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into.

U.S. Export Controls

The Export Control Reform Act of 2018 authorizes the U.S. President to implement "dual-use" export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, BIS administers the EAR, codified at 15 C.F.R. § 730 et seq. The EAR control the export, reexport, and transfer (in-country) of dual-use commodities, software and technology. The EAR apply to all items "subject to the EAR" as defined at EAR §§ 734.2 — 734.5. Items subject to the EAR include U.S.-made items and items physically in the U.S. as well as certain non-U.S. made items. The EAR applies to goods, software and technology subject to the EAR located anywhere in the world.

In October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of integrated circuits at a fab in China that fabricates integrated circuits meeting certain criteria. The BIS October 2022 IFR was amended in October 2023 to strengthen export controls relating to advanced computing and semiconductor manufacturing equipment. On December 2, 2024, BIS issued an interim final rule and a final rule, which expanded controls in the EAR on advanced computing and semiconductor manufacturing items.

U.S. Sanctions

The U.S. Department of the OFAC administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President primarily under the IEEPA. The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this document, Cuba, Iran, North Korea, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, "near-comprehensive" sanctions in place against certain other jurisdictions such as the Russian Federation. OFAC implements "primary" and "secondary" sanctions with specific restrictions unique to each individual sanctions program. Sanctioned persons are identified on OFAC's SDN List. All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them absent an applicable OFAC license or exemption.

U.S. Tariffs

On December 23, 2024, the Office of the U.S. Trade Representative (the "**USTR**") announced a new investigation to examine Chinese actions allegedly related to targeting of the semiconductor industry for dominance and the impact of such actions on the U.S. under Section 301 of the Trade Act of 1974 (as amended). On December 29, 2025, USTR published a Federal Register notice announcing its affirmative determination that, effective December 23, 2025, "China's acts, policies and practices are actionable under Section 301 … and that the appropriate responsive action includes taking tariff action now on semiconductors from China." Based on its findings, USTR determined under Section 301(c) that responsive action is appropriate, including additional tariffs on semiconductors from China. However, the action will have a delayed effect, with a 0% additional tariff rate at the outset followed by an increase in 18 months on June 23, 2027, "to a rate to be announced not fewer than 30 days prior to that date." These tariffs will be in addition to the existing 50% tariffs on semiconductors under USTR's separate Section 301 action in response to China's technology transfer policies. The additional tariffs, effective June 23, 2027, will apply to the products and Harmonized Tariff Schedule subheadings listed in the Notice of Action.

Starting in February 2025, the U.S. imposed another round of significant tariffs on imports from China, including two sets of tariffs under the IEEPA. These included the "reciprocal tariffs" under Executive Order 14257 and the "fentanyl tariffs" under Executive Order 14195. These measures prompted reciprocal tariffs from China and other countermeasures, including various controls on exports of rare earth elements and critical minerals to the U.S. After a brief escalation of tariffs on Chinese goods to a baseline of 145% in April and May 2025, the parties agreed to suspend heightened tariffs as negotiations continued. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariffs and other trade controls. The U.S. has lowered tariffs on Chinese imports, which were imposed to curb fentanyl flows, by removing 10 percentage points from the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. On February 20, 2026, the U.S. Supreme Court ruled that the reciprocal tariffs and fentanyl tariffs were unlawful and IEEPA tariffs will no longer be collected starting February 24, 2026. The Trump Administration has sought to replace the IEEPA tariffs with a 10% tariff under Section 122 of the Trade Act, effective February 24, 2026. Section 122 authorizes the President to impose tariffs up to 15% to address "balance of payments" concerns for a maximum of 150 days.

OVERVIEW

Our Company was established in July 2005 as a limited liability company in the PRC. With ceramic sleeves as our founding product, we progressively expanded our product portfolio to encompass both passive and active optical components. Over the course of two decades, we have become a world-leading one-stop platform-based technology company in the optical interconnect industry, offering optical interconnect solutions spanning passive optical components, active optical components and integration services.

In February 2015, our A Shares were listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300394).

OUR KEY MILESTONES

The following table sets forth our Group's key corporate and business development milestones:

Year	Event
2005	We were established as a limited liability company in the PRC.
2007	The first factory of our production facility located in our self-owned property in Suzhou, Jiangsu province, PRC commenced operations.
2010	Gao'an TFC, a subsidiary of our Company, was established.
	We established the first factory of our production facility in Gao'an, Jiangxi province, PRC.
2011	We were converted into a joint stock limited company and renamed as Suzhou TFC Optical Communication Co., Ltd. (蘇州天孚光通信股份有限公司).
2015	Our A Shares were listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300394).
2016	Jiangxi TFC, a subsidiary of our Company, was established.
2017	HongKong TFC High-Tech Co., Limited, our subsidiary in Hong Kong, was incorporated.
2018	We acquired TFC Communication USA, Inc., our subsidiary in the United States, to strengthen our customer service in overseas markets.
2020	We acquired full ownership of TFC Japan, our subsidiary in Japan.
	We acquired Auxora Shenzhen.
	Phase I of the second factory of our production facility in Gao'an, Jiangxi province, PRC was put into operation.
2022	TFC Thailand was established, marking the start of construction of our overseas production base.
2023	Our overseas headquarters in Singapore was established, forming a dual-headquarter structure in both Suzhou, PRC and Singapore.
2024	We started mass production of 1.6T optical engines.
2025	Our Thailand production base commenced operations.
	We completed the construction of Phase II of the second factory of our production facility in Gao'an, Jiangxi province, PRC.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation of our Company

In July 2005, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB2,000,000. The registered capital was contributed by Tianfu Renhe and Mr. Zhu Guodong, who was an Independent Third Party as of the Latest Practicable Date.

Conversion into a joint stock limited company

In September 2011, our Company was converted from a limited liability company to a joint stock limited company. The net assets of our Company of RMB121,750,093.10 as of June 30, 2011 were converted into 59,100,000 Shares with a nominal value of RMB1.00 each.

Listing on the Shenzhen Stock Exchange

In February 2015, we completed an initial public offering and listed our A Shares on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300394), pursuant to which we offered an aggregate of 18,590,000 A Shares (comprising 15,240,000 newly issued A Shares and 3,350,000 existing Shares), representing approximately 25.0% of our Company's share capital immediately following the A Share listing. Following the A Share listing, Tianfu Renhe remained as our Controlling Shareholder.

Private Placement of A Shares in 2018

In August 2018, our Company completed a private placement of A Shares, pursuant to which an aggregate of 12,101,910 A Shares were issued to two investors, each of whom was an Independent Third Party as of the Latest Practicable Date. The placement raised net proceeds of approximately RMB183 million, which were applied towards our development of high-speed optical components. Following the completion of the private placement, our Company's total issued share capital increased to 197,951,910 A Shares.

Private Placement of A Shares in 2021

In February 2021, our Company completed a private placement of A Shares, pursuant to which an aggregate of 18,424,753 A Shares were issued to 16 investors, each of whom was an Independent Third Party as of the Latest Practicable Date. The placement raised net proceeds of approximately RMB777 million, which were applied towards our development of capacity of optical engines for 5G and data centers. Following the completion of the private placement, our Company's total issued share capital increased to 216,992,663 A Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR MAJOR SUBSIDIARIES

The following table sets forth details of our major subsidiaries:

Name of company	Date and place of establishment	Equity interest attributable to our Group	Principal business activities
Jiangxi TFC	August 8, 2016, PRC	100%	manufacturing
Tianfu Zhixing	March 8, 2022, PRC	100%	investment holding
Tianfu International Investment	June 28, 2022, Singapore	100%	investment holding
TFC SG	June 9, 2023, Singapore	100%	sales and procurement
TFC Thailand	August 5, 2022, Thailand	99.99%	manufacturing
TFC Japan	June 27, 2017, Japan	100%	R&D and manufacturing

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since 2015, our Company has been listed on the Shenzhen Stock Exchange. Our Directors confirm that, as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect and, to the best of the knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to **[REDACTED]** attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on public searches on the websites of the Shenzhen Stock Exchange, the CSRC and the Jiangsu Regulatory Bureau, there are no records of material non-compliance of our Company with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations. Therefore, nothing has come to the PRC Legal Advisor's attention that, for the two years ended December 31, 2024 and 2025 and up to the date of the submission of the **[REDACTED]** to the Hong Kong Stock Exchange, our Company had any instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations in relation to its listing on the Shenzhen Stock Exchange in any material respect. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange.

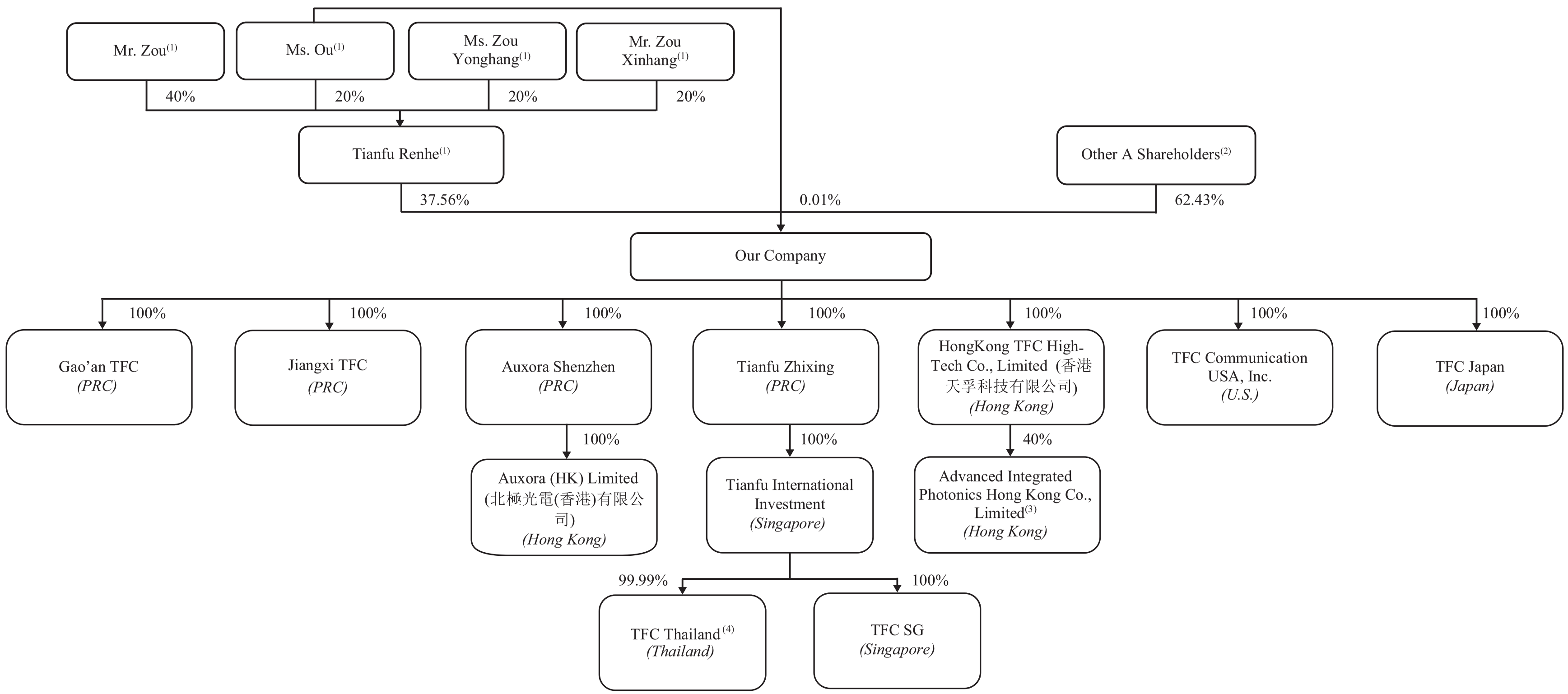
Our Company seeks to be **[REDACTED]** on the Hong Kong Stock Exchange in order to provide additional capital for expanding our intelligent manufacturing system, the R&D of new products and cutting-edge technologies, strategic investments and acquisitions, and working capital and general corporate purposes. See the sections headed "Business—Our Strategies" and "Future Plans and **[REDACTED]**" in this document for more details.

[REDACTED]

[REDACTED]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

The following chart depicts our corporate and shareholding structure as of the Latest Practicable Date:



Notes:

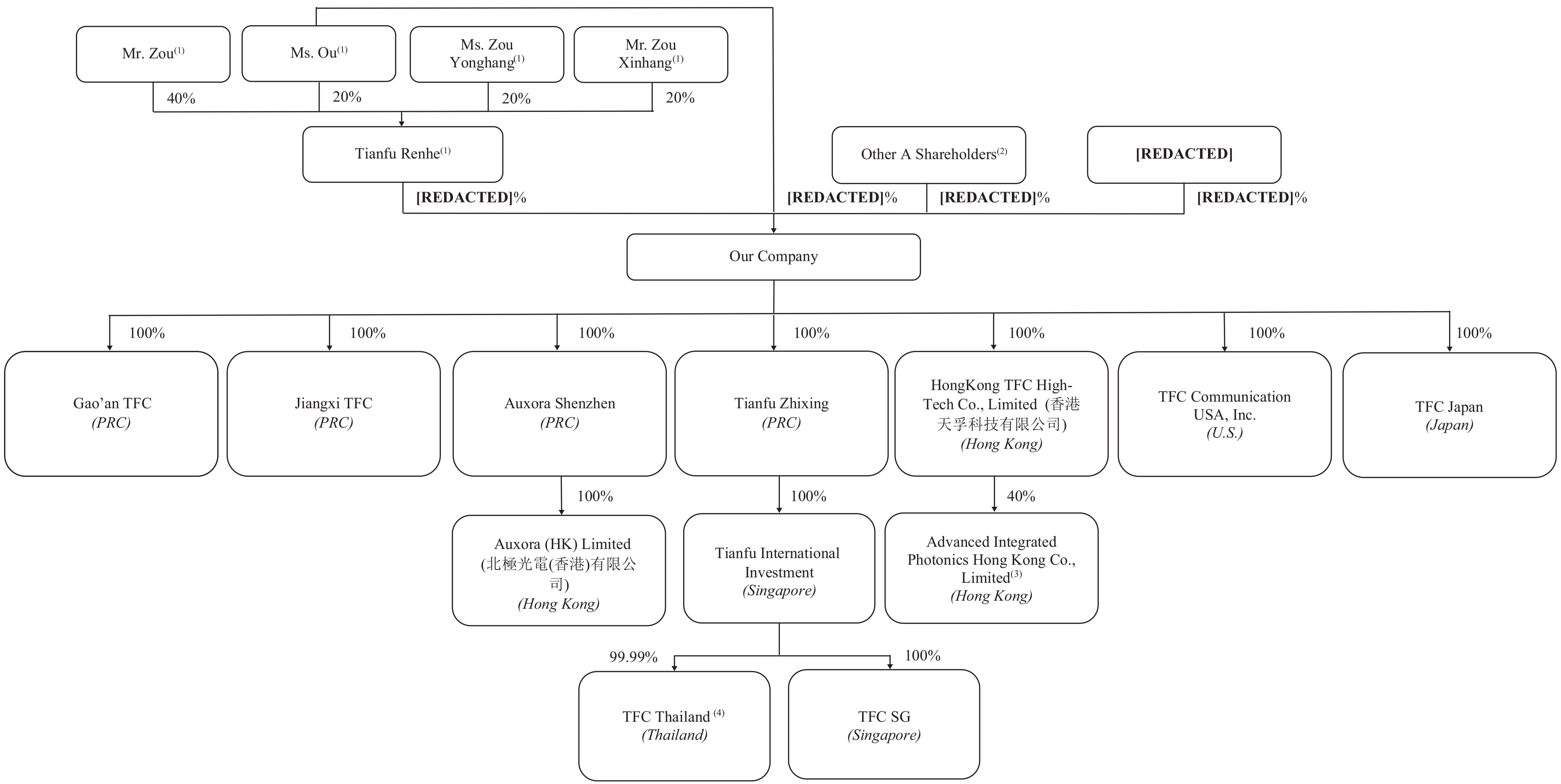
(1) Our Controlling Shareholders are Tianfu Renhe, Mr. Zou, Ms. Ou, Ms. Zou Yonghang and Mr. Zou Xinhang. Ms. Zou Yonghang is the daughter of Mr. Zou and Ms. Ou, and Mr. Zou Xinhang is the son of Mr. Zou and Ms. Ou. For further details of our Controlling Shareholders, see the section headed "Relationship with our Controlling Shareholders" in this document.

(2) As of the Latest Practicable Date, approximately 0.15% and 0.01% of the issued share capital of our Company were directly held by Mr. Wang Chih-Hung, an executive Director and a deputy general manager of our Company, and Mr. Zhu Songgen, a non-executive Director and the employee representative Director of our Company, respectively.

(3) As of the Latest Practicable Date, the remaining 60% of the issued share capital of Advanced Integrated Photonics Hong Kong Co., Limited was held by Stella Innovations Limited, which was in turn wholly owned by Mr. Set Sze Yun, an Independent Third Party.

(4) As of the Latest Practicable Date, the remaining issued share capital of TFC Thailand was held as to less than 0.01% by each of Mr. Zhu Guodong, an Independent Third Party, Mr. Wang Chih-Hung, an executive Director and a deputy general manager of our Company, and Ms. Chen Jung-Chien, the spouse of Mr. Wang Chih-Hung, with each of them holding one share.

The following chart depicts our corporate and shareholding structure immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**):



Notes (1) to (4): Please refer to the details on the preceding page.

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.

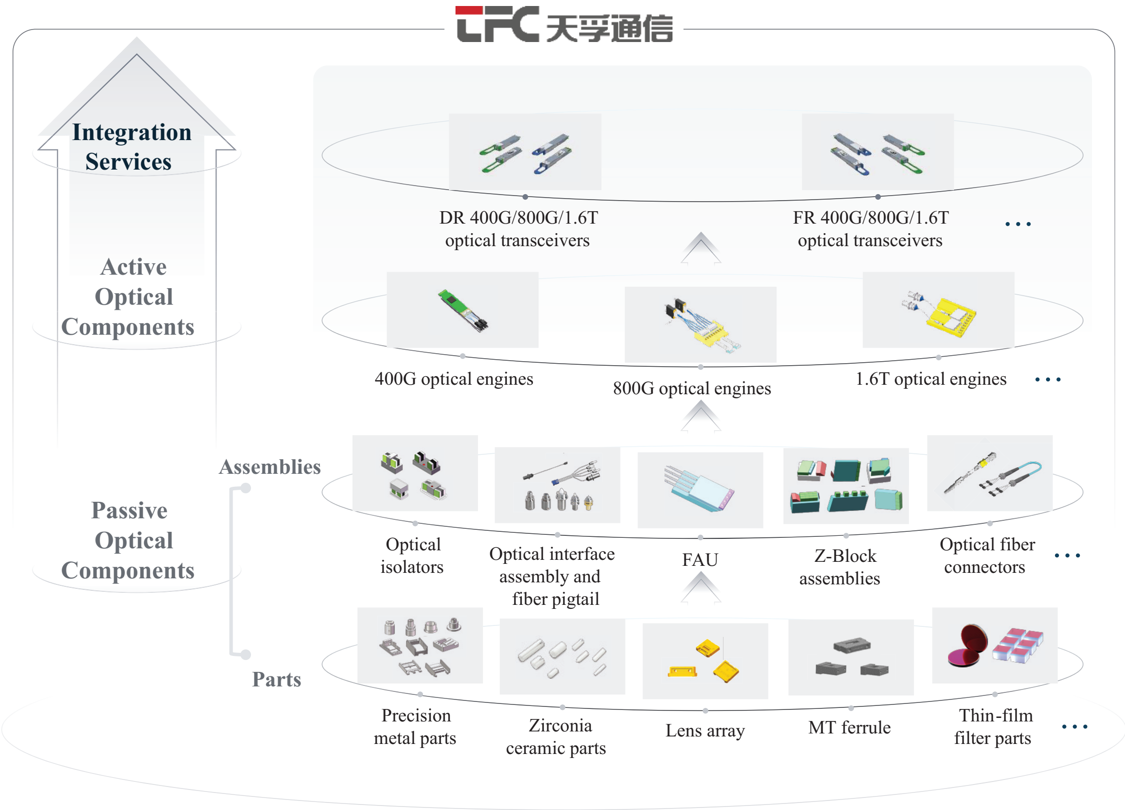
We are deeply involved in our customers' technology roadmap planning and product development. We have accomplished core technology reserves and product validation approximately one to two years ahead of the industry average. Meanwhile, we proactively advance our technologies towards next-generation frontier 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:

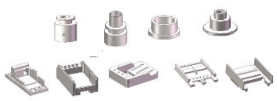
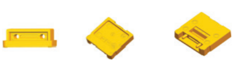
	For the Year Ended December 31,		
	2023	2024	2025
		in thousand units	
Passive optical components	178,369	204,229	246,710
Active optical components	2,886	4,538	7,521
Others[(1)]	—	—	2
Total	**181,255**	**208,767**	**254,233**

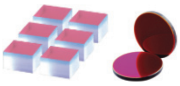
(1) Represent products delivered under our integration services.

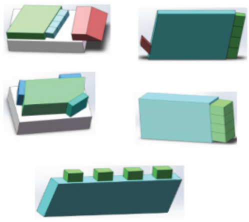
Passive Optical Components

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.

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.

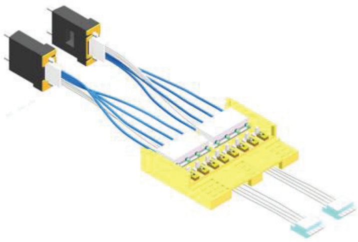
(1) Our other passive optical assemblies mainly include AWG.

Active Optical Components

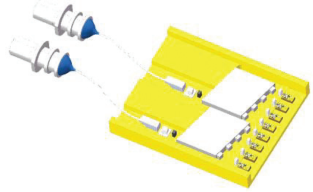
Along with the rapid growth in data center scale, we have tapped into the active optical component sector since 2015 and have developed a vertically integrated passive-plus-active product matrix. To date, our active optical components primarily include high-speed optical engines. We are the first globally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

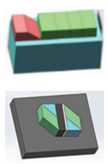
Leveraging our in-depth vertical integration capability, we have developed highly-integrated and customized optical interconnect solutions suitable for diverse application scenarios based on a wide range of optical components, transitioning ourselves from a product-centric company to a platform-based 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

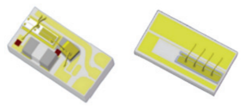
Leveraging our proprietary high-precision optical path design, micro-assembly and precision calibration technologies, our precision micro-optical assembly solutions focus on the precise control and management of micron-level optical signals. These solutions are developed based on core optical components 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

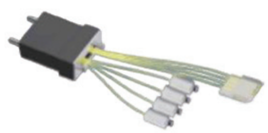


High-precision packaging solutions achieve efficient heat dissipation and precision optical alignment by mounting pre-bonded dies on high-thermal-conductivity carriers, effectively shortening electrical interconnect distances and reducing power consumption. They serve as a key enabler for AI computing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

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

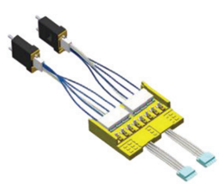
We have developed AOC supporting passive solutions to address high-speed data center intra-connect demands. These solutions are built around core components including FAUs, optical fiber connectors, optical lenses and optical isolators. By integrating optical component design and precision alignment 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



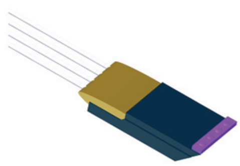
We provide passive solutions supporting PSM/DR-architecture-based high-speed optical transceivers for data center computing infrastructure. These solutions are developed based on core optical components including high-precision FAUs, MT interface assemblies, optical isolators and other micro-optical 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



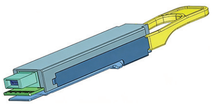
These solutions are developed based on core optical components including high-speed optical engines, SiPh alignment components, FAUs, micro-optics collimation and alignment components, and high-speed optoelectronic interfaces. They enable engineering capabilities in high-speed optical engines, SiPh alignment, 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.

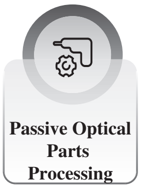
Intelligent—We are committed to building "smart factories" featuring automation, digitalization and flexibility. Through continuous upgrades of our core systems, including PLM, ERP, MES and WMS, we have established an end-to-end digital management framework. At the same time, we develop and deploy various 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.

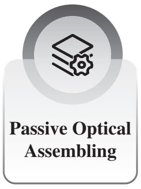
Production Process

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:

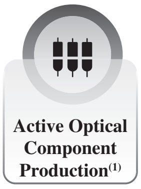
We procure raw materials from qualified suppliers and conduct raw material inspection and specification verification to eliminate non-conforming materials, ensuring quality and traceability. Certain parts and assemblies are sourced externally.



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.

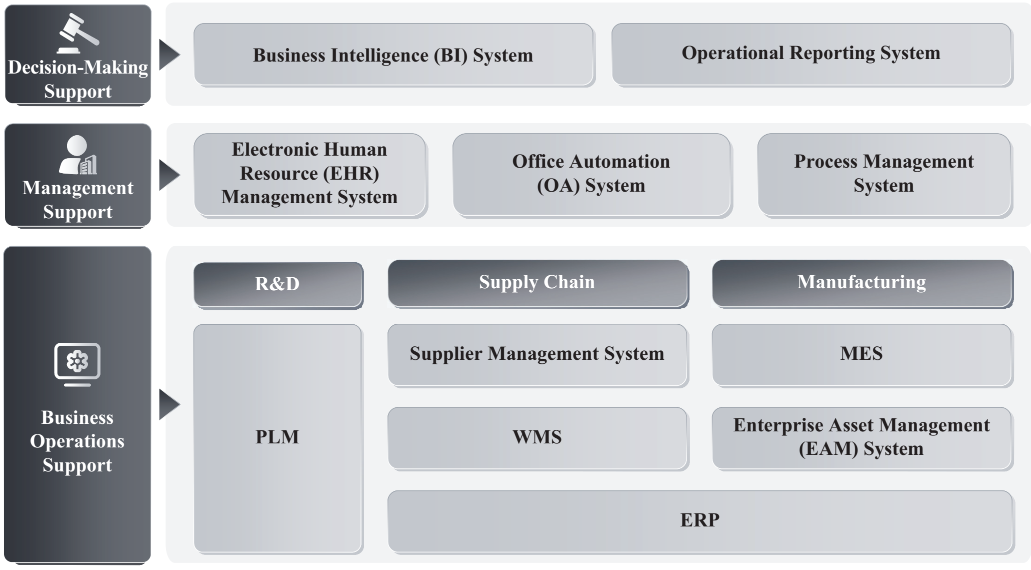
CUSTOMER SERVICES AND PRODUCT RETURNS

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 (國家稅務總局)
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.

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

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.

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%. In addition, our gross profit margin was 53.1%, 56.3% and 52.9% in 2023, 2024 and 2025, respectively. Moreover, our net profit increased from RMB0.7 billion in 2023 to RMB1.3 billion in 2024 and further to RMB2.0 billion in 2025, representing a CAGR of 66.0%.

BASIS OF PREPARATION

Our historical financial information during the Track Record Period has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. We have early adopted all IFRS effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, in the preparation of our historical financial information throughout the Track Record Period. Our historical financial information has been prepared under the historical cost convention, except for bills receivables at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value. Our historical financial information is presented in Renminbi and all values are rounded to the nearest thousand except otherwise indicated.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by the following significant factors:

Global Market Demand

Our results of operations are affected by demand for global optical interconnects, which is driven by growing demand for computing power in the AI era. As penetration and large-scale deployment of AI models and related applications continue to accelerate globally, demand for computing power is experiencing unprecedented growth, prompting global cloud service providers to further increase their AI infrastructure investments. As a critical enabler for breakthroughs in bandwidth and power consumption bottlenecks in AI infrastructure, the optical interconnects industry is poised to experience strong growth benefiting from highly-visible long-term opportunities. The optical components we provide represent mission-critical and high-value segments of the optical interconnect value chain. As optical interconnect technologies continue to evolve towards higher speeds, higher levels of integration and more complex packaging architectures, the optical component industry is expected to gain further growth momentum. These trends are anticipated to provide us with enhanced growth opportunities and support our financial performance.

Market Position and Value Chain Positioning

We are the world's largest integrated optical component solutions provider in terms of total revenue in 2025, according to Frost & Sullivan. Our market position provides us with multiple edges, including first-mover advantages in frontier products, deeper customer relationships and more resilient global supply chains, all of which empower us to capture the significant growth opportunities arising from the AI wave and support our overall results of operations.

As a core participant in the optical interconnects value chain, we provide downstream customers with one-stop optical interconnect solutions by leveraging our extensive R&D capabilities in high-speed optical components. We have established a systematic product portfolio based on four basic materials, ten core technology platforms and eight optical interconnect solutions, covering a broad range of application scenarios across technology architectures. Our positioning within the value chain, together with the breadth of our product portfolio, helps mitigate the impact of potential demand fluctuations in any single product or solution on our growth, thereby enhancing our resilience throughout industry cycles and supporting our sustained growth and overall performance.

R&D Investment and Technology Moat

The optical component industry is characterized by continuously increasing performance requirements, rapid technology iteration and ongoing architectural optimization. As a result, our R&D investment, particularly in technology platforms and frontier technologies, is a key factor affecting our results of operations. Adhering to a market-oriented R&D philosophy, we leverage customer feedback to propel front-end R&D, which enables us to precisely anticipate technology trends. We have continuously made substantial R&D investment in key technology areas in optical interconnects and basic materials. This enables us to build robust technology reserves aligned with market trends and respond promptly to customers' new product roadmaps and evolving industry standards, thereby driving our continuous development and commercialization of higher-value-add products, further enhancing our product competitiveness and overall business performance.

In 2023, 2024 and 2025, our R&D expenses amounted to RMB143.3 million, RMB232.2 million and RMB266.6 million, respectively, representing 7.4%, 7.2% and 5.2% of our total revenue for these respective years. As of December 31, 2025, we had 774 R&D personnel, accounting for 71.0% of non-manufacturing employees. We intend to continuously increase our R&D investment, expand and deepen our core technology platforms, strengthen our vertical integration capabilities and enhance our one-stop optical interconnect solutions, thereby reinforcing our technology moat and supporting our long-term performance.

Customer Relationship Deepening and Expansion

Our revenue growth and profitability are closely tied to our ability to provide professional services to our customers, respond promptly to their needs and address their key pain points. If we fail to accurately understand customer needs or to provide timely solutions that align with their product iteration cycles, our revenue growth may be adversely affected. To this end, we adhere to our core operating value of "Trust First" and continuously increase our R&D investment and strengthen our one-stop optical interconnect solution capabilities. We are one of the few integrated and scaled optical interconnect solution providers globally that are capable of offering passive optical components, active optical components and integration services. Through deep engagement in joint development and product iteration with leading customers, we are able to rapidly align with customers' technology evolution and deliver highly customized solutions based on their needs. We have also established localized manufacturing and service networks across multiple regions globally, enabling us to flexibly respond to the diverse needs of customers worldwide, and ensure efficient and high-quality product and service delivery. These capabilities help us maintain customer engagement, enhance customer stickiness and provide us with greater visibility into future revenue growth.

We have established a robust customer base by leveraging our superior and scarce one-stop optical interconnect solution capabilities, as well as our technology moat built on outstanding ultra-precision processing capabilities, industry-leading delivery efficiency and superior yield performance. We have established long-term cooperation with world-leading optical transceiver manufacturers and fostered in-depth partnerships with world-leading AI computing infrastructure providers. Through our global service network, we have collaborated with our major customers for an average of over 10 years, and we will further broaden and deepen such collaborations. Going forward, we intend to further strengthen our position within the ecosystem of major customers by supporting their strategic AI initiatives, and actively develop new customers. These initiatives are expected to cement our market share gains and support our sustained growth.

Product Mix

Our product portfolio spans multiple technology platforms and serves a diverse range of customers and application scenarios. As customer requirements evolve and our collaborations with them continue to deepen, the specifications, technical architectures and customization levels of the products we deliver may change, which could lead to variations in product value. Accordingly, changes in our product mix may affect our gross profit margin.

Gross profit margins vary across our products due to differences in technical complexity, manufacturing processes and cost structures. During the Track Record Period, our revenue growth was primarily driven by rapid increases in demand for active optical components, which resulted in certain fluctuations in our overall gross profit margin. Going forward, our overall gross margin may continue to fluctuate as our product mix changes.

Operational Efficiency

Our results of operations are closely related to our overall operational efficiency, including supply chain management, manufacturing efficiency and working capital management. Higher operational efficiency can reduce unit costs, improve delivery capabilities and enhance business flexibility. Conversely, inadequate operational efficiency may adversely affect our gross margin and results of operations.

We have established a stable and resilient global supply chain system. As the global optical interconnect supply chain is experiencing both rapidly expanding demand and structural production capacity constraints, shortage of key raw materials may affect our delivery schedules. We continuously enhance our supply chain stability and procurement efficiency through a cross-regional procurement team, stable relationships with core suppliers and raw material backup strategies. In addition, we are accelerating our supply chain digitalization and enhancing global coordination, to ensure more effective cross-regional production allocation and responsiveness.

We continue to advance the automation and intelligent capabilities of our global production facilities, and have implemented precision manufacturing, which together enhance our manufacturing flexibility and ensure quality consistency. We have maintained high yields for 800G and 1.6T high-speed optical engines, enabling us to achieve low unit manufacturing costs.

We also continue to optimize our working capital efficiency, with a focus on inventory management. We improve our inventory turnover through digitalized demand forecasting, integrated production, supply and sales planning and lean management. Our inventory turnover days decreased from 89.4 days in 2023 to 61.1 days in 2025.

We intend to continue strengthening our supply chain coordination, advancing intelligent manufacturing systems and enhancing working capital management, thereby improving our operational efficiency, cost competitiveness and profitability and supporting our continued business expansion.

Foreign Exchange Fluctuations

We conduct business globally. In 2023, 2024 and 2025, our overseas revenue accounted for 82.7%, 76.7% and 75.1% of our total revenue, respectively. In addition, we source certain raw materials and equipment overseas. We operate in overseas markets such as Singapore, Thailand, Japan and the United States, and relevant transactions are mainly settled in U.S. dollars. As a result, our results of operations are subject to fluctuations in exchange rates between our principal settlement currencies (such as the U.S. dollar) and Renminbi.

We prudently manage our foreign exchange risks through various measures, including factoring the potential impact of exchange rate movements in the pricing of our products and services, as well as conducting selective hedging activities where appropriate. We also continue to optimize our global supply chain footprint and localize manufacturing to better align our cross-border cash flows with our operating activities, thereby reducing the potential impact of foreign exchange fluctuations on our overall financial performance.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe are reasonable under the circumstances. We did not change our assumptions or estimates during the Track Record Period and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our material accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our material accounting policy information and significant accounting judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report set out in Appendix I to this document.

RESULT OF OPERATIONS

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

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	1,925,578	100.0	3,225,918	100.0	5,114,531	100.0
Cost of sales	(902,433)	(46.9)	(1,408,243)	(43.7)	(2,409,541)	(47.1)
Gross profit	**1,023,145**	**53.1**	**1,817,675**	**56.3**	**2,704,990**	**52.9**
Other income and gains	94,022	4.9	134,995	4.2	143,096	2.8
Selling and marketing expenses	(18,196)	(0.9)	(22,986)	(0.7)	(21,285)	(0.4)
Administrative expenses	(80,491)	(4.2)	(131,681)	(4.1)	(130,012)	(2.5)
Research and development expenses	(143,256)	(7.4)	(232,236)	(7.2)	(266,581)	(5.2)

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Impairment losses on financial assets, net	(6,124)	(0.3)	(18,348)	(0.6)	(18,636)	(0.4)
Other expenses	(21,291)	(1.1)	(4,244)	(0.1)	(56,425)	(1.1)
Finance costs	(545)	(0.0)	(1,558)	(0.0)	(1,181)	(0.0)
Share of profits of an associate	239	0.0	367	0.0	651	0.0
Profit before tax	**847,503**	**44.0**	**1,541,984**	**47.8**	**2,354,617**	**46.0**
Income tax expense	(111,108)	(5.8)	(192,225)	(6.0)	(326,200)	(6.4)
Profit for the year	**736,395**	**38.2**	**1,349,759**	**41.8**	**2,028,417**	**39.7**
Attributable to:						
Owners of the parent	736,396	38.2	1,350,417	41.9	2,028,007	39.7
Non-controlling interests	(1)	(0.0)	(658)	(0.0)	410	0.0
	736,395	**38.2**	**1,349,759**	**41.8**	**2,028,417**	**39.7**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by Segment

During the Track Record Period, our revenue was primarily derived from sales of passive and active optical components. During the Track Record Period, our revenue from both passive optical components and active optical components increased significantly. The following table sets forth a breakdown of our revenue by segment, in absolute amounts and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
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.

Revenue by Geography

Our products are sold to customers globally. The following table sets forth a breakdown of our revenue by geography, in absolute amounts and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland(1)	333,215	17.3	752,513	23.3	1,275,552	24.9
Overseas markets	1,592,363	82.7	2,473,405	76.7	3,838,979	75.1
Asia(2)	1,537,966	79.9	2,388,918	74.1	3,766,770	73.6
North America	42,548	2.2	76,489	2.4	66,233	1.3
Others	11,849	0.6	7,998	0.2	5,976	0.1
Total	**1,925,578**	**100.0**	**3,225,918**	**100.0**	**5,114,531**	**100.0**

(1) Excludes bonded areas of the PRC.
(2) Primarily includes Singapore and bonded areas of the PRC, but excludes Chinese Mainland.

During the Track Record Period, we generated the majority of our revenue from overseas markets, mainly Asia, which primarily includes Singapore and bonded areas of the PRC, but excludes Chinese Mainland. We intend to strategically enhance business relationships with high-quality customers both domestically and overseas to further increase our sales.

Cost of Sales

Our cost of sales consists of (i) raw material cost; (ii) manufacturing cost, including depreciation of property, plant and equipment, utilities, consumables, and indirect labor cost relating to our production management personnel; (iii) direct labor cost relating to our manufacturing personnel; and (iv) provision for inventory impairment. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw material cost	606,862	67.2	957,476	68.0	1,777,198	73.8
Manufacturing cost	143,905	15.9	217,372	15.4	291,754	12.1
Direct labor cost	135,112	15.0	216,337	15.4	308,153	12.8
Provision for inventory impairment	16,554	1.8	17,058	1.2	32,436	1.3
Total	**902,433**	**100.0**	**1,408,243**	**100.0**	**2,409,541**	**100.0**

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our overall gross profit amounted to RMB1,023.1 million, RMB1,817.7 million and RMB2,705.0 million, respectively, and our overall gross profit margin was 53.1%, 56.3% and 52.9%, respectively. Our gross profit margin fluctuated during the Track Record Period due to factors including product mix and fluctuations in raw material and labor costs.

Gross Profit and Gross Profit Margin by Segment

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

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Passive optical components	704,976	60.0	1,065,813	68.2	1,307,408	63.3
Active optical components	328,945	44.4	759,804	46.3	1,369,444	46.1
Others	5,778	62.3	9,116	45.7	60,574	75.4
Provision for inventory impairment	(16,554)	—	(17,058)	—	(32,436)	—
Total	**1,023,145**	**53.1**	**1,817,675**	**56.3**	**2,704,990**	**52.9**

Gross Profit and Gross Profit Margin by Geography

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

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland(1)	168,443	50.6	449,257	59.7	756,839	59.3
Overseas markets(2)	871,256	54.7	1,385,476	56.0	1,980,587	51.6
Provision for inventory impairment	(16,554)	—	(17,058)	—	(32,436)	—
Total	**1,023,145**	**53.1**	**1,817,675**	**56.3**	**2,704,990**	**52.9**

(1) Exclude bonded areas of the PRC.

(2) Include bonded areas of the PRC.

Other Income and Gains

Our other income during the Track Record Period included: (i) bank interest income on bank deposits, (ii) government grants, mainly representing incentives granted by local government authorities, (iii) interest income from financial assets at fair value through profit or loss ("**FVTPL**") in connection with wealth management products, (iv) additional deduction for VAT and refund of service fees for withholding individual income tax, and (v) rental income. Our other gains during the Track Record Period consisted of: (i) foreign exchange gains, net, primarily arising from net gains due to foreign currency fluctuations in relation to foreign currency-denominated assets and liabilities held by us, (ii) fair value gains on financial assets at FVTPL, mainly related to wealth management products, (iii) gains on disposal of foreign currency forward contracts, (iv) gains on lease modification, (v) gains on disposal of items of property, plant and equipment, and (vi) others, mainly including gains on sales of obsolete materials.

The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Other income						
Bank interest income	52,837	56.2	67,156	49.7	81,249	56.8
Government grants	14,773	15.7	28,039	20.8	46,601	32.6
Interest income from financial assets at FVTPL	15,344	16.3	10,511	7.8	7,992	5.6
Additional deduction for VAT and refund of service fees for withholding individual income tax	1,675	1.8	2,748	2.0	4,598	3.2
Rental income	7	0.0	7	0.0	7	0.0
Subtotal	**84,636**	**90.0**	**108,461**	**80.3**	**140,447**	**98.1**
Gains						
Foreign exchange gains, net	7,104	7.6	25,947	19.2	—	—
Fair value gains on financial assets at FVTPL	1,196	1.3	21	0.0	53	0.0
Gains on disposal of foreign currency forward contracts	—	—	—	—	1,101	0.8
Gains on lease modification	820	0.9	—	—	—	—
Gains on disposal of items of property, plant and equipment	164	0.2	—	—	651	0.5
Others	102	0.1	566	0.4	844	0.6
Subtotal	**9,386**	**10.0**	**26,534**	**19.7**	**2,649**	**1.9**
Total	**94,022**	**100.0**	**134,995**	**100.0**	**143,096**	**100.0**

During the Track Record Period, we invested in wealth management products from time to time to better utilize our idle cash without interfering with our business operations. We only invest in wealth management products with low-risk, high-liquidity and high-safety issued by qualified financial institutions. We have investment and risk control policies that set forth our investment approval and review processes. Our finance department is responsible for conducting feasibility analysis and risk assessment and submitting the investment plan for approval by our chairman, Board of Directors or Shareholders' meeting, depending on the source of funds and the investment amount. We assign designated personnel from the finance department to monitor the wealth management products we purchased on an ongoing basis and redeem such products in a timely manner when the investment matures. We intend to continue to invest in short-term and low-risk wealth management products and will ensure all such investments comply with applicable laws and regulations, including the relevant requirements under Chapter 14 of the Listing Rules after the **[REDACTED]**.

Selling and Marketing Expenses

Our selling and marketing expenses consist of: (i) salaries and compensations for our sales and marketing staff, (ii) advertising and promotion expenses, (iii) business hospitality expenses, (iv) share-based compensation granted to our sales and marketing staff, (v) office and travel expenses incurred for our sales and marketing activities, and (vi) others, including depreciation of right-of-use assets and miscellaneous expenses incurred for our sales and marketing activities. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Salaries and compensations	13,584	74.7	15,634	68.0	14,737	69.2
Advertising and promotion expenses	831	4.6	1,484	6.5	2,245	10.5
Business hospitality expenses	1,661	9.1	1,215	5.3	1,399	6.6
Share-based compensation	242	1.3	2,959	12.9	1,370	6.4
Office and travel expenses	1,429	7.9	1,330	5.8	1,365	6.4
Others	449	2.5	364	1.6	169	0.8
Total	**18,196**	**100.0**	**22,986**	**100.0**	**21,285**	**100.0**

Administrative Expenses

Our administrative expenses consist of: (i) salaries and compensations for our administrative staff, (ii) share-based compensation granted to our administrative staff, (iii) depreciation and amortization for assets for administrative purposes, (iv) office and travel expenses, (v) taxes and surcharges, such as property and land taxes, stamp duty, and vehicle and vessel usage tax, (vi) consumables and repair expenses, (vii) professional service fees, and (viii) others, including safety production related expenses and other miscellaneous expenses. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Salaries and compensations	38,999	48.5	40,372	30.7	45,976	35.4
Share-based compensation	5,569	6.9	47,348	36.0	30,267	23.3
Depreciation and amortization	13,579	16.9	14,733	11.2	20,533	15.8
Office and travel expenses	10,811	13.4	10,464	7.9	9,352	7.2
Taxes and surcharges	3,919	4.9	5,447	4.1	7,629	5.9
Consumables and repair expenses	808	1.0	2,015	1.5	4,788	3.7
Professional service fees	1,603	2.0	1,979	1.5	2,107	1.6
Others	5,203	6.5	9,323	7.1	9,360	7.2
Total	**80,491**	**100.0**	**131,681**	**100.0**	**130,012**	**100.0**

Research and Development Expenses

Our research and development expenses consist of: (i) salaries and compensations for our R&D staff, (ii) direct materials incurred from our R&D activities, (iii) share-based compensation granted to our R&D staff, (iv) depreciation and amortization for assets related to our R&D activities, and (v) others, mainly including consumables, testing and travel expenses. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Salaries and compensations	94,940	66.3	129,341	55.7	159,113	59.7
Direct materials	21,423	15.0	34,434	14.8	51,028	19.1
Share-based compensation	3,025	2.1	33,968	14.6	25,732	9.7
Depreciation and amortization	20,566	14.4	24,052	10.4	24,901	9.3
Others	3,302	2.3	10,441	4.5	5,807	2.2
Total	**143,256**	**100.0**	**232,236**	**100.0**	**266,581**	**100.0**

Impairment Losses on Financial Assets, Net

During the Track Record Period, our impairment losses on financial assets, net represented primarily bad debt provision for trade receivables. We recorded impairment losses on financial assets, net in the amount of RMB6.1 million, RMB18.3 million and RMB18.6 million in 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses during the Track Record Period mainly consisted of net foreign exchange losses attributable to fluctuations in foreign exchange rates, losses from disposal of obsolete equipment, losses from disposal of long-term equity investments, and donations. We recorded other expenses in the amount of RMB21.3 million, RMB4.2 million and RMB56.4 million in 2023, 2024 and 2025, respectively. Out of other expenses, we did not record net foreign exchange losses in 2023 and 2024 but recorded net foreign exchange losses of RMB47.5 million in 2025.

Finance Costs

Our finance costs consist of the interest accrued on our interest-bearing bank borrowings and lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on interest-bearing bank borrowings	174	1,260	965
Interest on lease liabilities	371	298	216
Total	**545**	**1,558**	**1,181**

Share of Profits of an Associate

Our share of profits of an associate during the Track Record Period was in relation to our investment in Wuhan Optics Valley Information Optoelectronics Innovation Center Co., Ltd. ("**Wuhan Optics Valley**"). In 2023, 2024 and 2025, we recorded share of profits of an associate of RMB0.2 million, RMB0.4 million and RMB0.7 million, respectively. For details, see Note 17 to the Accountants' Report as set out in Appendix I to this document.

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred income tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. In 2023, 2024 and 2025, we recorded income tax expenses of RMB111.1 million, RMB192.2 million and RMB326.2 million, respectively. See Note 10 to the Accountants' Report included in Appendix I to this document for more information.

During the Track Record Period, companies within our Group that were incorporated in Chinese Mainland were subject to a preferential corporate income tax rate of 15% as High and New Technology Enterprises, except that one of our subsidiaries was taxed at the statutory rate of 25% and another qualified as a small-scaled minimal-profit enterprise and enjoyed certain preferential tax treatment. Our overseas subsidiaries were subject to the applicable income tax rates in their respective jurisdictions.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 58.5% from RMB3,225.9 million in 2024 to RMB5,114.5 million in 2025. This increase was primarily due to an RMB1,327.4 million, or 80.8%, increase in revenue from sales of active optical components and an RMB500.9 million, or 32.0%, increase in revenue from sales of passive optical components. These increases in sales of optical components were primarily driven by continued growth in end-market demand for high-performance optical components driven by the rapid development of AI computing and the ongoing expansion of global data center infrastructure. Specifically, the increase in our revenue from passive optical components was primarily attributable to higher sales of our FAUs, Z-Blocks and isolators. The increase in our revenue from active optical components was primarily attributable to higher sales of 1.6T optical engines.

In terms of geographic market, our revenue increase from 2024 to 2025 was due to (i) an RMB1,365.6 million increase in revenue from overseas markets, primarily attributable to an increase in revenue from Asia (primarily including Singapore and bonded areas of the PRC, but excluding Chinese Mainland), and (ii) an RMB523.0 million increase in revenue from Chinese Mainland.

Cost of Sales

Our cost of sales increased by 71.1% from RMB1,408.2 million in 2024 to RMB2,409.5 million in 2025, primarily attributable to an RMB819.7 million increase in raw material cost, an RMB91.8 million increase in direct labor cost and an RMB74.4 million increase in manufacturing cost, generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 48.8% from RMB1,817.7 million in 2024 to RMB2,705.0 million in 2025. Our gross profit margin decreased from 56.3% in 2024 to 52.9% in 2025, primarily attributable to (i) changes in our product mix, namely, the proportion of our revenue from active optical components increased from 50.9% to 58.1%, and these products have a lower gross profit margin than our passive optical components primarily due to higher raw material costs of active optical components, and (ii) higher unit cost of our products while our Thailand production facility was ramping up its production capacity in 2025. The gross profit margin of our passive optical components decreased from 68.2% in 2024 to 63.3% in 2025, primarily due to changes in our product mix and increases in raw material and labor costs. The gross profit margin of our active optical components remained relatively stable at 46.3% in 2024 and 46.1% in 2025.

Our gross profit margin for sales to Chinese Mainland remained relatively stable at 59.7% in 2024 and 59.3% in 2025. Our gross profit margin for sales to overseas markets decreased from 56.0% in 2024 to 51.6% in 2025, primarily due to changes in the mix of our products sold in these markets.

Other Income and Gains

Our other income and gains increased by 6.0% from RMB135.0 million in 2024 to RMB143.1 million in 2025, primarily attributable to (i) an RMB18.6 million increase in government grants, and (ii) an RMB14.1 million increase in bank interest income due to our increased balance of bank deposits and higher interest rates, partially offset by the absence of net foreign exchange gains in 2025, compared to RMB25.9 million of such gains recognized in 2024; the foreign currency fluctuation during 2025 resulted in net foreign exchange losses to us, which were recorded under other expenses.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 7.4% from RMB23.0 million in 2024 to RMB21.3 million in 2025, primarily attributable to (i) an RMB1.6 million decrease in share-based compensation, and (ii) an RMB0.9 million decrease in salaries and compensations, mainly due to decreased headcount of our sales and marketing staff in certain overseas region, offset in part by an RMB0.8 million increase in advertising and promotion expenses as we participated in more exhibitions and marketing activities.

Administrative Expenses

Our administrative expenses decreased slightly from RMB131.7 million in 2024 to RMB130.0 million in 2025, primarily attributable to an RMB17.1 million decrease in share-based compensation, offset in part by (i) an RMB5.8 million increase in depreciation and amortization, resulting from an increase in the assets for administrative purposes, and (ii) an RMB5.6 million increase in salaries and compensations, mainly due to an increase in headcount and an annual increase in remuneration of our administrative staff.

Research and Development Expenses

Our research and development expenses increased by 14.8% from RMB232.2 million in 2024 to RMB266.6 million in 2025, primarily attributable to (i) an RMB29.8 million increase in salaries and compensations, mainly due to an increase in headcount and an annual increase in remuneration of our R&D staff, and (ii) an RMB16.6 million increase in direct materials expenses due to our increased R&D activities. These factors were offset in part by an RMB8.2 million decrease in share-based compensation.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net increased slightly from RMB18.3 million in 2024 to RMB18.6 million in 2025, attributable to an increase in our trade receivables.

Other Expenses

Our other expenses increased significantly from RMB4.2 million in 2024 to RMB56.4 million in 2025, primarily due to net foreign exchange losses of RMB47.5 million arising from exchange rate fluctuations in 2025.

Finance Costs

Our finance costs decreased by 24.2% from RMB1.6 million in 2024 to RMB1.2 million in 2025, primarily due to a decrease in interest on bank borrowings as we repaid our bank borrowings upon maturity in 2025.

Share of Profits of an Associate

Our share of profits of an associate increased by 77.4% from RMB0.4 million in 2024 to RMB0.7 million in 2025, representing our share of profits of Wuhan Optics Valley.

Income Tax Expenses

Our income tax expenses increased by 69.7% from RMB192.2 million in 2024 to RMB326.2 million in 2025, primarily due to an increase in our profit before tax. Our effective income tax rate (representing income tax expenses as a percentage of profit before tax) increased slightly from 12.5% in 2024 to 13.9% in 2025, mainly as a result of changes in the profit contribution mix of our subsidiaries that are subject to different income tax rates.

Profit for the Year

Our profit for the year increased by 50.3% from RMB1,349.8 million in 2024 to RMB2,028.4 million in 2025. Our net profit margin decreased from 41.8% in 2024 to 39.7% in 2025, primarily attributable to a decrease in our gross profit margin, offset in part by the fact that our revenue increased faster than our operating expenses.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 67.5% from RMB1,925.6 million in 2023 to RMB3,225.9 million in 2024. This increase was primarily due to an RMB901.3 million, or 121.6%, increase in revenue from sales of active optical components and an RMB388.4 million, or 33.0%, increase in revenue from sales of passive optical components. These increases in sales of our passive and active optical components were primarily driven by continued growth in end-market demand for high-performance optical components, which was in turn supported by the accelerated development of AI computing and the expansion of global data center infrastructure. Specifically, the increase in our revenue from passive optical components was primarily attributable to higher sales of FAUs. The increase in our revenue from active optical components was primarily attributable to higher sales of 400G, 800G and 1.6T optical engines.

In terms of geographic market, our revenue increase from 2023 to 2024 was due to (i) an RMB881.0 million increase in revenue from overseas markets, primarily attributable to an increase in revenue from Asia (primarily including Singapore and bonded areas of the PRC, but excluding Chinese Mainland), and (ii) an RMB419.3 million increase in revenue from Chinese Mainland.

Cost of Sales

Our cost of sales increased by 56.0% from RMB902.4 million in 2023 to RMB1,408.2 million in 2024, primarily attributable to an RMB350.6 million increase in raw materials cost, an RMB81.2 million increase in direct labor cost and an RMB73.5 million increase in manufacturing cost, generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 77.7% from RMB1,023.1 million in 2023 to RMB1,817.7 million in 2024. Our gross profit margin increased from 53.1% in 2023 to 56.3% in 2024, which was primarily due to the increases in the gross profit margins of both of our passive and active optical components. The gross profit margin of our passive optical components increased from 60.0% in 2023 to 68.2% in 2024, primarily driven by (i) a higher proportion of our sales generated from higher-margin products, and (ii) lower unit cost as a result of our continuously improving automation levels and operational efficiency. The gross profit margin of our active optical components increased from 44.4% in 2023 to 46.3% in 2024, primarily due to (i) a higher proportion of our sales generated from higher-margin products, and (ii) our enhanced production efficiency and various cost-saving initiatives. These factors were offset in part by an increase in the proportion of our revenue from sales of active optical components, which have a lower gross profit margin than our passive optical components primarily due to their higher raw material costs.

Our gross profit margin for sales to Chinese Mainland increased from 50.6% in 2023 to 59.7% in 2024, and our gross profit margin for sales to overseas markets increased from 54.7% in 2023 to 56.0% in 2024, primarily due to changes in the mix of our products sold in these markets.

Other Income and Gains

Our other income and gains increased by 43.6% from RMB94.0 million in 2023 to RMB135.0 million in 2024, primarily attributable to (i) an RMB18.8 million increase in net foreign exchange gains, primarily due to favorable exchange rate movements, (ii) an RMB14.3 million increase in bank interest income due to our increased balance of bank deposits and higher interest rates, and (iii) an RMB13.3 million increase in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 26.3% from RMB18.2 million in 2023 to RMB23.0 million in 2024, primarily attributable to (i) an RMB2.7 million increase in share-based compensation due to higher amount of restricted share awards recognized in 2024, and (ii) an RMB2.1 million increase in salaries and compensations of our sales and marketing staff.

Administrative Expenses

Our administrative expenses increased by 63.6% from RMB80.5 million in 2023 to RMB131.7 million in 2024, primarily attributable to an RMB41.8 million increase in share-based compensation due to higher amount of restricted share awards recognized in 2024.

Research and Development Expenses

Our research and development expenses increased by 62.1% from RMB143.3 million in 2023 to RMB232.2 million in 2024, primarily attributable to (i) an RMB34.4 million increase in salaries and compensations, mainly due to an increase in the headcount and an annual increase in remuneration of our R&D staff, (ii) an RMB30.9 million increase in share-based compensation of these staff due to higher amount of restricted share awards recognized in 2024, and (iii) an RMB13.0 million increase in direct materials expenses due to our increased R&D activities.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net increased from RMB6.1 million in 2023 to RMB18.3 million in 2024, attributable to an increase in our trade receivables.

Other Expenses

Our other expenses decreased by 80.1% from RMB21.3 million in 2023 to RMB4.2 million in 2024, primarily attributable to the losses we incurred from disposal of obsolete equipment in 2023, which we did not incur in 2024.

Finance Costs

Our finance costs increased from RMB0.5 million in 2023 to RMB1.6 million in 2024, attributable to an RMB1.1 million increase in interest on bank borrowings as a result of our higher level of bank borrowings.

Share of Profits of an Associate

Our share of profits of an associate increased by 53.6% from RMB0.2 million in 2023 to RMB0.4 million in 2024, representing our shares of profits of Wuhan Optics Valley.

Income Tax Expenses

Our income tax expenses increased by 73.0% from RMB111.1 million in 2023 to RMB192.2 million in 2024, primarily due to an increase in our profit before tax. Our effective income tax rate decreased slightly from 13.1% in 2023 to 12.5% in 2024, mainly as a result of changes in the profit contribution mix of our subsidiaries that are subject to different income tax rates.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 83.3% from RMB736.4 million in 2023 to RMB1,349.8 million in 2024. Our net profit margin increased from 38.2% in 2023 to 41.8% in 2024, primarily due to an increase in our gross profit margin.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories consist of raw materials, work in progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	69,884	142,809	195,989
Work in progress	106,065	114,603	179,829
Finished goods	111,764	126,721	138,432
Less: provision for inventories	(32,065)	(34,001)	(57,054)
Total	**255,648**	**350,132**	**457,196**

We make provision for inventories if their net realizable value is lower than the cost of the inventories. We have implemented a series of inventory management procedures. See "Business—Raw Materials and Supply Chain Management—Inventory Management" for further details. We did not experience any material inventory loss or accumulation during the Track Record Period.

Our inventories increased by 37.0% from RMB255.6 million as of December 31, 2023 to RMB350.1 million as of December 31, 2024, primarily due to an RMB72.9 million increase in raw materials generally in line with our revenue growth. Our inventories increased by 30.6% from RMB350.1 million as of December 31, 2024 to RMB457.2 million as of December 31, 2025, primarily due to an RMB65.2 million increase in work in progress and an RMB53.2 million increase in raw materials generally in line with our revenue growth.

The following table sets forth an aging analysis of our inventory as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one month	184,743	246,515	360,952
Over one month and less than one year	80,631	109,488	105,585
Over one year	22,339	28,130	47,713
Less: provision for inventories	(32,065)	(34,001)	(57,054)
Total	**255,648**	**350,132**	**457,196**

The following table sets forth our inventory turnover days for the years indicated:

	For the Years Ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	89.4	78.5	61.1

(1) Calculated using the average of the beginning and ending inventory balances of the period, divided by cost of sales for the relevant period and multiplied by 365 days for a year.

Our inventory turnover days were 89.4 days, 78.5 days and 61.1 days in 2023, 2024 and 2025, respectively. Our inventory turnover days decreased during the Track Record Period, mainly due to our continued improvement in inventory management. As of February 28, 2026, RMB246.3 million, or 53.9%, of our inventories as of December 31, 2025 had subsequently been consumed or sold.

Trade and Bills Receivables

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	447,190	817,356	1,181,037
Impairment losses	(22,522)	(41,031)	(59,052)
Net carrying amount	424,668	776,325	1,121,985
Bills receivables at amortized cost	3,744	4,134	1,878
Bills receivables at fair value through other comprehensive income	36,224	27,632	16,803
Net carrying amount	39,968	31,766	18,681
Total	**464,636**	**808,091**	**1,140,666**

We typically grant our customers a credit term of 30 to 90 days after delivery (for customers in overseas markets) or from the invoice date (for PRC customers). Our credit control department monitors and minimizes our credit risk. Our bills receivables represent bank acceptance notes received from our customers in lieu of cash payments. All of our trade and bills receivables at amortized cost as of December 31, 2023, 2024 and 2025 were aged within one year. We recognize impairment for our trade receivables under the expected credit loss model.

Our trade and bills receivables increased by 73.9% from RMB464.6 million as of December 31, 2023 to RMB808.1 million as of December 31, 2024, primarily due to an RMB370.2 million increase in trade receivables generally in line with our revenue growth. Our trade and bills receivables increased by 41.2% from RMB808.1 million as of December 31, 2024 to RMB1,140.7 million as of December 31, 2025, primarily due to an RMB363.7 million increase in trade receivables generally in line with our revenue growth.

The following table sets forth our trade and bills receivables turnover days for the years indicated:

	For the Years Ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days [(1)]	82.4	72.0	69.5

(1) Calculated using the average of the beginning and ending balances of trade and bills receivables for the period divided by revenue for the relevant period and multiplied by 365 days for a year.

Our trade and bills receivables turnover days were 82.4 days, 72.0 days and 69.5 days in 2023, 2024 and 2025. Our trade and bills receivables turnover days decreased during the Track Record Period primarily attributable to our higher sales to customers with relatively short credit terms. As of February 28, 2026, RMB767.6 million, or 67.3%, of our trade and bills receivables as of December 31, 2025 had subsequently been settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Other tax recoverable	18,210	25,359	21,372
Prepayments to suppliers	3,877	11,194	20,773
Deposits	2,103	1,071	1,526
Others	914	601	683
	25,104	**38,225**	**44,354**
Impairment allowance	(558)	(492)	(520)
Subtotal	**24,546**	**37,733**	**43,834**
Non-current portion:			
Prepayments for property, plant and equipment and right-of-use assets	88,935	13,312	27,778
Total	**113,481**	**51,045**	**71,612**

Our prepayments, other receivables and other assets included primarily (i) other tax recoverable, representing input VAT paid with respect to our procurement that can be credited against future VAT payables; (ii) prepayments to suppliers for raw materials; (iii) deposits for leases, utilities and customs services; and (iv) prepayments for property, plant and equipment and right-of-use assets.

Our prepayments, other receivables and other assets decreased from RMB113.5 million as of December 31, 2023 to RMB51.0 million as of December 31, 2024, primarily due to an RMB75.6 million decrease in prepayments for property, plant and equipment and right-of-use assets. Our prepayments, other receivables and other assets increased from RMB51.0 million as of December 31, 2024 to RMB71.6 million as of December 31, 2025, primarily due to an RMB14.5 million increase in prepayments for property, plant and equipment and right-of-use assets. As of February 28, 2026, RMB8.6 million, or 12.0%, of our prepayments, other receivables and other assets as of December 31, 2025 had subsequently been settled.

Trade and Bills Payables

Our trade and bills payables represent outstanding amounts due to our suppliers, mainly for materials and equipment. Our trade and bills payables are non-interest-bearing and are normally settled in 30 to 90 days upon receipt of the invoice.

The following table sets forth details of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	173,047	165,660	260,113
Bills payables	75,558	92,259	92,550
Total	**248,605**	**257,919**	**352,663**

Our trade and bills payables increased slightly from RMB248.6 million as of December 31, 2023 to RMB257.9 million as of December 31, 2024. Our trade and bills payables increased by 36.7% from RMB257.9 million as of December 31, 2024 to RMB352.7 million as of December 31, 2025, primarily due to an RMB94.5 million increase in trade payables as we increased procurement of raw materials to support our business growth.

The following table sets forth an ageing analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	246,204	253,411	349,421
Over 1 year	2,401	4,508	3,242
Total	**248,605**	**257,919**	**352,663**

The following table sets forth our trade and bills payables turnover days for the years indicated:

	For the Years Ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days [(1)]	71.5	65.6	46.2

(1) Calculated using the arithmetic mean of the beginning and ending balances of trade and bills payables for the relevant period divided by cost of sales and multiplied by 365 days for a year.

Our trade and bills payables turnover days were 71.5 days, 65.6 days and 46.2 days in 2023, 2024 and 2025, respectively. Our trade and bills payables turnover days decreased during the Track Record Period, primarily due to the increased procurement of raw materials subject to relatively short credit terms. As of February 28, 2026, RMB293.0 million, or 83.1%, of our trade and bills payables as of December 31, 2025 had subsequently been settled.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	60,819	82,723	96,866
Payables for purchase of property, plant and equipment	20,814	56,511	134,182
Other tax payables	11,227	8,436	18,690
Accruals	8,563	9,775	8,260
Others	14,092	26,457	23,066
Total	**115,515**	**183,902**	**281,064**

Our other payables and accruals included (i) payroll and welfare payable, (ii) payables for purchase of property, plant and equipment, (iii) other tax payables such as VAT and certain other taxes and surcharges, (iv) accruals, and (v) others.

Our other payables and accruals increased by 59.2% from RMB115.5 million as of December 31, 2023 to RMB183.9 million as of December 31, 2024, primarily due to (i) an RMB35.7 million increase in payables for purchase of property, plant and equipment, and (ii) an RMB21.9 million increase in payroll and welfare payable. Our other payables and accruals increased by 52.8% from RMB183.9 million as of December 31, 2024 to RMB281.1 million as of December 31, 2025, primarily due to (i) an RMB77.7 million increase in payables for purchase of property, plant and equipment and (ii) an RMB14.1 million increase in payroll and welfare payable. As of February 28, 2026, RMB119.5 million, or 42.5%, of our other payables and accruals as of December 31, 2025 had subsequently been settled.

Contract Liabilities

Our contract liabilities represent amounts received in advance for sales of products. We recognize a contract liability when a payment is received or a payment is due (whichever is earlier) from a customer before we deliver the related goods or services. We recognize contract liabilities as revenue when we perform obligations under the contract (i.e., by transferring control of the related goods or services to the customer). Our contract liabilities increased by 119.9% from RMB83.7 million as of December 31, 2023 to RMB184.0 million as of December 31, 2024, primarily due to the increase in sales orders from customers with payments in advance. Our contract liabilities decreased by 12.8% from RMB184.0 million as of December 31, 2024 to RMB160.6 million as of December 31, 2025, primarily due to our recognition of a portion of advance payments from customers. As of February 28, 2026, RMB11.6 million, or 7.3%, of our contract liabilities as of December 31, 2025 had subsequently been recognized as revenue.

NET CURRENT ASSETS

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of February 28, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets				
Inventories	255,648	350,132	457,196	551,207
Trade and bills receivables	464,636	808,091	1,140,666	1,312,498
Prepayments, other receivables and other assets	24,546	37,733	43,834	122,585
Financial assets at FVTPL	436,196	350,021	210,053	—
Restricted cash	—	—	75,815	—
Pledged deposits	36,401	—	57,100	65,200
Cash and cash equivalents	1,827,702	1,978,488	2,863,743	3,078,587
Total current assets	**3,045,129**	**3,524,465**	**4,848,407**	**5,130,077**
Current liabilities				
Trade and bills payables	248,605	257,919	352,663	550,465
Other payables and accruals	115,515	183,902	281,064	365,526
Contract liabilities	83,708	184,045	160,562	150,370
Interest-bearing bank borrowings	—	40,021	—	—
Lease liabilities	1,619	1,510	1,660	1,633
Tax payable	54,425	59,293	113,062	57,535
Total current liabilities	**503,872**	**726,690**	**909,011**	**1,125,529**
Net current assets	**2,541,257**	**2,797,775**	**3,939,396**	**4,004,548**

Our net current assets increased from RMB2,541.3 million as of December 31, 2023 to RMB2,797.8 million as of December 31, 2024, primarily due to an RMB343.5 million increase in trade and bills receivables and an RMB150.8 million increase in cash and cash equivalents, partially offset by an RMB100.3 million increase in contract liabilities.

Our net current assets increased from RMB2,797.8 million as of December 31, 2024 to RMB3,939.4 million as of December 31, 2025, primarily due to an RMB885.3 million increase in cash and cash equivalents, an RMB332.6 million increase in trade and bills receivables and an RMB107.1 million increase in inventories, partially offset by an RMB140.0 million decrease in financial assets at FVTPL, an RMB97.2 million increase in other payables and accruals and an RMB94.7 million increase in trade and bills payables.

Our net current assets increased from RMB3,939.4 million as of December 31, 2025 to RMB4,004.5 million as of February 28, 2026, primarily due to an RMB214.8 million increase in cash and cash equivalents, an RMB171.8 million increase in trade and bills receivables and an RMB94.0 million increase in inventories, partially offset by the fact that we had no financial assets at FVTPL as of February 28, 2026 while this item was RMB210.1 million as of December 31, 2025, as well as an RMB197.8 million increase in trade and bills payables and an RMB84.5 million increase in other payables and accruals.

CASH FLOWS

Our use of cash primarily related to operating activities, capital expenditures and dividend distribution. We have historically financed our operations primarily through cash flows generated from our operations. The following table sets forth a summary of our cash flows for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	901,865	1,262,516	1,868,204
Net cash flows from/(used in) investing activities	258,488	(357,820)	(264,524)
Net cash flows used in financing activities	(9,445)	(781,993)	(673,130)
Net increase in cash and cash equivalents	1,150,908	122,703	930,550
Cash and cash equivalents at beginning of year	672,610	1,827,702	1,978,488
Effect of foreign exchange rate changes, net	4,184	28,083	(45,295)
Cash and cash equivalents at end of year	**1,827,702**	**1,978,488**	**2,863,743**

Net Cash Flows From Operating Activities

Our net cash flows from operating activities in 2023 were RMB901.9 million, primarily reflecting our profit before tax of RMB847.5 million, as adjusted for certain non-cash items, including to add back depreciation of property, plant and equipment of RMB88.1 million and to deduct bank interest income of RMB52.8 million. Net cash flows from operating activities were also due to a decrease in our working capital, primarily attributable to an RMB133.3 million increase in trade and bills payables, partially offset by an RMB85.8 million increase in inventories and an RMB84.4 million increase in trade and bills receivables.

Our net cash flows from operating activities in 2024 were RMB1,262.5 million, primarily reflecting our profit before tax of RMB1,542.0 million, as adjusted for certain non-cash items, including to add back depreciation of property, plant and equipment of RMB120.3 million and share-based payment expenses of RMB84.3 million and to deduct bank interest income of RMB67.2 million. Net cash flows from operating activities were affected by an increase in our working capital, primarily attributable to an RMB386.3 million increase in trade and bills receivables and an RMB111.5 million increase in inventories, partially offset by an RMB100.3 million increase in contract liabilities.

Our net cash flows from operating activities in 2025 were RMB1,868.2 million, primarily reflecting our profit before tax of RMB2,354.6 million, as adjusted for certain non-cash items, including to add back depreciation of property, plant and equipment of RMB172.6 million and to deduct bank interest income of RMB81.2 million. Net cash flows from operating activities were affected by an increase in our working capital, primarily attributable to an RMB377.3 million increase in trade and bills receivables and an RMB139.5 million increase in inventories, partially offset by an RMB94.6 million increase in trade and bills payables.

Net Cash Flows From/(Used in) Investing Activities

Our net cash flows from investing activities in 2023 were RMB258.5 million, primarily attributable to proceeds upon maturity of financial assets at FVTPL of RMB2,230.0 million, partially offset by purchases of financial assets at FVTPL of RMB1,785.0 million and purchases of items of property, plant and equipment of RMB204.0 million.

Our net cash flows used in investing activities in 2024 were RMB357.8 million, primarily attributable to purchases of financial assets at FVTPL of RMB3,246.0 million and purchases of items of property, plant and equipment of RMB449.3 million, partially offset by proceeds upon maturity of financial assets at FVTPL of RMB3,331.0 million.

Our net cash flows used in investing activities in 2025 were RMB264.5 million, primarily attributable to purchases of financial assets at FVTPL of RMB3,810.0 million and purchases of items of property, plant and equipment and right-of-use assets of RMB407.3 million, partially offset by proceeds upon maturity of financial assets at FVTPL of RMB3,950.0 million.

Net Cash Flows Used in Financing Activities

Our net cash flows used in financing activities in 2023 were RMB9.4 million, primarily attributable to dividends paid of RMB197.4 million, partially offset by capital injection from non-controlling shareholders of RMB158.2 million.

Our net cash flows used in financing activities in 2024 were RMB782.0 million, primarily attributable to dividends paid of RMB672.6 million and acquisition of non-controlling interests of RMB233.6 million.

Our net cash flows used in financing activities in 2025 were RMB673.1 million, primarily attributable to dividends paid of RMB666.4 million, partially offset by proceeds from issue of shares of RMB35.9 million.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash flows from operating activities, our current cash and cash equivalents, and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have available sufficient working capital for our present requirements, for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures principally comprise expenditures for purchases of property, plant and equipment and right-of-use assets as well as purchases of intangible assets, related to our production, R&D and daily operating activities. We have funded, and expect to continue to fund, our capital expenditures mainly from cash generated from operating activities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we consider appropriate. The following table sets forth the breakdown of our capital expenditures during the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchases of items of property, plant and equipment and right-of-use assets	204,019	449,296	407,299
Purchases of other intangible assets	463	2,179	10,211
Total	**204,482**	**451,475**	**417,510**

Capital Commitments

As of December 31, 2023, 2024 and 2025, we had capital commitments for property, plant and equipment in the amount of RMB197.7 million, RMB53.8 million and RMB1,176.1 million, respectively.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current				
- Interest-bearing bank borrowings	—	40,021	—	—
- Lease liabilities	1,619	1,510	1,660	1,633
Non-current				
- Lease liabilities	6,331	4,470	2,809	2,516
Total	**7,950**	**46,001**	**4,469**	**4,149**

Interest-bearing Bank Borrowings

As of December 31, 2024, we had interest-bearing bank borrowings of RMB40.0 million, which we repaid in 2025. The weighted average interest rate on our interest-bearing bank borrowings was 3.3% as of December 31, 2024. Certain of these bank borrowings were secured by bills receivables of RMB21,000. We used these bank loans primarily for our working capital needs. We did not have any interest-bearing bank borrowings as of December 31, 2023 or 2025, or February 28, 2026.

As of February 28, 2026, we had unutilized banking facilities of RMB873.3 million. During the Track Record Period and up to the Latest Practicable Date, we did not violate any material covenant in our borrowings or experience any default in payment of our trade and non-trade payables and borrowings, nor did we experience any difficulty in obtaining bank or other borrowings.

Lease Liabilities

During the Track Record Period, we were the lessee of a long-term property lease for our office and manufacturing facility. For any lease with a term of more than 12 months, unless the underlying asset is of low value, we recognize a right-of-use asset representing our right to use the underlying leased asset and a lease liability representing our obligation to make lease payments. As of December 31, 2023, 2024 and

2025 and February 28, 2026, we had a total of current and non-current lease liabilities of RMB8.0 million, RMB6.0 million, RMB4.5 million and RMB4.1 million, respectively.

Indebtedness Statement and Contingent Liabilities

As of February 28, 2026, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness from February 28, 2026 to the date of this document.

RELATED PARTY TRANSACTIONS

Our Directors confirm that all of our related party transactions during the Track Record Period set out in Note 37 to the Accountants' Report in Appendix I to this document were conducted on arm's length basis and would not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	For the year ended/ As of December 31,		
	2023	2024	2025
Revenue growth rate	N/A	67.5%	58.5%
Gross profit margin(1)	53.1%	56.3%	52.9%
Net profit margin(2)	38.2%	41.8%	39.7%
Current ratio(3)	6.04	4.85	5.33
Quick ratio(4)	5.54	4.37	4.83
Liability to asset ratio(5)	13.7%	15.8%	14.5%
Return on equity(6)	24.5%	36.7%	42.7%

(1) Gross profit margin represents gross profit as a percentage of total revenue.

(2) Net profit margin represents net profit as a percentage of total revenue.

(3) Current ratio is calculated using total current assets divided by total current liabilities.

(4) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

(5) Liability to asset ratio is calculated using total liabilities divided by total assets.

(6) Return on equity is calculated using profit for the year divided by the average of the beginning and ending balances of total equity and multiplied by 100%. Our return on equity increased during the Track Record Period, primarily due to the fast growth of our profit for the year.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RISK DISCLOSURES

Our principal financial instruments comprise interest-bearing bank borrowings, cash and deposits. The main purpose of these financial instruments is to raise funds for our operations. We have various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from our operations. The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. For more details, see Note 40 to the Accountants' Report in Appendix I to this document.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. With all other variables held constant, if the RMB had weakened (strengthened) against the US$ by 5%, our profit before tax would have increased (decreased) by RMB46.4 million, RMB92.5 million and RMB125.4 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Credit Risk

We trade only with recognized and creditworthy third parties. All customers who wish to trade on credit terms are subject to our credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. There is no requirement for collateral. We manage credit risk concentration by customer/counterparty and by geographical region. As of December 31, 2023, 2024 and 2025, we had certain concentrations of credit risk, as 50.1%, 41.7% and 35.0% of our trade and bills receivables were due from our largest customer in terms of outstanding balance, and 78.5%, 86.1% and 88.9% of our trade and bills receivables were due from our five largest customers in terms of outstanding balance, respectively.

DIVIDEND POLICY

After the completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in the future and the amount will be made at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends.

According to applicable PRC laws and regulations, and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the accumulated losses incurred in the previous years; allocations to the statutory reserve equivalent to 10% of our profit after tax until the cumulative amount of such reserve reaches 50% of our registered capital; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, subject to certain customary conditions, our annual cash dividends will account for no less than 20% of the profits realized by us in that year that are available for distribution. We have declared and paid dividends of RMB395.7 million and RMB554.6 million in respect of the years ended December 31, 2023 and 2024, respectively. For the year ended December 31, 2025, we have declared and paid an interim dividend of RMB388.7 million and, in early April 2026, our Board proposed to declare a final dividend of RMB544.2 million. This proposed final dividend remains subject to the approval of our Shareholders' meeting.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained profits of RMB3,272.4 million, which were available for distribution to Shareholders.

[REDACTED]

Assuming full payment of the **[REDACTED]**, the estimated total **[REDACTED]** (based on the maximum **[REDACTED]** of HK$**[REDACTED]** per H Share and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, representing **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**. The estimated total **[REDACTED]** consist of: (i) **[REDACTED]** expenses of HK$**[REDACTED]**, and (ii) **[REDACTED]** related expenses of HK$**[REDACTED]**, comprising (a) fees and expenses of legal advisors and Reporting Accountants of HK$**[REDACTED]**, and (b) other fees and expenses of HK$**[REDACTED]**. We do not believe that any of these fees or expenses are material to our Group, taken as a whole, or are unusually high. During the Track Record Period, we did not incur any **[REDACTED]**. We expect to incur **[REDACTED]** of approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), of which approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) is expected to be charged to the consolidated statements of profit or loss for the year ending December 31, 2026 and approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) is expected to be recognized as a deduction in equity directly upon the **[REDACTED]**.

[REDACTED]

See "Appendix II—**[REDACTED]**."

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.

BOARD OF DIRECTORS

Our Board will consist of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The table below sets forth certain information of each of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Zou Zhinong (鄒支農)	57	Chairman of the Board, executive Director and chief engineer	July 20, 2005	September 21, 2011(Note)	Responsible for the overall strategic planning of our Group and leading our Group's new technology and product development	Spouse of Ms. Ou
Ms. Ou Yang (歐洋)	57	Executive Director and general manager	July 20, 2005	September 21, 2011(Note)	Responsible for the overall business development and management of our Group	Spouse of Mr. Zou
Mr. Wang Chih-Hung (王志弘)	51	Executive Director and deputy general manager	March 1, 2010	September 21, 2011(Note)	Responsible for the management of TFC Thailand and for supporting our overseas sales operations	None
Mr. Zhu Songgen (朱松根)	47	Non-executive Director and employee representative Director	July 20, 2005	December 1, 2023	Responsible for providing strategic advice to our Board	None
Dr. Lu Lin (路琳)	53	Independent non-executive Director	December 1, 2023	December 1, 2023	Responsible for providing independent advice to our Board	None
Dr. Geng Huimin (耿慧敏)	52	Independent non-executive Director	December 4, 2020	December 4, 2020	Responsible for providing independent advice to our Board	None
Ms. Du Linlin (杜琳琳)	35	Independent non-executive Director	**[REDACTED]**	**[REDACTED]**	Responsible for providing independent advice to our Board	None

Note: Mr. Zou has been a Director since the establishment of our Company, and each of Ms. Ou and Mr. Wang Chih-Hung has been a Director since May 2011. This date represents the date of their respective appointments as Directors following our Company's conversion into a joint stock limited company in September 2011.

Executive Directors

Mr. Zou Zhinong (鄒支農), aged 57, is our founder, the chairman of our Board, an executive Director and the chief engineer of our Company. He has been a Director since the establishment of our Company and will be redesignated as an executive Director with effect from the **[REDACTED]**. He has also served as the chairman of our Board and the chief engineer of our Company since July 2005. From July 2005 to January 2018, he served as the general manager of our Company. Mr. Zou is primarily responsible for the overall strategic planning of our Group and leading our Group's new technology and product development. He also serves as the chairperson of the Strategy Committee. He is the spouse of Ms. Ou, another executive Director.

Mr. Zou has more than 30 years of experience in technology and corporate management. Before founding our Company in July 2005, he founded Suzhou Industrial Park Mingzhan Technology Engineering Co., Ltd.* (蘇州工業園區名展科技工程有限公司). He also founded Suzhou Haoyi Digital Network Co., Ltd.* (蘇州豪億數碼網絡有限公司) and served there from January 2002 to June 2004. He also founded Siping City Dazhong Computer Co., Ltd.* (四平市大眾電腦有限公司).

Mr. Zou received his bachelor's degree in engineering, majoring in mechanical design and manufacturing, from Jilin University of Technology (吉林工業大學) in the PRC in July 1991.

Ms. Ou Yang (歐洋) (former name: Ou Xiuhong (歐秀紅)), aged 57, is our co-founder, an executive Director and the general manager of our Company. She has been a Director since May 2011 and will be redesignated as an executive Director with effect from the **[REDACTED]**. She has also served as the general manager of our Company since January 2018. Ms. Ou is primarily responsible for the overall business development and management of our Group. She also serves as a member of the Remuneration and Evaluation Committee. She is the spouse of Mr. Zou, another executive Director.

Ms. Ou has more than 20 years of experience in corporate management. From July 2005 to January 2018, she held various roles within our Group, including as assistant to the general manager and deputy general manager. Prior to joining our Group, from January 2002 to June 2005, she served as an executive director of Suzhou Haoyi Digital Network Co., Ltd.* (蘇州豪億數碼網絡有限公司). From September 1991 to September 2001, she was a lecturer in the Department of Humanities of Siping Education College* (四平市教育學院).

Ms. Ou received her bachelor's degree in history from Northeast Normal University (東北師範大學) in the PRC in July 1991.

Mr. Wang Chih-Hung (王志弘), aged 51, is an executive Director and a deputy general manager of our Company. He has been a Director since May 2011 and will be redesignated as an executive Director with effect from the **[REDACTED]**. He has also served as a deputy general manager of our Company since September 2011. Mr. Wang is primarily responsible for the management of TFC Thailand and for supporting our overseas sales operations. He also serves as a member of the Nomination Committee and the Strategy Committee.

Mr. Wang has more than 20 years of experience in manufacturing and operations management. From March 2010 to June 2011, he served as the general manager of Suzhou Tianfu Precision Technology Co., Ltd.* (蘇州天孚精工技術有限公司), a former subsidiary of our Group. Prior to joining our Group, from April 2007 to February 2010, he was an assistant manager at Nomura Automatic Lathe (Shanghai) Co., Ltd* (野村精機（上海）有限公司). From June 2006 to March 2007, he served as a manager in the manufacturing and management department of E-Tong Technology Co., Ltd.* (億通科技股份有限公司製造部及管理部經理). From July 2003 to May 2006, he served as the chief of the manufacturing section at Taiwan Fupason Technology Co., Ltd.* (富柏森科技股份有限公司). From June 2001 to June 2003, he served as a manufacturing engineer at Paifuchen Industrial Co., Ltd.* (百富臣工業股份有限公司).

Mr. Wang received his diploma in industrial engineering and management from St. John's University (聖約翰科技大學) (formerly known as St. John's & St. Mary's Institute of Technology (新埔工業專科學校)) in Taiwan, China in June 1999.

Non-Executive Director

Mr. Zhu Songgen (朱松根), aged 47, is a non-executive Director and our employee representative Director. He was first appointed as a Director in December 2023 and became our employee representative Director in November 2025. Mr. Zhu is primarily responsible for providing strategic advice to our Board. He also serves as a member of the Audit Committee.

Mr. Zhu has more than 20 years of experience in quality control and management. Mr. Zhu joined our Group in July 2005 and served as a quality manager from July 2005 to October 2010. Since November 2010, he has served in various roles at Gao'an TFC Photoelectric Technology Co., Ltd.* (高安天孚光電技術有限公司), a wholly-owned subsidiary of our Group, beginning as a deputy general manager from November 2010 to June 2019, before being appointed as an executive director and the general manager in June 2019.

Mr. Zhu received his bachelor's degree in inorganic non-metallic materials engineering from Xi'an University of Science and Technology (西安科技大學) (formerly known as Xi'an Science and Technology College (西安科技學院)) in the PRC in July 2001.

Independent Non-Executive Directors

Dr. Lu Lin (路琳), aged 53, has served as an independent Director since December 2023 and will be redesignated as an independent non-executive Director with effect from the **[REDACTED]**. Dr. Lu is primarily responsible for providing independent advice to our Board. She also serves as the chairperson of the Remuneration and Evaluation Committee and the Nomination Committee.

Dr. Lu has over 25 years of experience in academia. Since April 1998, she has held various roles at Shanghai Jiao Tong University (上海交通大學), beginning as a teacher from April 1998 to August 2000, before being appointed as a lecturer from November 2003 to August 2006, and subsequently as an associate professor from August 2006 to December 2016. She has served as a professor in organizational management since December 2016. She has also served as an independent director of Hailun Piano Co., Ltd.* (海倫鋼琴股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300329), since January 2026.

Dr. Lu received her bachelor's degree in scientific English studies from Xidian University (西安電子科技大學) in the PRC in July 1995, her master's degree in linguistics and applied linguistics from Shanghai Jiao Tong University (上海交通大學) in the PRC in January 1998, and her doctoral degree in management from City University of Hong Kong (香港城市大學) in Hong Kong in November 2003.

Dr. Geng Huimin (耿慧敏), aged 52, has served as an independent Director since December 2020 and will be redesignated as an independent non-executive Director with effect from the **[REDACTED]**. Dr. Geng is primarily responsible for providing independent advice to our Board. She also serves as a member of the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee.

Dr. Geng has over 20 years of experience in academia. Since May 2019, she has served as a professor at Taizhou University (台州學院). Prior to this, from December 2003 to April 2019, she served as a lecturer at Dalian University of Finance and Economics (大連財經學院). From September 1994 to June 2002, she was a staff member of Heilongjiang Tobacco Company Jiamusi Company* (黑龍江省佳木斯市煙草公司).

Dr. Geng also served as an independent director of Fuxin Dare Automotive Parts Co., Ltd.* (阜新德爾汽車部件股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300473), from March 2018 to March 2024.

Dr. Geng received her college diploma in management engineering from Jiamusi University (佳木斯大學) (formerly known as Jiamusi Engineering College (佳木斯工學院)) in the PRC in July 1994, and her bachelor's degree in management from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in December 2001. She subsequently received her master's and doctoral degrees in accounting from Dongbei University of Finance and Economics (東北財經大學) in the PRC in April 2005 and June 2009, respectively.

Ms. Du Linlin (杜琳琳) (former name: Du Lin (杜琳)), aged 35, was appointed as an independent non-executive Director with effect from the **[REDACTED]**. Ms. Du is primarily responsible for providing independent advice to our Board. She also serves as the chairperson of the Audit Committee and a member of the Strategy Committee.

Ms. Du has over 10 years of experience in corporate finance and investment management. Ms. Du has served as a vice president of the investment management department of China Merchants Venture Capital Management Co., Ltd.* (招商局創新投資管理有限責任公司) since December 2023. From June 2018 to December 2023, she served as the investment operation director at the Cloud and Smart Industry Business Group of Tencent Technology (Shenzhen) Company Limited* (騰訊科技（深圳）有限公司), a subsidiary of Tencent Holdings Limited, which is listed on the Hong Kong Stock Exchange (stock code: 00700). From November 2015 to May 2018, she assumed the positions of board secretary and director of the investment and financing department successively at Gosun Holding Co., Ltd.* (高升控股股份有限公司), a cloud infrastructure service provider previously listed on the Shenzhen Stock Exchange (stock code: 000971). From July 2014 to September 2015, she served as an analyst in the corporate finance department of BOCI Securities Limited* (中銀國際證券有限公司) (currently known as BOC International (China) Co., Ltd.* (中銀國際證券股份有限公司)), a securities company listed on the Shanghai Stock Exchange (stock code: 601696).

Additionally, Ms. Du has served as an independent non-executive director of Suzhou Novosense Microelectronics Co., Ltd. (蘇州納芯微電子股份有限公司), a company dual-listed on the Hong Kong Stock Exchange (stock code: 02676) and the Shanghai Stock Exchange (stock code: 688052), since April 2025.

Ms. Du received her bachelor's and master's degrees in economics, majoring in public finance, from Renmin University of China (中國人民大學) in the PRC in June 2012 and June 2014, respectively. Ms. Du has been a member of the Chinese Institute of Certified Public Accountants since April 2014.

Confirmation from our Directors

Rules 3.09D of the Listing Rules

Each of our Directors has confirmed that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors has confirmed (i) he or she is independent as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of our Company, any of our subsidiaries or any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

Disclosure under Rule 8.10(2) of the Listing Rules

As of the Latest Practicable Date, none of our Directors (other than our independent non-executive Directors) had an interest in any business which competes or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10(2) of the Listing Rules.

General

Save as disclosed in this section, none of our Directors is related to any other Directors or members of the senior management of our Company. Furthermore, save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date; and (ii) to the best of the knowledge, information and belief of our Directors, having made all reasonable inquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Save as disclosed in the section headed "Statutory and General Information" in Appendix IV to this document, none of our Directors holds any interest in our Shares which would be required to be disclosed pursuant to Part XV of the SFO.

SENIOR MANAGEMENT

The senior management team of our Group and their respective biographies (other than our executive Directors whose details are set out in the preceding sub-section) are as follows:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with Directors and other senior management
Ms. Ou Yang (歐洋)	57	Executive Director and general manager	July 20, 2005	September 21, 2011	Responsible for the overall business development and management of our Group	Spouse of Mr. Zou
Mr. Wang Chih-Hung (王志弘)	51	Executive Director and deputy general manager	March 1, 2010	September 21, 2011	Responsible for the management of TFC Thailand and for supporting our overseas sales operations	None
Mr. Chen Kairong (陳凱榮)	43	Deputy general manager and board secretary	January 19, 2017	August 4, 2017	Responsible for our Group's corporate governance, information disclosure, investor relations and operations management	None
Mr. Wu Wentai (吳文太)	43	Chief financial officer	June 1,2020	October 22, 2020	Responsible for our Group's overall financial management	None

Ms. Ou Yang (歐洋) (former name: Ou Xiuhong (歐秀紅)), aged 57, is our co-founder, an executive Director and the general manager of our Company. For the biographical details of Ms. Ou, see "—Board of Directors—Executive Directors" above.

Mr. Wang Chih-Hung (王志弘), aged 51, is an executive Director and a deputy general manager of our Company. For the biographical details of Mr. Wang, see "—Board of Directors—Executive Directors" above.

Mr. Chen Kairong (陳凱榮), aged 43, has served as a deputy general manager and the board secretary of our Company since August 2017. Mr. Chen is primarily responsible for our Group's corporate governance, information disclosure, investor relations and operations management.

Mr. Chen has over 20 years of experience in human resources and corporate management. Mr. Chen joined our Group in January 2017 and served as a manager in the securities and legal affairs department. Prior to joining our Group, from October 2015 to January 2017, he served as the human resources director of Jiangsu Suiyi Information Technology Co., Ltd.* (江蘇隨易信息科技有限公司). From April 2007 to April 2015, he served at Nanjing Biancheng Sports Products Co Ltd.* (南京邊城體育用品股份有限公司), holding various roles including as a director, deputy general manager, board secretary and human resources director. From September 2006 to April 2007, he served as a human resources researcher of Leysen Jewellery Inc.* (萊紳通靈珠寶股份有限公司) (formerly known as Tongling Jewelry Co., Ltd.* (通靈珠寶股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 603900).

Mr. Chen received his bachelor's degree in business administration from Nanjing University (南京大學) in the PRC in June 2004.

Mr. Wu Wentai (吳文太), aged 43, has served as the chief financial officer of our Company since October 2020. He is primarily responsible for our Group's overall financial management.

Mr. Wu has over 20 years of experience in accounting and finance. Mr. Wu joined our Group in June 2020. Prior to joining our Group, from October 2009 to May 2020, he served as a manager in the financial management center of Positec Technology (China) Co., Ltd.* (寶時得科技（中國）有限公司). From July 2005 to September 2009, he held various roles within ENN Energy Holdings Limited (新奧能源控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 02688), including as an accountant in its subsidiary from July 2005 to August 2007, as a member of the finance team of the financial informatization project group from September 2007 to April 2009, and as a finance manager of its subsidiary from May 2009 to September 2009.

Mr. Wu received his bachelor's degree in public finance from Shandong University (山東大學) in the PRC in July 2005. He was admitted as a fellow of both the Institute of Financial Accountants and the Institute of Public Accountants in September 2020.

Confirmation from our Senior Management

Each of our senior management members has confirmed that, saved as disclosed in this section: (1) he or she does not and has not held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date, and (2) he or she is not related to any Directors or other members of our senior management.

JOINT COMPANY SECRETARIES

Mr. Chen Kairong (陳凱榮) was appointed as a joint company secretary of our Company in March 2026 with effect from the **[REDACTED]**. For the biographical details of Mr. Chen, see "—Board of Directors—Senior Management" above.

Ms. Chan Ching Nga (**陳靜雅**) was appointed as a joint company secretary of our Company with effect from the **[REDACTED]**. She has over 20 years of experience in the company secretarial and corporate governance fields and is currently a Senior Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited.

Ms. Chan received her master's degree in corporate governance from The Hong Kong Polytechnic University (香港理工大學) in Hong Kong in October 2012. She is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

We have established the following committees under our Board: Audit Committee, Remuneration and Evaluation Committee, Nomination Committee and Strategy Committee. The committees operate in accordance with their respective terms of reference established by our Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely Ms. Du Linlin, Dr. Geng Huimin and Mr. Zhu Songgen. The chairperson of the Audit Committee is Ms. Du Linlin, being our independent non-executive Director with appropriate professional qualifications.

The primary duties of the Audit Committee are to consider issues in relation to the external auditors and their appointments, oversee the financial reporting system, risk management and internal control systems of our Group, review the financial information of our Group, and review policies and practices in relation to corporate governance.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration and Evaluation Committee comprises three members, namely Dr. Lu Lin, Ms. Ou Yang and Dr. Geng Huimin. The chairperson of the Remuneration and Evaluation Committee is Dr. Lu Lin.

The primary duties of the Remuneration and Evaluation Committee are to review the remuneration policy and make recommendations to our Board on the remuneration packages of our Directors and senior management.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee comprises three members, namely Dr. Lu Lin, Mr. Wang Chih-Hung and Dr. Geng Huimin. The chairperson of the Nomination Committee is Dr. Lu Lin.

The primary duties of the Nomination Committee are to assess and make recommendations on candidates, propose procedures and criteria for the appointment of Directors and senior management of our Company, review the structure, size and composition of our Board and assess the independence of the independent non-executive Directors.

Strategy Committee

We have established the Strategy Committee with written terms of reference, to monitor the strategy and business plans of our Company. The Strategy Committee comprises three members, namely Mr. Zou Zhinong, Mr. Wang Chih-Hung and Ms. Du Linlin. The chairperson of the Strategy Committee is Mr. Zou Zhinong.

The primary duties of the Strategy Committee are to review and make recommendations on our Company's long-term development strategy, major investment decisions, and sustainable development efforts.

REMUNERATION

Our Directors and senior management members receive compensation in the form of salaries, allowances, benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions from our Company subject to applicable laws, rules and regulations. For details of the service contracts that we have entered into with our Directors, see the section headed "Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—2. Particulars of Service Contracts and Appointment Letters" in Appendix IV to this document.

Further information on the remuneration of our Directors and/or the five highest paid individuals during the Track Record Period is set out in the Accountants' Report in Appendix I to this document, and in the section headed "Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—3. Directors' Remuneration" in Appendix IV to this document.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor upon the **[REDACTED]** in compliance with Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company in the following circumstances (amongst others):

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of appointment of the compliance advisor shall commence on the **[REDACTED]** and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**, and such appointment may be subject to extension by mutual agreement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and which safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the **[REDACTED]**.

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our Company does not and, for the foreseeable future, will not have sufficient management presence in Hong Kong.

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. For further details, see the section headed "Waivers from Strict Compliance with the Listing Rules—Management Presence in Hong Kong."

BOARD DIVERSITY POLICY

We [have adopted] a diversity policy (the "**Board Diversity Policy**") which sets out the objectives and approach to achieving diversity on our Board so as to strengthen the performance of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity on our Board by considering of a number of factors when selecting candidates for our Board and determining the optimum composition of the Board, including but not limited to skills, knowledge, cultural and educational background, geographical, industry and professional experience, ethnicity, gender, age and length of service. In particular, in terms of gender diversity, our Board will have three male Directors and four female Directors upon the **[REDACTED]**.

Our Directors have a balanced mix of knowledge and skills, including in technology, corporate management, accounting, corporate finance and business development. They obtained degrees in various areas such as public finance, business administration, management, history, linguistics and engineering. The ages of our Directors range from 35 to 57 years old.

Our Nomination Committee is responsible for reviewing the diversity of our Board. After the **[REDACTED]**, our Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its effectiveness.

OVERVIEW

Our Controlling Shareholders are Tianfu Renhe, Mr. Zou, Ms. Ou, Ms. Zou Yonghang and Mr. Zou Xinhang. As of the Latest Practicable Date, our Company was held as to approximately 37.56% by Tianfu Renhe and approximately 0.01% by Ms. Ou. As of the Latest Practicable Date, Tianfu Renhe was owned as to 40% by Mr. Zou, 20% by Ms. Ou (the spouse of Mr. Zou), 20% by Ms. Zou Yonghang (the daughter of Mr. Zou and Ms. Ou) and 20% by Mr. Zou Xinhang (the son of Mr. Zou and Ms. Ou). Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), our Controlling Shareholders will in aggregate control the voting rights attached to approximately **[REDACTED]**% of our total issued share capital and will remain as our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the **[REDACTED]**.

Management Independence

Upon the **[REDACTED]**, our Board will consist of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are of the view that our Board, together with our senior management team, is able to perform its managerial role in our Group independently for the following reasons:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our day-to-day management and operations are carried out by our senior management team. Our senior management team has substantial experience in the industry in which our Group operates, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) upon the **[REDACTED]**, we will have three independent non-executive Directors, and certain matters of our Company shall be referred to the independent non-executive Directors for review;

(d) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the applicable PRC laws and regulations and the rules of the Shenzhen Stock Exchange. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate(s), the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "—Corporate Governance Measures" in this section below.

Operational Independence

Our Group has its own operational structure consisting of separate departments, each with clear division of responsibilities to facilitate the effective operation of our business. Our Directors are of the view that our Company will continue to be able to operate independently after the **[REDACTED]** for the following reasons:

(a) we are not reliant on trademarks owned by our Controlling Shareholders;

(b) we are the holder of all relevant licenses, approvals and permits that are material to the operation of our business, and we have our own production facilities and sufficient capital, equipment and employees to operate our business independently;

(c) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and

(d) we have independent access to our customers and suppliers.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders or any of their associates after the **[REDACTED]** as we expect that our working capital will be primarily funded by cash generated from our business operations, and to a lesser extent, external indebtedness.

As of the Latest Practicable Date, there were no outstanding loans due to or from our Controlling Shareholders or their close associates, and there were no other outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their close associates.

Based on the above, our Directors are of the view that our Board, together with our senior management team, is capable of maintaining financial independence from our Controlling Shareholders after the **[REDACTED]**.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Tianfu Renhe is a limited liability company established in the PRC on June 8, 2005 and is a special purpose vehicle that did not have any substantial business activities as of the Latest Practicable Date.

Each of our Controlling Shareholders has confirmed that, as of the Latest Practicable Date, they did not have any interest in a business, apart from our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of implementing good corporate governance in protecting our Shareholders' interests. We [have] adopted the following corporate governance measures to avoid actual or potential conflicts of interests between our Group and our Controlling Shareholders and their respective close associates:

(a) in respect of any contract or arrangement or any other proposal to be entered into by our Group in which a Director or any of his/her close associates (or, if required by the Listing Rules, his/her other associates) has any material interest, such Director shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting;

(b) where a Shareholders' meeting is held to consider a proposed transaction in which our Controlling Shareholders or any of their associates have a material interest, our Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if our Group enters into connected transactions with our Controlling Shareholders or their associates, we will comply with the applicable Listing Rules;

(d) upon the **[REDACTED]**, our Board will include three independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors will annually review whether there is any conflict of interest between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by applicable laws and regulations, including the Listing Rules;

(f) where advice from independent professionals, such as that from a financial advisor, is reasonably requested by our Directors (including our independent non-executive Directors), the appointment of such independent professional will be made at our Company's expense; and

(g) we have appointed Somerley Capital Limited as our compliance advisor to provide us with advice and guidance in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.

The following is a description of the share capital of our Company before and immediately following completion of the **[REDACTED]**.

As of the Latest Practicable Date

As of the Latest Practicable Date, the registered and issued share capital of our Company was RMB777,415,891, comprising 777,415,891 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Immediately after Completion of the [REDACTED]

Immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
A Shares in issue	777,415,891	**[REDACTED]**
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	100.00%

SHARES OF OUR COMPANY

Our H Shares in issue upon completion of the **[REDACTED]** and our A Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in Chinese Mainland, the qualified investors in Chinese Mainland under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws or upon approval of any competent authorities, our H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese Mainland.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in Chinese Mainland in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect.

RANKING

Except for the differences set out in "—Shares of our Company" above, our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the **[REDACTED]** of our A Shares and our H Shares may be different after the **[REDACTED]**. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual-**[REDACTED]** in the PRC and on the **[REDACTED]**. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that holders of A shares may convert A shares held by them into H shares for **[REDACTED]** and **[REDACTED]** on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of our A Shares is required for our Company to **[REDACTED]** H Shares and seek the **[REDACTED]** of H Shares on the **[REDACTED]**. Such approval was obtained by us at the general meeting of our Shareholders held on April 2, 2026 and is subject to the following conditions:

(i) *Size of the* **[REDACTED]**. The proposed number of H Shares to be **[REDACTED]** shall not exceed **[REDACTED]**% of the total issued share capital enlarged by the H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (before the exercise of the **[REDACTED]**). The number of H Shares to be **[REDACTED]** pursuant to the full exercise of the **[REDACTED]** shall not exceed **[REDACTED]**% of the total number of H Shares to be **[REDACTED]** initially under the **[REDACTED]**.

(ii) *Method of* **[REDACTED]**. The method of **[REDACTED]** shall be by way of an **[REDACTED]** to institutional **[REDACTED]** and a **[REDACTED]** for subscription in Hong Kong.

(iii) *Target* **[REDACTED]**. The H Shares shall be **[REDACTED]** to **[REDACTED]** in Hong Kong under the **[REDACTED]**, and international institutional **[REDACTED]** and qualified domestic institutional **[REDACTED]** in Chinese Mainland under the **[REDACTED]**.

(iv) **[REDACTED]** *basis*. The **[REDACTED]** of the H Shares will be determined after due consideration of, among others, the interests of our existing Shareholders, acceptance of **[REDACTED]**, the domestic and overseas capital market conditions and the risks related to the **[REDACTED]**, in accordance with international practices, as well as based on the market subscription conditions, demand for foreign orders, and the results of book-building.

(v) *Validity period*. The **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the **[REDACTED]** shall be completed within 24 months from the date when the Shareholders' meeting was held on April 2, 2026. If the Company has obtained approval or filing from relevant regulatory bodies for the **[REDACTED]** and **[REDACTED]** of the H Shares within such validity period, the validity period of the resolution will automatically be extended to the completion date of the **[REDACTED]** of the H Shares or the exercise of the **[REDACTED]**, whichever is later.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our Shareholders' meeting is required, please see the section headed "Summary of the Articles of Association—Shares—Shareholders and the General Meeting of Shareholders" in Appendix III to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), the following persons will have an interest or a short position in the Shares or the underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

				As of the Latest Practicable Date		Immediately following completion of the [REDACTED]	
Name of Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares held**	**Approximate percentage of shareholding in our A Shares**	**Approximate percentage of shareholding in our total issued share capital**	**Approximate percentage of shareholding in our A Shares**	**Approximate percentage of shareholding in our total issued share capital**
Tianfu Renhe[1]	Beneficial owner	A Shares	291,989,059	37.56%	37.56%	**[REDACTED]**	**[REDACTED]**
Mr. Zou[1]	Interest of controlled corporation	A Shares	291,989,059	37.56%	37.56%	**[REDACTED]**	**[REDACTED]**
	Interest of spouse	A Shares	176,400	0.02%	0.02%	**[REDACTED]**	**[REDACTED]**
Ms. Ou[1]	Beneficial interest[2]	A Shares	176,400	0.02%	0.02%	**[REDACTED]**	**[REDACTED]**
	Interest of spouse	A Shares	291,989,059	37.56%	37.56%	**[REDACTED]**	**[REDACTED]**
Mr. Zhu Guodong	Beneficial owner	A Shares	54,322,627	6.99%	6.99%	**[REDACTED]**	**[REDACTED]**

Notes:

(1) As of the Latest Practicable Date, Tianfu Renhe was owned as to 40% by Mr. Zou, 20% by Ms. Ou, 20% by Ms. Zou Yonghang (the daughter of Mr. Zou and Ms. Ou) and 20% by Mr. Zou Xinhang (the son of Mr. Zou and Ms. Ou). Mr. Zou and Ms. Ou are spouses. By virtue of the SFO, (i) Mr. Zou is deemed to be interested in the Shares held by Tianfu Renhe and Ms. Ou, and (ii) Ms. Ou is deemed to be interested in the Shares in which Mr. Zou is interested.

(2) Includes, as of the Latest Practicable Date, (i) 70,560 A Shares directly held and (ii) 105,840 A Shares underlying the restricted shares that have been granted but not yet vested under the 2023 Restricted Share Incentive Scheme.

(3) All interests stated are long positions.

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

FUTURE PLANS

For a detailed description of our future plans, see "Business—Our Strategies."

[REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** based on the maximum **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and assuming no exercise of the **[REDACTED]**, after deducting estimated **[REDACTED]** and other estimated expenses payable by us in connection with the **[REDACTED]**. In line with our strategies, we plan to use the **[REDACTED]** from the **[REDACTED]** for the purposes set forth below:

- approximately **[REDACTED]** of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used to expand our intelligent manufacturing system over the next five years and build higher-quality, more efficient, more scalable and more flexible intelligent manufacturing capabilities, thereby better capitalizing on strategic opportunities presented by the explosive growth in demand for optical interconnects. We plan to further expand our domestic intelligent manufacturing facilities to increase our production capacity, mainly for high-end passive optical components and high-speed optical engines. These investments will be used for the construction of production facilities (mainly including construction and renovation of factories and construction of production cleanrooms), procurement of high-end manufacturing equipment (mainly including high-precision dicing machines, optical coating equipment, eutectic bonding machines, BERTs (Bit Error Rate Testers) and SMT pick-and-place machines), as well as deployment of digital and intelligent software systems. We believe these investments will further ensure sustained product delivery, enhance our capabilities to provide one-stop optical interconnect solutions, and enable us to respond to customer demand with greater efficiency and flexibility, thereby more effectively capitalizing on the strategic opportunities presented by the AI revolution. According to Frost & Sullivan, the global optical component industry is set to expand rapidly, with its market size projected to reach US$22.9 billion by 2030. This growth is expected to be driven primarily by 800G and higher-speed optical engines and the accelerating development and commercialization of next-generation optical interconnect technologies (such as CPO solutions). The market size of high-speed optical components (optical components used in 800G and higher-speed optical interconnect products) is expected to grow from US$2.0 billion in 2025 to US$19.6 billion in 2030, representing a CAGR of 58.5% from 2025 to 2030;

- approximately **[REDACTED]** of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used for the R&D of new products and cutting-edge technologies over the next five years to comprehensively enhance our technological capabilities, thereby maintaining a leading position amidst the rapid evolution of the optical interconnect sector. These investments include:

  (i) approximately **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used to procure equipment and raw materials in connection with the R&D of next-generation optical interconnect solutions, propelling the development and launch of advanced optical interconnect products and key underlying technologies, such as higher-speed optical engines, CPO solutions, SiPh integration, NPO solutions, and TFLN technologies. These R&D investments embody our "Trust First" core value and are expected to establish comprehensive technology portfolios, enabling us to respond swiftly to customer needs and address their pain points, and further strengthening our product competitiveness and technology moat; and

  (ii) approximately **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used, over the next five years, for the remuneration of our R&D personnel with extensive industry experience and critical technological capabilities, to strengthen our R&D capabilities and enrich our core technology platforms. In addition to our existing R&D team, we plan to recruit top-tier R&D talent globally, covering core areas such as basic materials, optical components, optical design, packaging and testing, and integration services, who will provide robust support for our core technology R&D, product portfolio expansion and frontier innovation;

- approximately **[REDACTED]** of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be used for strategic investments and acquisitions, to strengthen our vertical integration capabilities and deepen our coverage along the industry value chain. Specifically, we plan to, at appropriate times, seek investment and acquisition opportunities that are synergistic with or complementary to our existing operations and that would help us further enhance our core optical interconnect technologies and deepen our vertical integration. For example, we will focus on potential target companies with the next-generation optical interconnect technologies. As of the Latest Practicable Date, we had not identified any specific investment or acquisition target; and

- approximately **[REDACTED]** of the **[REDACTED]**, or approximately HK$**[REDACTED]**, are expected to be allocated for working capital and general corporate purposes to support our business operations and growth.

If the **[REDACTED]** is exercised in full, our **[REDACTED]** will be approximately HK$**[REDACTED]**. To the extent that our actual **[REDACTED]** from the **[REDACTED]** are higher or lower than our estimate above, we will adjust our allocation of the **[REDACTED]** for the purposes set out above on a pro rata basis.

To the extent that the **[REDACTED]** of the **[REDACTED]** are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as intended, we will only deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU TFC OPTICAL COMMUNICATION CO., LTD., GOLDMAN SACHS (ASIA) L.L.C., MERRILL LYNCH (ASIA PACIFIC) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Suzhou TFC Optical Communication Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [●] to [●],which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in this document of the Company dated [●] (the "Document") in connection with the initial **[REDACTED]** of the shares of the Company on **[REDACTED]**.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	*Year ended 31 December*		
		2023	*2024*	*2025*
		RMB'000	RMB'000	RMB'000
REVENUE	5	1,925,578	3,225,918	5,114,531
Cost of sales		(902,433)	(1,408,243)	(2,409,541)
Gross profit		1,023,145	1,817,675	2,704,990
Other income and gains	5	94,022	134,995	143,096
Selling and marketing expenses		(18,196)	(22,986)	(21,285)
Administrative expenses		(80,491)	(131,681)	(130,012)
Research and development expenses		(143,256)	(232,236)	(266,581)
Impairment losses on financial assets, net		(6,124)	(18,348)	(18,636)
Other expenses		(21,291)	(4,244)	(56,425)
Finance costs	7	(545)	(1,558)	(1,181)
Share of profits of an associate		239	367	651
PROFIT BEFORE TAX	6	847,503	1,541,984	2,354,617
Income tax expense	10	(111,108)	(192,225)	(326,200)
PROFIT FOR THE YEAR		736,395	1,349,759	2,028,417
Attributable to:				
Owners of the parent		736,396	1,350,417	2,028,007
Non-controlling interests		(1)	(658)	410
		736,395	1,349,759	2,028,417
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic earnings per share (RMB)		0.95	1.74	2.61
Diluted earnings per share (RMB)		0.95	1.74	2.60

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	736,395	1,349,759	2,028,417
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	1,026	7,831	7,005
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	1,026	7,831	7,005
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	737,421	1,357,590	2,035,422
Attributable to:			
Owners of the parent	736,137	1,354,896	2,035,160
Non-controlling interests	1,284	2,694	262
	737,421	1,357,590	2,035,422

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	651,984	1,077,668	1,366,472
Right-of-use assets	14	44,282	41,119	38,615
Goodwill	15	29,648	29,648	29,648
Other intangible assets	16	9,215	8,971	16,425
Investments in an associate	17	8,287	8,654	9,305
Prepayments, other receivables and other assets	22	88,935	13,312	27,778
Deferred tax assets	19	20,742	32,889	112,653
Total non-current assets		853,093	1,212,261	1,600,896
CURRENT ASSETS				
Inventories	20	255,648	350,132	457,196
Trade and bills receivables	21	464,636	808,091	1,140,666
Prepayments, other receivables and other assets	22	24,546	37,733	43,834
Financial assets at fair value through profit or loss	23	436,196	350,021	210,053
Restricted cash	24	-	-	75,815
Pledged deposits	24	36,401	-	57,100
Cash and cash equivalents	24	1,827,702	1,978,488	2,863,743
Total current assets		3,045,129	3,524,465	4,848,407
CURRENT LIABILITIES				
Trade and bills payables	25	248,605	257,919	352,663
Other payables and accruals	26	115,515	183,902	281,064
Contract liabilities	27	83,708	184,045	160,562
Interest-bearing bank borrowings	28	-	40,021	-
Lease liabilities	14	1,619	1,510	1,660
Tax payable		54,425	59,293	113,062
Total current liabilities		503,872	726,690	909,011
NET CURRENT ASSETS		2,541,257	2,797,775	3,939,396
TOTAL ASSETS LESS CURRENT LIABILITIES		3,394,350	4,010,036	5,540,292
NON-CURRENT LIABILITIES				
Lease liabilities	14	6,331	4,470	2,809
Deferred income	29	17,982	17,982	23,587
Deferred tax liabilities	19	6,826	1,586	1,217
Total non-current liabilities		31,139	24,038	27,613
Net assets		3,363,211	3,985,998	5,512,679
EQUITY				
Equity attributable to owners of the parent				
Share capital	30	394,887	553,972	777,416
Reserves	32	2,797,637	3,425,593	4,728,568
		3,192,524	3,979,565	5,505,984
Non-controlling interests		170,687	6,433	6,695
Total equity		3,363,211	3,985,998	5,512,679

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital RMB'000 Note 30	*Share premium** RMB'000 Note 32	*Share-based payment reserve** RMB'000 Note 31	*Exchange fluctuation reserve** RMB'000 Note 32	*Special reserve - safety production fund** RMB'000 Note 32	*Statutory surplus reserve** RMB'000 Note 32	*Retained profits** RMB'000	*Total* RMB'000	*Non-controlling interests* RMB'000	*Total equity* RMB'000
As at 1 January 2023	393,975	1,040,954	5,380	(9,226)	-	129,356	1,065,373	2,625,812	11,203	2,637,015
Profit for the year	-	-	-	-	-	-	736,396	736,396	(1)	736,395
Other comprehensive income for the year:										
Exchange differences related to foreign operations	-	-	-	(259)	-	-	-	(259)	1,285	1,026
Total comprehensive income for the year	-	-	-	(259)	-	-	736,396	736,137	1,284	737,421
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	158,200	158,200
Appropriations to statutory surplus reserve	-	-	-	-	-	53,119	(53,119)	-	-	-
Profit appropriation to the shareholders	-	-	-	-	-	-	(197,379)	(197,379)	-	(197,379)
Recognition of equity-settled share-based payments	-	-	8,836	-	-	-	-	8,836	-	8,836
Transfer of share-based payment reserve upon vesting	912	21,495	(3,289)	-	-	-	-	19,118	-	19,118
Appropriation of special reserve	-	-	-	-	7,880	-	(7,880)	-	-	-
Utilisation of special reserve	-	-	-	-	(1,364)	-	1,364	-	-	-
As at 31 December 2023	394,887	1,062,449	10,927	(9,485)	6,516	182,475	1,544,755	3,192,524	170,687	3,363,211

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital RMB'000 Note 30	*Share premium** RMB'000 Note 32	*Share-based payment reserve** RMB'000 Note 31	*Exchange fluctuation reserve** RMB'000 Note 32	*Special reserve - safety production fund** RMB'000 Note 32	*Statutory surplus reserve** RMB'000 Note 32	*Retained profits** RMB'000	*Total* RMB'000	*Non-controlling interests* RMB'000	*Total equity* RMB'000
As at 1 January 2024	394,887	1,062,449	10,927	(9,485)	6,516	182,475	1,544,755	3,192,524	170,687	3,363,211
Profit for the year	-	-	-	-	-	-	1,350,417	1,350,417	(658)	1,349,759
Other comprehensive income for the year:										
Exchange differences related to foreign operations	-	-	-	4,479	-	-	-	4,479	3,352	7,831
Total comprehensive income for the year	-	-	-	4,479	-	-	1,350,417	1,354,896	2,694	1,357,590
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	70,000	70,000
Transfer from share premium to share capital	158,260	(158,260)	-	-	-	-	-	-	-	-
Appropriations to statutory surplus reserve	-	-	-	-	-	143,916	(143,916)	-	-	-
Profit appropriation to the shareholders	-	-	-	-	-	-	(672,607)	(672,607)	-	(672,607)
Recognition of equity-settled share-based payments	-	-	84,275	-	-	-	-	84,275	-	84,275
Transfer of share-based payment reserve upon vesting	825	19,864	(3,568)	-	-	-	-	17,121	-	17,121
Appropriation of special reserve	-	-	-	-	8,704	-	(8,704)	-	-	-
Utilisation of special reserve	-	-	-	-	(1,809)	-	1,809	-	-	-
Others	-	3,356	-	-	-	-	-	3,356	(236,948)	(233,592)
As at 31 December 2024	553,972	927,409	91,634	(5,006)	13,411	326,391	2,071,754	3,979,565	6,433	3,985,998

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital RMB'000 Note 30	*Share premium** RMB'000 Note 32	*Share-based payment reserve** RMB'000 Note 31	*Exchange fluctuation reserve** RMB'000 Note 32	*Special reserve - safety production fund** RMB'000 Note 32	*Statutory surplus reserve** RMB'000 Note 32	*Retained profits** RMB'000	*Other reserve** RMB'000 Note 32	*Total* RMB'000	*Non-controlling interests* RMB'000	*Total equity* RMB'000
As at 1 January 2025	553,972	927,409	91,634	(5,006)	13,411	326,391	2,071,754	-	3,979,565	6,433	3,985,998
Profit for the year	-	-	-	-	-	-	2,028,007	-	2,028,007	410	2,028,417
Other comprehensive income for the year:											
Exchange differences related to foreign operations	-	-	-	7,153	-	-	-	-	7,153	(148)	7,005
Total comprehensive income for the year	-	-	-	7,153	-	-	2,028,007	-	2,035,160	262	2,035,422
Transfer from share premium to share capital	222,119	(222,119)	-	-	-	-	-	-	-	-	-
Appropriations to statutory surplus reserve	-	-	-	-	-	150,250	(150,250)	-	-	-	-
Profit appropriation to the shareholders	-	-	-	-	-	-	(666,356)	-	(666,356)	-	(666,356)
Recognition of equity-settled share-based payments	-	-	57,369	-	-	-	-	-	57,369	-	57,369
Transfer of share-based payment reserve upon vesting	1,325	85,088	(50,495)	-	-	-	-	-	35,918	-	35,918
Appropriation of special reserve	-	-	-	-	12,082	-	(12,082)	-	-	-	-
Utilisation of special reserve	-	-	-	-	(1,341)	-	1,341	-	-	-	-
Excess tax deduction arising from share price exceeding the grant date price	-	-	-	-	-	-	-	64,328	64,328	-	64,328
As at 31 December 2025	777,416	790,378	98,508	2,147	24,152	476,641	3,272,414	64,328	5,505,984	6,695	5,512,679

* These reserve accounts represent the total consolidated reserves of RMB2,797,637,000, RMB3,425,593,000 and RMB4,728,568,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	*Year ended 31 December* 2023 RMB'000	2024 RMB'000	2025 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		847,503	1,541,984	2,354,617
Adjustments for:				
Depreciation of property, plant and equipment	13	88,065	120,332	172,595
Depreciation of right-of-use assets	14	3,287	2,758	2,504
Amortisation of other intangible assets	16	618	2,423	2,918
Share-based payment expenses	31	8,836	84,275	57,369
Share of profits of an associate		(239)	(367)	(651)
Impairment losses on financial assets, net	6	6,124	18,348	18,636
Provision for inventories	6	16,554	17,058	32,436
Finance costs	7	545	1,558	1,181
Bank interest income	5	(52,837)	(67,156)	(81,249)
Losses on liquidation of a subsidiary		-	3,144	-
Interest income from financial assets at fair value through profit or loss	5	(15,344)	(10,511)	(7,992)
Fair value gains on financial assets at fair value through profit or loss	5	(1,196)	(21)	(53)
Foreign currency exchange (gains)/losses, net	6	(7,104)	(25,947)	47,523
Losses on disposal of items of property, plant and equipment and other intangible assets	6	20,195	640	8,020
(Gains)/losses on lease modification	6	(820)	49	-
Gains on disposal of foreign currency forward contracts	5	-	-	(1,101)
		914,187	1,688,567	2,606,753
Increase in inventories		(85,757)	(111,542)	(139,500)
Increase in deferred income		-	-	5,605
(Increase)/decrease in pledged deposits		(36,401)	36,401	(57,100)
Increase in restricted cash		-	-	(75,815)
Increase in trade and bills receivables		(84,424)	(386,275)	(377,257)
Increase in prepayments, other receivables and other assets		(15,253)	(13,121)	(6,131)
Increase in other payables and accruals		39,212	77,465	47,483
Increase in trade and bills payables		133,348	8,271	94,636
Increase/(decrease) in contract liabilities		49,515	100,337	(23,483)
Cash generated from operations		914,427	1,400,103	2,075,191
Interest received		52,837	67,156	81,249
Income tax paid		(65,399)	(204,743)	(288,236)
Net cash flows from operating activities		901,865	1,262,516	1,868,204

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	*Year ended 31 December* 2023 RMB'000	2024 RMB'000	2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		281	91	3,872
Purchases of items of property, plant and equipment and right-of-use assets		(204,019)	(449,296)	(407,299)
Purchases of other intangible assets		(463)	(2,179)	(10,211)
Proceeds upon maturity of financial assets at fair value through profit or loss		2,230,000	3,331,000	3,950,000
Interest received from financial assets at fair value through profit or loss		17,689	8,564	9,114
Purchases of financial assets at fair value through profit or loss		(1,785,000)	(3,246,000)	(3,810,000)
Net cash flows from/(used in) investing activities		258,488	(357,820)	(264,524)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection from non-controlling shareholders		158,200	70,000	-
Proceeds from issue of shares		32,529	17,121	35,918
Dividends paid		(197,379)	(672,607)	(666,356)
Principal portion of lease payments		(2,621)	(1,913)	(1,727)
New bank borrowings		-	40,000	-
Repayment of bank borrowings		-	-	(40,000)
Acquisition of non-controlling interests		-	(233,592)	-
Interest paid		(174)	(1,002)	(965)
Net cash flows used in financing activities		(9,445)	(781,993)	(673,130)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,150,908	122,703	930,550
Cash and cash equivalents at beginning of year		672,610	1,827,702	1,978,488
Effect of foreign exchange rate changes, net		4,184	28,083	(45,295)
Cash and cash equivalents at end of year		1,827,702	1,978,488	2,863,743
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	24	1,864,103	1,978,488	2,996,658
Less: Restricted cash	24	-	-	(75,815)
Pledged deposits	24	(36,401)	-	(57,100)
Cash and cash equivalents as stated in the consolidated statements of cash flows and statements of financial position		1,827,702	1,978,488	2,863,743

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	*2023*	*2024*	*2025*
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	165,705	332,159	205,066
Right-of-use assets	14	6,322	6,150	5,979
Goodwill	15	-	2,436	2,436
Other intangible assets	16	752	1,394	10,616
Investments in subsidiaries	18	615,130	989,247	1,006,382
Investments in an associate	17	8,287	8,654	9,305
Prepayments, other receivables and other assets	22	34,634	9,634	7,728
Amounts due from subsidiaries		18,583	-	-
Deferred tax assets	19	8,306	17,267	63,588
Total non-current assets		857,719	1,366,941	1,311,100
CURRENT ASSETS				
Inventories	20	248,004	323,643	419,418
Trade and bills receivables	21	423,748	611,445	708,505
Prepayments, other receivables and other assets	22	15,214	20,220	11,558
Financial assets at fair value through profit or loss	23	416,164	140,011	100,028
Amounts due from subsidiaries		25,336	263,094	312,650
Pledged deposits	24	36,401	-	-
Cash and cash equivalents	24	1,253,652	1,554,287	2,690,862
Total current assets		2,418,519	2,912,700	4,243,021
CURRENT LIABILITIES				
Trade and bills payables	25	216,787	212,744	191,892
Other payables and accruals	26	47,789	66,485	87,113
Contract liabilities	27	83,651	183,348	153,923
Interest-bearing bank borrowings	28	-	40,021	-
Tax payable		32,257	42,543	70,298
Amounts due to subsidiaries		469,298	432,832	772,194
Total current liabilities		849,782	977,973	1,275,420
NET CURRENT ASSETS		1,568,737	1,934,727	2,967,601
TOTAL ASSETS LESS CURRENT LIABILITIES		2,426,456	3,301,668	4,278,701
NON-CURRENT LIABILITIES				
Deferred tax liabilities	19	289	-	-
Total non-current liabilities		289	-	-
Net assets		2,426,167	3,301,668	4,278,701
EQUITY				
Share capital	30	394,887	553,972	777,416
Reserves	32	2,031,280	2,747,696	3,501,285
Total equity		2,426,167	3,301,668	4,278,701

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was registered and established on 20 July 2005, in the People's Republic of China ("PRC") as a limited liability company and was restructured into a joint stock limited company on 30 September 2011. The Company's ordinary shares were listed on the ChiNext Board of the Shenzhen Stock Exchange on 17 February 2015. Its registered address is located at No. 695 Changjiang Road, High-Tech Zone, Suzhou, Jiangsu Province, People's Republic of China.

During the Relevant Periods, the Company and its subsidiaries were primarily engaged in offering one-stop optical interconnect solutions spanning passive optical components, active optical components and integration services.

As of December 31, 2025, the Company directly or indirectly holds equity interests in its subsidiaries, all of which are limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Name	*Notes*	*Place and date of incorporation/ registration and operations*	*Nominal value of issued ordinary shares/ registered paid-in capital*	*Percentage of equity attributable to the Company*		*Principal activities*
				Direct	*Indirect*	
				%	%	
Jiangxi TFC Technology Co., Ltd. 江西天孚科技有限公司	(a)	PRC/ Chinese mainland/ 8 August 2016	RMB150,000,000	100.00	-	Manufacturing & Sales of Optical Components
TFC Co., Ltd.	(e)	Japan/27 June 2017	JPY375,100,000	100.00	-	Researching and Developing and Manufacturing
Suzhou Tianfu Zhixing Technology Co., Ltd. 蘇州天孚之星科技有限公司	(b)	PRC/ Chinese mainland/ 8 March 2022	RMB601,000,000	100.00	-	Investment holding
TFC Technology (SG) Pte. Ltd.	(c)	Singapore/ 9 June 2023	SGD20,000,000	-	100.00	Wholesale & Consulting
Tianfu International Investment Pte. Ltd.	(c)	Singapore/ 28 June 2022	SGD100,000,000	-	100.00	Investment holding
TFC Technology (Thailand) Co., Ltd.	(d)	Thailand/ 5 August 2022	THB2,000,000,000	-	99.99	Manufacturing & Sales of Optical Components

The English names of all group companies registered in the Chinese mainland, Japan and Thailand represent the best efforts made by the management of the Company to translate the local names of these companies as they do not have official English names.

(a) The statutory financial statements of these entities for the year ended 31 December 2023 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Nanchang Zhonghang Certified Public Accountants Co., Ltd. (南昌中行會計師事務所有限責任公司), which is a certified public accounting firm registered in the Chinese mainland. The statutory financial statements for the year ended 31 December 2024 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Gongzheng Tianye Certified Public Accountants (Special General Partnership) Suzhou Branch (公證天業會計師事務所（特殊普通合夥）蘇州分所), which is a certified public accounting firm registered in the Chinese mainland. Up to the date of this report, the statutory financial statements for the year ended 31 December 2025 have not yet to be issued.

(b) The statutory financial statements of the entity for the year ended 31 December 2023 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd. (蘇州萬隆永鼎會計師事務所有限公司), which is a certified public accounting firm registered in the Chinese mainland. The statutory financial statements for the year ended 31 December 2024 have been audited by Suzhou Office of Gongzheng Tianye Certified Public Accountants (Special General Partnership) (公證天業會計師事務所（特殊普通合夥）蘇州分所), a certified public accounting firm registered in the Chinese mainland. Up to the date of this report, the statutory financial statements for the year ended 31 December 2025 have not yet been issued.

(c) The statutory financial statements of the entity for the year ended 31 December 2024, prepared in accordance with applicable accounting principles, have been audited by FOZL ASSURANCE PAC (富臻鑒鑑證有限公司). Up to the date of this report, the statutory financial statements for the year ended 31 December 2025 have not yet to be issued.

(d) The statutory financial statements of the entity for the years ended 31 December 2023 and 2024, prepared in accordance with applicable accounting principles, have been audited by T.S. International Business Co., Ltd. Up to the date of this report, the statutory financial statements for the year ended 31 December 2025 have not yet to be issued.

(e) No audited financial statements have been prepared for these entities for the years ended 2023, 2024 and 2025, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations.

The above notes outline the status of the Company's principal subsidiaries.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB.

All IFRSs effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for bills receivables at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRSs Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRSs Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendment	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instrument*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual/reporting periods beginning on or after 1 January 2027

[3] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's financial performance and financial position but has an impact on the presentation and disclosure of the Group's financial statements.

The Group has already commenced an assessment of the impact of other new and amended IFRS Accounting Standards, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and amended IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	4.50%/4.75%
Vehicles	18.00% to 23.75%
Machinery	9.00% to 19.00%
Office equipment	18.00% to 31.67%
Electronic devices	18.00% to 31.67%
Others	20.00% to 50.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each of the financial year end.

Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years, which is mainly determined by reference to the period during which such assets are expected to bring economic benefits to the Group.

Others

Purchased other intangible asset is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 to 10 years, which is mainly determined by reference to the authorised period of the purchased other intangible asset.

Intangible assets (other than goodwill) (continued)

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and properties	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Leases (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and machines that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

Investments and other financial assets (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For bills receivables at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Impairment of financial assets (continued)

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Derecognition of financial liabilities (continued)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Special reserve - safety production fund

According to relevant regulations of Chinese mainland, transfer of safety fund at fixed rates based on relevant bases to a specific reserve account is required. The safety fund could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of safety fund utilised would be transferred from the specific reserve account to retained earnings.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed or deducted from the related expense.

Government grants (continued)

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalment or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sales of products

The Group manufactures and sells optical passive components and optical active components in the market. Revenue from sales of products is recognised at the point in time when control of the products has transferred, generally upon the acceptance of the products by the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

For sales from a direct selling model and sales to customers, revenue is recognised at the point in time when control of the products is transferred to the customer, generally on export declaration or acceptance of the delivered products according to the contract.

For sales conducted under a consignment model, revenue is recognised when the customer actually uses or consumes the goods, as this is the point at which control of the goods transfers to the customer, and the Group no longer retains significant risks or rewards associated with the goods.

Provision of integration services

The Group recognises revenue from integration services at a point in time when the relevant services are completed and acknowledged by the customers. Costs incurred for the provision of integration services are recognised as contract fulfilment costs, which are recognised as the cost of sales when recognising revenue.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates restricted A share incentive schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of the restricted stock is determined by an external valuer using Black-Scholes Option Pricing Model. Further details of which are given in note 31 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognised for the award is recognised immediately.

The diluted effect of outstanding restricted shares is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, Other employee benefits (continued)

unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Proposed final dividends are disclosed in note 11 to the Historical Financial Information. Interim dividends are multaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Foreign currencies (continued)

The functional currency of overseas subsidiaries are currency other than the RMB. As at the end of each of the reporting period, the assets and liabilities of these subsidiaries are translated into RMB at the exchange rate prevailing at the end of each of the reporting period and its statement of profit or loss is translated into RMB at the exchange rate that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year/period are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make Judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following Judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 19 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

Certain employee incentive schemes were in place for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair value of the share awards of the employee incentive schemes was mainly determined by an external valuer using Black-Scholes Option Pricing Model. Further details are contained in note 31 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of trade receivables for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

Foreign currencies (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the Historical Financial Information.

Impairment of non-current assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets as at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15 to the Historical Financial Information.

Provision for inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group's provision for its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for provision, if appropriate. Further details of the inventories are set out in note 20 to the Historical Financial Information.

Leases—Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The board of directors reviews the consolidated results of the Group as a whole when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statements of profit or loss and the consolidated statements of other comprehensive income.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Overseas markets*	1,592,363	2,473,405	3,838,979
Chinese mainland**	333,215	752,513	1,275,552
Total revenue	1,925,578	3,225,918	5,114,531

* Includes bonded areas of the PRC.
** Excludes bonded areas of the PRC.

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Chinese mainland	794,067	1,029,987	1,082,340
Thailand	29,940	136,593	393,087
Other countries/regions	8,344	12,792	12,816
Total non-current assets	832,351	1,179,372	1,488,243

The non-current asset information of operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

The revenue generated from sales to customers which individually amounted to more than 10% of the Group's total revenue during each of the Relevant Periods is set out below:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Customer A	1,039,309	2,005,917	3,268,844
Customer E	*	*	601,932
Customer B	215,596	*	*

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	1,925,578	3,225,918	5,114,531

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Types of goods and services			
Passive optical components	1,175,368	1,563,797	2,064,648
Active optical components	740,929	1,642,191	2,969,556
Others*	9,281	19,930	80,327
Total revenue from contracts with customers	1,925,578	3,225,918	5,114,531

* Includes revenue generated from integration services and sales of surplus raw materials and scrap raw materials.

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Geographical markets			
Overseas markets	1,592,363	2,473,405	3,838,979
Chinese mainland	333,215	752,513	1,275,552
Total	1,925,578	3,225,918	5,114,531

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
Transferred at a point in time	1,925,578	3,225,918	5,114,531

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon acceptance of the optical components, when control of optical components is transferred and the transaction is completed and payment is generally due within 30 to 90 days after delivery, except for domestic customers, where payment is generally due within 30 to 90 days from invoice date. As for new customers with insufficient creditworthiness or a poor reputation, payment in advance is required.

Provision of integration services

The Group recognises revenue from integration services at a point in time when the relevant services are completed and acknowledged by the customers. Costs incurred for the provision of integration services are recognised as contract fulfilment costs, which are recognised as the cost of sales when recognising revenue.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year, except for the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December of 2023, 2024 and 2025 as RMB42,206,000, RMB137,423,000 and RMB94,256,000, respectively.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023 RMB'000	*2024* RMB'000	*2025* RMB'000
Other income			
Bank interest income	52,837	67,156	81,249
Government grants*	14,773	28,039	46,601
Interest income from financial assets at fair value through profit or loss	15,344	10,511	7,992
Additional deduction for value-added tax and refund of service fees for withholding individual income tax	1,675	2,748	4,598
Rental income	7	7	7
Total other income	84,636	108,461	140,447
Gains			
Foreign exchange gains, net	7,104	25,947	-
Fair value gains on financial assets at fair value through profit or loss	1,196	21	53
Gains on disposal of foreign currency forward contracts	-	-	1,101
Gains on lease modification	820	-	-
Gains on disposal of items of property, plant and equipment	164	-	651
Others	102	566	844
Total gains	9,386	26,534	2,649
Total other income and gains	94,022	134,995	143,096

* Various government grants have been received for business supports and awarded to the Group on a discretionary basis. The government grants received without any unfulfilled conditions or contingencies relating have been disclosed as other income.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	*Year ended 31 December* 2023 RMB'000	2024 RMB'000	2025 RMB'000
Cost of sales of goods		902,433	1,408,243	2,409,541
Depreciation of property, plant and equipment*	13	88,065	120,332	172,595
Depreciation of right-of-use assets*	14(a)	3,287	2,758	2,504
Amortisation of other intangible assets*	16	618	2,423	2,918
Research and development expenses		143,256	232,236	266,581
Lease payments not included in the measurement of lease liabilities	14(c)	711	1,543	1,964
Employee benefit expense (including directors' and chief executive's remuneration (note 8))*:				
Wages and salaries		260,929	355,749	432,643
Pension scheme contributions and social welfare***		48,872	72,167	91,463
Share-based payment expenses		8,836	84,275	57,369
Total		318,637	318,637	581,475
Impairment losses on financial assets, net		6,124	18,348	18,636
Impairment losses on inventories**	20	16,554	17,058	32,436
(Gains)/losses on lease modification	14(c)	(820)	49	-
Foreign exchange (gains)/losses, net		(7,104)	(25,947)	47,523
Losses on disposal of items of property, plant and equipment and other intangible assets		20,195	640	8,020
Interest income from financial assets at fair value through profit or loss	5	(15,344)	(10,511)	(7,992)
Fair value gains on financial assets at fair value through profit or loss	5	(1,196)	(21)	(53)
Gains on disposal of foreign currency forward contracts	5	-	-	(1,101)
Bank interest income	5	(52,837)	(67,156)	(81,249)

* Cost of sales of goods and research and development costs includes expenses relating to employee benefit, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The impairment losses on inventories for the Relevant Periods are included in the cost of sales disclosed above.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
Interest on interest-bearing bank borrowings	174	1,260	965
Interest on lease liabilities	371	298	216
Total	545	1,558	1,181

8. DIRECTORS' CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid to directors and chief executive of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Fees	280	288	288
Other emoluments:			
Salaries, allowances and benefits in kind	3,208	3,062	3,686
Performance related bonuses	2,567	3,577	3,878
Share-based payment expenses	628	7,550	2,733
Pension scheme contributions	295	347	371
Subtotal	6,698	14,536	10,668
Total fees and other emoluments	6,978	14,824	10,956

The remuneration disclosed above included the remuneration received by certain directors prior to their appointments as the directors of the Company.

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, under the employee incentive scheme of the Company, further details of which are set out in note 31 to the Historical Financial Information. The share-based payments expenses included in the financial statements for the Relevant Periods are included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Dr. Geng Huimin	96	144	144
Dr. Lu Lin	8	144	144
Mr. Zhou Zhiping	88	-	-
Mr. Xu Fei	88	-	-
Total	280	288	288

Dr. Geng Huimin was appointed as independent director with effect from December 2020.

Dr. Lu Lin was appointed as independent director with effect from December 2023.

Mr. Zhou Zhiping and Mr. Xu Fei were appointed as independent directors with effect from November 2017 and resigned as a director with effect from December 2023.

(b) Directors

	Salaries, allowances and benefits in kind	*Performance related bonuses*	*Share-based payment expenses*	*Pension scheme contributions*	*Total remuneration*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023					
Directors:					
Mr. Zou Zhinong (i)	839	764	-	60	1,663
Ms. Ou Yang (ii)	719	719	-	60	1,498
Mr. Wang Chih-Hung (iii)	626	410	253	43	1,332
Mr. Zhu Songgen (iv)	48	-	235	7	290
Mr. Zhu Guodong (v)	275	400	-	38	713
Mr. Pan Jiafeng (vi)	356	137	77	44	614
Mr. Ju Yongfu (vii)	345	137	63	43	588
Total	3,208	2,567	628	295	6,698

	Salaries, allowances and benefits in kind	*Performance related bonuses*	*Share-based payment expenses*	*Pension scheme contributions*	*Total remuneration*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Directors:					
Mr. Zou Zhinong (i)	970	1,200	-	91	2,261
Ms. Ou Yang (ii)	849	1,150	2,771	91	4,861
Mr. Wang Chih-Hung (iii)	615	637	2,467	74	3,793
Mr. Zhu Songgen (iv)	628	590	2,312	91	3,621
Total	3,062	3,577	7,550	347	14,536

	Salaries, allowances and benefits in kind	*Performance related bonuses*	*Share-based payment expenses*	*Pension scheme contributions*	*Total remuneration*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Directors:					
Mr. Zou Zhinong (i)	969	1,300	-	99	2,368
Ms. Ou Yang (ii)	1,314	1,250	1,004	99	3,667
Mr. Wang Chih-Hung (iii)	756	768	892	74	2,490
Mr. Zhu Songgen (iv)	647	560	837	99	2,143
Total	3,686	3,878	2,733	371	10,668

(i) Mr. Zou Zhinong was appointed as a director and the chairman of the Board with effect from September 2011.

(ii) Ms. Ou Yang was appointed as a director and general manager of the Company with effect from September 2011.

(iii) Mr. Wang Chih-Hung was appointed as a director and the Deputy General Manager of the Company with effect from September 2011.

(iv) Mr. Zhu Songgen was appointed as a director of the Company with effect from December 2023.

(v) Mr. Zhu Guodong was appointed as a director and the Deputy General Manager of the Company with effect from September 2011 and resigned as a director and the Deputy General Manager with effect from December 2023.

(vi) Mr. Pan Jiafeng was appointed as a director of the Company with effect from November 2017 and resigned as a director with effect from December 2023.

(vii) Mr. Ju Yongfu was appointed as a director of the Company with effect from November 2017 and resigned as a director with effect from December 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included two, two and one directors of the Company, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration paid for the remaining highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	4,747	4,575	6,079
Performance related bonuses	1,601	1,536	2,093
Share-based payment expenses	744	7,588	6,631
Pension scheme contributions	140	182	292
Total	7,232	13,881	15,095

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
HK$2,000,001 to HK$2,500,000	2	-	-
HK$3,500,001 to HK$4,000,000	1	-	3
HK$4,500,001 to HK$5,000,000	-	1	-
HK$5,000,001 to HK$5,500,000	-	2	1
Total	3	3	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Chinese mainland

The companies incorporated in Chinese mainland are granted the qualification of High and New Technology Enterprise (''HNTE'') and entitled to a preferential corporate income tax rate of 15% during the Relevant Periods, except for certain subsidiaries of the Group in the Chinese mainland set out below.

Suzhou Tianfu Zhixing Technology Co., Ltd. is subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law.

Suzhou TFI Communication Technology Co., Ltd. meets the criteria as small scale and minimal-profit enterprise based on the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy announced by the PRC's State Administration of Taxation, during the Relevant Periods, the portion of annual taxable income of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income, and shall be levied at a reduced tax rate of 20%.

The United States of America

The subsidiaries incorporated in the United States of America are subject to a federal tax rate of 21% and a state tax rate of 8.84%.

Japan

The subsidiary incorporated in Japan is subject to a 23.2% income tax rate.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods.

Singapore

The subsidiaries incorporated in Singapore are subject to a 17% income tax rate during the Relevant Periods.

Thailand

TFC Technology (Thailand) Co., Ltd. incorporated in Thailand is subject to a 20% income tax rate. The three segments of the TFC Technology (Thailand) Co., Ltd. —cables, optoelectronic integration, and SMT—were granted investment incentives by the Board of Investment of Thailand ("BOI") on 30 May 2023, 23 January 2024, and 1 April 2025, respectively. Under these incentives, the profit of each segment is eligible for corporate income tax exemption for a period of six years, six years, and four years, respectively, up to the amount of the investment from the first year of generating revenue.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Current—Chinese mainland	109,735	204,769	329,444
Current—Elsewhere	10,088	4,843	12,622
Deferred tax credit (note 19)	(8,715)	(17,387)	(15,866)
Total	111,108	192,225	326,200

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Profit before tax	847,503	1,541,984	2,354,617
Tax at the statutory tax rate of 25%	211,876	385,496	588,654
Preferential or different tax rates	(82,281)	(154,339)	(233,808)
Adjustments in respect of current tax of previous periods	924	796	1,270
Income not subject to tax	(988)	(2,292)	(98)
Expenses not deductible for tax	2,852	318	298
Additional deduction on research and development expenses (a)	(19,278)	(28,286)	(34,272)
Temporary differences not recognised	7	3,129	6,210
Additional deduction on exercise of restricted shares	(2,004)	(12,597)	(2,054)
Tax credit at the Group's effective tax rate	111,108	192,225	326,200

(a) Additional deductible allowance was for qualified research and development expenses.

11. DIVIDENDS

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Interim—Nil, RMB0.50, RMB0.50 per ordinary share for years ended 31 December 2023, 2024, 2025	-	276,956	388,707
Final—RMB1.00, RMB0.50 and RMB0.70 per ordinary share for years ended 31 December 2023, 2024, 2025	395,651	277,649	544,191
	395,651	554,605	932,898

The interim dividend for the years ended 31 December 2024 and 2025 and final dividend for the years ended 31 December 2023 and 2024 have been declared and paid. The proposed final dividend for the year ended 31 December 2025 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at adjusted consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to owners of the parent	736,396	1,350,417	2,028,007
Shares			
Weighted average number of ordinary shares outstanding	773,150	774,852	776,643
Effect of dilution—weighted average number of ordinary shares:			
Share-based payment-restricted shares	52	492	2,208
Total	773,202	775,344	778,851
Earnings per share			
Basic earnings per share (RMB)	0.95	1.74	2.61
Diluted earnings per share (RMB)	0.95	1.74	2.60

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RMB'000	*Buildings* RMB'000	*Machinery* RMB'000	*Office equipment* RMB'000	*Electronic devices* RMB'000	*Vehicles* RMB'000	*Others* RMB'000	*Construction in progress* RMB'000	*Total* RMB'000
31 December 2023									
At 1 January 2023:									
Cost	3,674	352,219	456,185	17,171	108,783	2,928	14,366	12,687	968,013
Accumulated depreciation	-	(63,786)	(209,319)	(10,961)	(58,874)	(2,294)	(9,371)	-	(354,605)
Net carrying amount	3,674	288,433	246,866	6,210	49,909	634	4,995	12,687	613,408
At 1 January 2023, net of accumulated depreciation	3,674	288,433	246,866	6,210	49,909	634	4,995	12,687	613,408
Additions	-	-	71,522	1,610	14,238	523	1,702	57,794	147,389
Transfer	-	22,272	19,750	22	799	-	-	(42,843)	-
Disposals	-	-	(20,108)	(11)	(337)	-	-	-	(20,456)
Depreciation provided during the year	-	(18,820)	(46,891)	(2,279)	(17,557)	(154)	(2,364)	-	(88,065)
Exchange realignment	(155)	(42)	(49)	-	(46)	-	-	-	(292)
At 31 December 2023, net of accumulated depreciation	3,519	291,843	271,090	5,552	47,006	1,003	4,333	27,638	651,984
At 31 December 2023:									
Cost	3,519	374,395	504,517	18,700	119,343	3,437	16,068	27,638	1,067,617
Accumulated depreciation	-	(82,552)	(233,427)	(13,148)	(72,337)	(2,434)	(11,735)	-	(415,633)
Net carrying amount	3,519	291,843	271,090	5,552	47,006	1,003	4,333	27,638	651,984
31 December 2024									
At 1 January 2024:									
Cost	3,519	374,395	504,517	18,700	119,343	3,437	16,068	27,638	1,067,617
Accumulated depreciation	-	(82,552)	(233,427)	(13,148)	(72,337)	(2,434)	(11,735)	-	(415,633)
Net carrying amount	3,519	291,843	271,090	5,552	47,006	1,003	4,333	27,638	651,984
At 1 January 2024, net of accumulated depreciation	3,519	291,843	271,090	5,552	47,006	1,003	4,333	27,638	651,984
Additions	32,474	-	141,225	745	20,716	161	854	348,056	544,231
Transfer	-	50,105	84,019	702	7,415	-	-	(142,241)	-
Disposals	-	-	(235)	-	(495)	-	-	-	(730)
Depreciation provided during the year	-	(19,354)	(76,107)	(1,483)	(20,710)	(270)	(2,408)	-	(120,332)
Exchange realignment	1,289	1,454	579	8	(812)	(3)	-	-	2,515
At 31 December 2024, net of accumulated depreciation	37,282	324,048	420,571	5,524	53,120	891	2,779	233,453	1,077,668
At 31 December 2024:									
Cost	37,282	425,844	726,030	20,158	145,604	3,518	16,922	233,453	1,608,811
Accumulated depreciation	-	(101,796)	(305,459)	(14,634)	(92,484)	(2,627)	(14,143)	-	(531,143)
Net carrying amount	37,282	324,048	420,571	5,524	53,120	891	2,779	233,453	1,077,668

	Freehold land	*Buildings*	*Machinery*	*Office equipment*	*Electronic devices*	*Vehicles*	*Others*	*Construction in progress*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025									
At 1 January 2025:									
Cost	37,282	425,844	726,030	20,158	145,604	3,518	16,922	233,453	1,608,811
Accumulated depreciation	-	(101,796)	(305,459)	(14,634)	(92,484)	(2,627)	(14,143)	-	(531,143)
Net carrying amount	37,282	324,048	420,571	5,524	53,120	891	2,779	233,453	1,077,668
At 1 January 2025, net of accumulated depreciation	37,282	324,048	420,571	5,524	53,120	891	2,779	233,453	1,077,668
Additions	-	599	1,172	84	3,423	-	10,035	453,276	468,589
Transfer	-	279,633	184,585	3,415	14,338	559	-	(483,777)	(1,247)
Disposals	-	-	(11,728)	-	(206)	(34)	-	-	(11,968)
Depreciation provided during the year	-	(29,339)	(112,187)	(1,652)	(25,861)	(280)	(3,276)	-	(172,595)
Exchange realignment	1,488	4,292	252	28	(66)	9	22	-	6,025
At 31 December 2025, net of accumulated depreciation	38,770	579,233	482,665	7,399	44,748	1,145	9,560	202,952	1,366,472
At 31 December 2025:									
Cost	38,770	710,423	891,321	23,570	161,961	3,744	26,979	202,952	2,059,720
Accumulated depreciation	-	(131,190)	(408,656)	(16,171)	(117,213)	(2,599)	(17,419)	-	(693,248)
Net carrying amount	38,770	579,233	482,665	7,399	44,748	1,145	9,560	202,952	1,366,472

The Company

	Buildings	*Machinery*	*Office equipment*	*Electronic devices*	*Vehicles*	*Others*	*Construction in progress*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	56,939	113,596	3,834	34,978	1,256	2,406	2,768	215,777
Accumulated depreciation	(18,594)	(36,035)	(2,302)	(10,891)	(1,149)	(2,008)	-	(70,979)
Net carrying amount	38,345	77,561	1,532	24,087	107	398	2,768	144,798
At 1 January 2023, net of accumulated depreciation	38,345	77,561	1,532	24,087	107	398	2,768	144,798
Additions	-	44,555	436	5,836	515	794	7,556	59,692
Transfer	1,037	2,054	22	671	-	-	(3,784)	-
Disposals	-	(12,220)	-	(532)	-	-	-	(12,752)
Depreciation provided during the year	(2,722)	(14,430)	(547)	(7,901)	(8)	(425)	-	(26,033)
At 31 December 2023, net of accumulated depreciation	36,660	97,520	1,443	22,161	614	767	6,540	165,705
At 31 December 2023:								
Cost	57,975	142,492	4,261	39,975	1,772	3,200	6,540	256,215
Accumulated depreciation	(21,315)	(44,972)	(2,818)	(17,814)	(1,158)	(2,433)	-	(90,510)
Net carrying amount	36,660	97,520	1,443	22,161	614	767	6,540	165,705

	Buildings	*Machinery*	*Office equipment*	*Electronic devices*	*Vehicles*	*Others*	*Construction in progress*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024:								
Cost	57,975	142,492	4,261	39,975	1,772	3,200	6,540	256,215
Accumulated depreciation	(21,315)	(44,972)	(2,818)	(17,814)	(1,158)	(2,433)	-	(90,510)
Net carrying amount	36,660	97,520	1,443	22,161	614	767	6,540	165,705
At 1 January 2024, net of accumulated depreciation	36,660	97,520	1,443	22,161	614	767	6,540	165,705
Additions	-	125,285	590	5,647	-	854	101,583	233,959
Transfer	-	33,801	590	323	-	-	(34,714)	-
Disposals	-	(2,439)	-	(27)	-	-	-	(2,466)
Depreciation provided during the year	(2,793)	(52,417)	(802)	(8,358)	(98)	(571)	-	(65,039)
At 31 December 2024, net of accumulated depreciation	33,867	201,750	1,821	19,746	516	1,050	73,409	332,159
At 31 December 2024:								
Cost	57,975	295,564	5,441	45,813	1,772	4,054	73,409	484,028
Accumulated depreciation	(24,108)	(93,814)	(3,620)	(26,067)	(1,256)	(3,004)	-	(151,869)
Net carrying amount	33,867	201,750	1,821	19,746	516	1,050	73,409	332,159
31 December 2025								
At 1 January 2025:								
Cost	57,975	295,564	5,441	45,813	1,772	4,054	73,409	484,028
Accumulated depreciation	(24,108)	(93,814)	(3,620)	(26,067)	(1,256)	(3,004)	-	(151,869)
Net carrying amount	33,867	201,750	1,821	19,746	516	1,050	73,409	332,159
At 1 January 2025, net of accumulated depreciation	33,867	201,750	1,821	19,746	516	1,050	73,409	332,159
Additions	-	1,054	-	425	-	8,690	38,491	48,660
Transfer	18	98,476	1,631	3,569	-	-	(103,694)	-
Disposals	-	(116,123)	(17)	(603)	-	-	-	(116,743)
Depreciation provided during the year	(2,794)	(44,501)	(970)	(8,532)	(98)	(2,115)	-	(59,010)
At 31 December 2025, net of accumulated depreciation	31,091	140,656	2,465	14,605	418	7,625	8,206	205,066
At 31 December 2025:								
Cost	57,993	242,039	6,976	48,005	1,772	12,744	111,900	481,429
Accumulated depreciation	(26,902)	(101,383)	(4,511)	(33,400)	(1,354)	(5,119)	(103,694)	(276,363)
Net carrying amount	31,091	140,656	2,465	14,605	418	7,625	8,206	205,066

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and plant and properties used in its operations. Leases of leasehold land have lease terms as 50 years while plant and properties generally have lease terms between 3 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land RMB'000	*Plant and properties* RMB'000	*Total* RMB'000
As at 1 January 2023	37,308	8,392	45,700
Additions	-	8,777	8,777
Lease modification	-	(6,919)	(6,919)
Depreciation charge	(897)	(2,390)	(3,287)
Exchange realignment	-	11	11
As at 31 December 2023 and 1 January 2024	36,411	7,871	44,282
Lease modification	-	(408)	(408)
Depreciation charge	(900)	(1,858)	(2,758)
Exchange realignment	-	3	3
As at 31 December 2024 and 1 January 2025	35,511	5,608	41,119
Depreciation charge	(902)	(1,602)	(2,504)
As at 31 December 2025	34,609	4,006	38,615

The Company

	Leasehold land RMB'000
As at 1 January 2023	-
Additions	6,493
Depreciation charge	(171)
As at 31 December 2023 and 1 January 2024	6,322
Depreciation charge	(172)
As at 31 December 2024 and 1 January 2025	6,150
Depreciation charge	(171)
As at 31 December 2025	5,979

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023 RMB'000	*2024* RMB'000	*2025* RMB'000
Carrying amount at the beginning of the year	9,171	7,950	5,980
New leases	8,777	-	-
Accretion of interest recognised during the year	371	298	216
Lease modification	(7,739)	(359)	-
Exchange realignment	(9)	4	-
Payments	(2,621)	(1,913)	(1,727)
Carrying amount at the end of the year	7,950	5,980	4,469
Analysed into:			
Current portion	1,619	1,510	1,660
Non-current portion	6,331	4,470	2,809

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	As at 31 December		
	2023 RMB'000	*2024* RMB'000	*2025* RMB'000
Interest on lease liabilities	371	298	216
Depreciation charge of right-of-use assets	3,287	2,758	2,504
Expenses relating to short-term leases and leases of low-value assets	711	1,543	1,964
(Gains)/losses on lease modification	(820)	49	-
Total amount recognised in profit or loss	3,549	4,648	4,684

15. GOODWILL

The Group

	As at 31 December		
	2023 RMB'000	*2024* RMB'000	*2025* RMB'000
Cost and carrying amount for:			
Tianfu Optical CGU	5,748	5,748	5,748
Auxora CGU	23,900	23,900	23,900
Total	29,648	29,648	29,648

Goodwill was arisen from the Group's acquisitions of Suzhou Tianfu Optical Co., Ltd. and Auxora (Shenzhen) Inc. in 2020.

15. GOODWILL (continued)

Impairment testing of goodwill

During the Relevant Periods, goodwill acquired through business combinations was allocated to the following cash-generating unit for impairment testing:

Tianfu Optical CGU

Key assumptions for value in use calculations

The carrying amounts of Goodwill allocated to the Tianfu Optical CGU as of 31 December 2023, 2024 and 2025 were RMB5,748,000, RMB5,748,000 and RMB5,748,000, respectively. Tianfu Optical CGU includes property, plant and equipment, other intangible assets and goodwill. The recoverable amount of the Tianfu Optical CGU has been determined based on a value in use calculation, using cash flow projections based on financial budgets covering a five-year period approved by senior management.

Assumptions were used in the value in use calculation of the Tianfu Optical CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2023	*2024*	*2025*
Pre-tax discount rate	14.56%	14.30%	14.82%
Revenue annual growth rate—range of the forecast period	0.19% to 1.92%	0.02% to 1.14%	0.09% to 0.98%
Revenue annual growth rate—stable period	0.00%	0.00%	0.00%
EBIT rate—range of the forecast period	35.44% to 42.34%	39.79% to 40.59%	34.44% to 37.19%
EBIT rate—stable period	35.44%	39.79%	34.44%

Annual sales growth rate—The basis is determined with reference to the average sales achieved in the years before the budget year, increased for management's expectation of the future market.

Pre-tax discount rate—The discount rate used is before tax and reflects specific risks relating to the relevant unit.

EBIT rate—The basis is determined with reference to the average profit growth rate achieved in the prior year, increased for expected efficiency improvements.

During the Relevant Periods, no impairment risk identified regarding to the carrying amounts of goodwill included in the Tianfu Optical CGU, respectively.

The values assigned to the key assumptions on annual income growth rate, and pre-tax discount rate are consistent with external information sources.

Sensitivity analysis for value in use calculations

For the Tianfu Optical CGU's cash-generating, the estimated recoverable amounts exceeded its carrying values by RMB154,905,000, RMB164,390,000 and RMB187,948,000 as at 31 December 2023, 2024 and 2025. The management of the Group assessed that the reasonably possible change in any of these assumptions would not cause the carrying amount of the Tianfu Optical CGU's cash-generating to exceed its recoverable amount as at 31 December 2023, 2024 and 2025.

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Revenue annual growth rate decreased by 3%	153,905	163,290	186,548
EBIT rate decreased by 3%	147,905	156,490	179,748
Pre-tax discount rate increased by 3%	148,905	157,290	180,748

Auxora CGU

Key assumptions for value in use calculations

The carrying amounts of Goodwill allocated to the Auxora (Shenzhen) Inc. CGU as of 31 December 2023, 2024 and 2025 were RMB23,900,000, RMB23,900,000 and RMB23,900,000, respectively. Auxora (Shenzhen) Inc. CGU includes property, plant and equipment, other intangible assets and goodwill. The recoverable amount of the Auxora (Shenzhen) Inc. CGU has been determined based on a value in use calculation, using cash flow projections based on financial budgets covering a five-year period approved by senior management.

Assumptions were used in the value in use calculation of the Auxora (Shenzhen) Inc. CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2023	*2024*	*2025*
Pre-tax discount rate	14.00%	14.53%	15.40%
Revenue annual growth rate—range of the forecast period	0.98% to 5.93%	3.00 % to 4.00%	1.97% to 4.86%
Revenue annual growth rate – stable period	0.00%	0.00%	0.00%
EBIT rate—range of the forecast period	12.24% to 12.41%	9.85% to 11.06%	28.69% to 30.48%
EBIT rate—stable period	12.24%	9.85%	28.69%

Annual sales growth rate — The basis is determined with reference to the average sales achieved in the years before the budget year, increased for management's expectation of the future market.

Pre-tax discount rate—The discount rate used is before tax and reflects specific risks relating to the relevant unit.

EBIT rate—The basis is determined with reference to the average profit growth rate achieved in the prior year, increased for expected efficiency improvements.

During the Relevant Periods, no impairment risk identified regarding to the carrying amounts of goodwill included in the Auxora (Shenzhen) Inc. CGU, respectively.

The values assigned to the key assumptions on annual income growth rate, and pre-tax discount rate are consistent with external information sources.

Sensitivity analysis for value in use calculations

For the Auxora CGU's cash-generating, the estimated recoverable amounts exceeded its carrying values by RMB101,280,000, RMB32,763,000 and RMB427,562,000 as at 31 December 2023, 2024 and 2025. The management of the Group assessed that the reasonably possible change in any of these assumptions would not cause the carrying amount of the Auxora CGU's cash-generating to exceed its recoverable amount as at 31 December 2023, 2024 and 2025.

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Revenue annual growth rate decreased by 3%	100,280	29,763	424,162
EBIT rate decreased by 3%	94,280	27,763	409,862
Pre-tax discount rate increased by 3%	95,280	28,763	411,662

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Cost and carrying amount for:			
Tianfu Optical CGU	-	2,436	2,436

16. OTHER INTANGIBLE ASSETS

The Group

	Patents	*Others*	*Total*
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	9,099	271	9,370
Additions	-	463	463
Amortisation provided during the year	(1,261)	643	(618)
At 31 December 2023	7,838	1,377	9,215
At 31 December 2023 and at 1 January 2024:			
Cost	12,616	11,791	24,407
Accumulated amortisation	(4,778)	(10,414)	(15,192)
Net carrying amount	7,838	1,377	9,215
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	7,838	1,377	9,215
Additions	-	2,179	2,179
Amortisation provided during the year	(1,262)	(1,161)	(2,423)
At 31 December 2024	6,576	2,395	8,971
At 31 December 2024 and at 1 January 2025:			
Cost	12,616	13,509	26,125
Accumulated amortisation	(6,040)	(11,114)	(17,154)
Net carrying amount	6,576	2,395	8,971

16. OTHER INTANGIBLE ASSETS (continued)

	Patents RMB'000	*Others* RMB'000	*Total* RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	6,576	2,395	8,971
Additions	-	10,372	10,372
Amortisation provided during the year	(1,262)	(1,656)	(2,918)
At 31 December 2025	5,314	11,111	16,425
At 31 December 2025:			
Cost	12,616	23,719	36,335
Accumulated amortisation	(7,302)	(12,608)	(19,910)
Net carrying amount	5,314	11,111	16,425

The Company

	Patents RMB'000	*Others* RMB'000	*Total* RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	-	504	504
Additions	-	463	463
Amortisation provided during the year	-	(215)	(215)
At 31 December 2023	-	752	752
At 31 December 2023 and at 1 January 2024:			
Cost	-	988	988
Accumulated amortisation	-	(236)	(236)
Net carrying amount	-	752	752
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	-	752	752
Additions	990	28	1,018
Amortisation provided during the year	(47)	(329)	(376)
At 31 December 2024	943	451	1,394
At 31 December 2024 and at 1 January 2025:			
Cost	990	1,016	2,006
Accumulated amortisation	(47)	(565)	(612)
Net carrying amount	943	451	1,394
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	943	451	1,394
Additions	-	10,372	10,372
Amortisation provided during the year	(189)	(961)	(1,150)
At 31 December 2025	754	9,862	10,616
At 31 December 2025:			
Cost	990	11,388	12,378
Accumulated amortisation	(236)	(1,526)	(1,762)
Net carrying amount	754	9,862	10,616

17. INVESTMENTS IN AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Share of net assets	8,287	8,654	9,305

The Group's shareholdings in the associate comprise equity shares held by the Company. The Group has significant influence over Wuhan Optics Valley Information Optoelectronics Innovation Center Co., Ltd. ("Wuhan Optics Valley") as it has the power to participate in the financial and operating policy decisions of the entity by appointing a non-executive director in the board.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Share of the profits of an associate for the year	239	367	651
Aggregate carrying amount of the Group's investments in an associate	8,287	8,654	9,305

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries:			
Investment cost	601,384	945,099	945,099
Share-based payments to subsidiaries	13,746	44,148	61,283
Total	615,130	989,247	1,006,382

The increase in the Company's investments in subsidiaries in 2024 was mainly due to the Company's acquisition of 46.67% of the minority interests of Suzhou Tianfu Zhixing Technology Co., Ltd.

19. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of assets RMB'000	*Unrealised profit from intercompany transactions* RMB'000	*Share-based payment* RMB'000	*Lease liabilities* RMB'000	*Losses on disposal of property, plant and equipment* RMB'000	*Losses available for offsetting against future taxable profit* RMB'000	*Excess tax deduction arising from share price exceeding the grant date price* RMB'000	*Deferred income* RMB'000	*Total* RMB'000
At 1 January 2023	6,351	4,583	838	1,220	-	-	-	-	12,992
Deferred tax credited / (charged) to profit or loss during the year	1,674	2,355	801	(118)	3,038	-	-	-	7,750
Gross deferred tax assets at 31 December 2023	8,025	6,938	1,639	1,102	3,038	-	-	-	20,742
Deferred tax credited / (charged) to profit or loss during the year	1,654	(216)	11,935	(205)	-	2,462	-	-	15,630
Gross deferred tax assets at 31 December 2024	9,679	6,722	13,574	897	3,038	2,462	-	-	36,372
Deferred tax credited / (charged) to profit or loss during the year	7,135	554	968	(227)	1,264	4,030	64,329	841	78,894
Gross deferred tax assets at 31 December 2025	16,814	7,276	14,542	670	4,302	6,492	64,329	841	115,266

Deferred tax liabilities

	Accelerated tax depreciation RMB'000	*Fair value adjustments arising from acquisition of subsidiaries* RMB'000	*Gain on change from equity method to cost method of investment accounting* RMB'000	*Change in fair value of financial assets at fair value through profit or loss* RMB'000	*Right-of-use assets* RMB'000	*Total* RMB'000
At 1 January 2023	3,365	2,592	372	351	1,111	7,791
Deferred tax charged to profit or loss during the year	(467)	(291)	-	(177)	(30)	(965)
Gross deferred tax liabilities at 31 December 2023	2,898	2,301	372	174	1,081	6,826
Deferred tax charged to profit or loss during the year	(440)	(533)	(372)	(172)	(240)	(1,757)
Gross deferred tax liabilities at 31 December 2024	2,458	1,768	-	2	841	5,069
Deferred tax credited / (charged) to profit or loss during the year	(591)	(417)	-	9	(240)	(1,239)
Gross deferred tax liabilities at 31 December 2025	1,867	1,351	-	11	601	3,830

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023 RMB'000	*2024* RMB'000	*2025* RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	20,742	32,889	112,653
Net deferred tax liabilities recognised in the consolidated statement of financial position	6,826	1,586	1,217

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023 RMB'000	*2024* RMB'000	*2025* RMB'000
Tax losses	-	7,746	42,443
Deductible temporary differences	1,644	10,998	7,551
Total	1,644	18,744	49,994

The Group has tax losses arising in Thailand of THB38,196,000 (equal to RMB7,746,000) and THB169,536,000 (equal to RMB36,454,000) as at 31 December 2024 and 2025, and arising in Japan of JPY125,031,000 (equal to RMB5,989,000) as at 31 December 2025, respectively, that are eligible to be carried forward for 5 years in Thailand and 10 years in Japan for offsetting against future taxable profits. The management believes that it is not considered probable that taxable profits will be available against which the tax losses can be utilised, accordingly, deferred tax assets have not been recognised in respect of these losses.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of assets	*Share-based payment*	*Losses on disposal of property, plant and equipment*	*Excess tax deduction arising from share price exceeding the grant date price*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	3,937	379	-	-	4,316
Deferred tax credited to profit or loss during the year	1,832	522	1,636	-	3,990
Gross deferred tax assets at 31 December 2023	5,769	901	1,636	-	8,306
Deferred tax credited to profit or loss during the year	1,461	7,756	-	-	9,217
Gross deferred tax assets at 31 December 2024	7,230	8,657	1,636	-	17,523
Deferred tax credited to profit or loss during the year	2,493	1,315	362	42,068	46,238
Gross deferred tax assets at 31 December 2025	9,723	9,972	1,998	42,068	63,761

Deferred tax liabilities

	Accelerated tax depreciation	*Fair value adjustments arising from acquisition of subsidiaries*	*Change in fair value of financial assets at fair value through profit or loss*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	147	-	352	499
Deferred tax charged to profit or loss during the year	(33)	-	(177)	(210)
Gross deferred tax liabilities at 31 December 2023	114	-	175	289
Deferred tax credited / (charged) to profit or loss during the year	(42)	182	(173)	(33)
Gross deferred tax liabilities at 31 December 2024	72	182	2	256
Deferred tax credited / (charged) to profit or loss during the year	(43)	(42)	2	(83)
Gross deferred tax liabilities at 31 December 2025	29	140	4	173

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	8,306	17,267	63,588
Net deferred tax liabilities recognised in the consolidated statement of financial position	289	-	-

20. INVENTORIES

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Raw materials	69,884	142,809	195,989
Work in progress	106,065	114,603	179,829
Finished goods	111,764	126,721	138,432
	287,713	384,133	514,250
Provision for inventories	(32,065)	(34,001)	(57,054)
Total	255,648	350,132	457,196

The movements in the provision for inventories are as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	27,088	32,065	34,001
Provision for the year, net (note 6)	16,554	17,058	32,436
Amount written off	(11,548)	(15,056)	(8,985)
Exchange realignment	(29)	(66)	(398)
Balance at the end of the year	32,065	34,001	57,054

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Raw materials	45,683	111,988	146,134
Work in progress	92,578	109,869	154,123
Finished goods	127,603	119,069	147,348
	265,864	340,926	447,605
Provision for inventories	(17,860)	(17,283)	(28,187)
Total	248,004	323,643	419,418

The movements in the provision for inventories are as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	11,814	17,860	17,283
Provision for the year, net (note 6)	11,741	10,114	16,821
Amount written off	(5,695)	(10,691)	(5,917)
Balance at the end of the year	17,860	17,283	28,187

21. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Trade receivables	447,190	817,356	1,181,037
Impairment losses	(22,522)	(41,031)	(59,052)
Net carrying amount	424,668	776,325	1,121,985
Bills receivables at amortised cost	3,744	4,134	1,878
Bills receivables at fair value through other comprehensive income	36,224	27,632	16,803
Net carrying amount	39,968	31,766	18,681
Total	464,636	808,091	1,140,666

The Group provides credit terms to certain customers with satisfied creditworthiness and long-term relationship. The credit period is generally around 30 to 90 days.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the Group's trade and bills receivables at amortised cost, based on recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Within 1 year	428,412	780,459	1,123,863

21. TRADE AND BILLS RECEIVABLES (continued)

The movements in the impairment losses on trade receivables are as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
At beginning of year	16,049	22,522	41,031
Impairment losses recognised	6,457	18,414	18,608
Amounts written off as uncollectible	-	-	(171)
Exchange realignment	16	95	(416)
At end of year	22,522	41,031	59,052

Bills receivables were mostly issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 1 year
As at 31 December 2023	
On a collective basis:	
Expected credit loss rate	5%
Gross carrying amount (RMB'000)	447,019
Expected credit losses (RMB'000)	22,351
On an individual basis:	
Expected credit loss rate	100%
Gross carrying amount (RMB'000)	171
Expected credit losses (RMB'000)	171

	Within 1 year
As at 31 December 2024	
On a collective basis:	
Expected credit loss rate	5%
Gross carrying amount (RMB'000)	817,185
Expected credit losses (RMB'000)	40,860
On an individual basis:	
Expected credit loss rate	100%
Gross carrying amount (RMB'000)	171
Expected credit losses (RMB'000)	171

	Within 1 year
As at 31 December 2025	
On a collective basis:	
Expected credit loss rate	5%
Gross carrying amount (RMB'000)	1,181,037
Expected credit losses (RMB'000)	59,052

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Trade receivables	405,838	612,073	726,131
Impairment losses	(20,292)	(30,604)	(36,307)
Net carrying amount	385,546	581,469	689,824
Bills receivables at amortised cost	3,349	3,515	1,878
Bills receivables at fair value through other comprehensive income	34,853	26,461	16,803
Net carrying amount	38,202	29,976	18,681
Total	423,748	611,445	708,505

An ageing analysis of the Company's trade and bills receivables at amortised cost, based on recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Within 1 year	388,895	584,984	691,702

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
At beginning of year	14,129	20,292	30,604
Impairment losses recognised	6,163	10,312	5,703
At end of year	20,292	30,604	36,307

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Within 1 year
As at 31 December 2023	
On a collective basis:	
Expected credit loss rate	5%
Gross carrying amount (RMB'000)	405,838
Expected credit losses (RMB'000)	20,292
As at 31 December 2024	
On a collective basis:	
Expected credit loss rate	5%
Gross carrying amount (RMB'000)	612,073
Expected credit losses (RMB'000)	30,604
As at 31 December 2025	
On a collective basis:	
Expected credit loss rate	5%
Gross carrying amount (RMB'000)	726,131
Expected credit losses (RMB'000)	36,307

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Current portion:			
Other tax recoverable	18,210	25,359	21,372
Prepayments to suppliers	3,877	11,194	20,773
Deposits	2,103	1,071	1,526
Others	914	601	683
	25,104	38,225	44,354
Impairment allowance	(558)	(492)	(520)
Subtotal	24,546	37,733	43,834
Non-current portion:			
Prepayments for property, plant and equipment and right-of-use assets	88,935	13,312	27,778
Total	113,481	51,045	71,612

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Current portion:			
Other tax recoverable	14,249	15,083	3,780
Prepayments to suppliers	858	5,032	7,701
Deposits	406	415	405
Others	7	-	-
	15,520	20,530	11,886
Impairment allowance	(306)	(310)	(328)
Subtotal	15,214	20,220	11,558
Non-current portion:			
Prepayments for property, plant and equipment	34,634	9,634	7,728
Total	49,848	29,854	19,286

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Wealth management products, at fair value	436,196	350,021	210,053

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Wealth management products, at fair value	416,164	140,011	100,028

The wealth management products were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,864,103	1,978,488	2,996,658
Less: Pledged deposits	(36,401)	-	(57,100)
Restricted cash	-	-	(75,815)
Total cash and cash equivalents	1,827,702	1,978,488	2,863,743

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	1,011,029	452,141	238,090
Denominated in USD	812,851	1,515,283	2,622,853
Denominated in JPY	714	7,269	1,557
Denominated in THB	2,843	3,157	818
Denominated in SGD	250	626	375
Denominated in HKD	15	12	50
Total	1,827,702	1,978,488	2,863,743
Pledged deposits			
Denominated in USD	36,401	-	-
Denominated in RMB	-	-	57,100
Total	36,401	-	57,100
Restricted cash			
Denominated in USD	-	-	75,415
Denominated in SGD	-	-	400
Total	-	-	75,815

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,290,053	1,554,287	2,690,862
Less: Pledged deposits	(36,401)	-	-
Total cash and cash equivalents	1,253,652	1,554,287	2,690,862

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	567,422	360,694	167,482
Denominated in USD	685,539	1,193,590	2,523,380
Denominated in JPY	691	3	-
Total	1,253,652	1,554,287	2,690,862
Pledged deposits			
Denominated in USD	36,401	-	-

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, 2024 and 2025, time deposits amounting to RMB36,401,000, nil and RMB57,100,000, respectively, were pledged for the issuance of letter of guarantee, and made for varying periods of between 12 months and 15 months.

As at 31 December 2023, 2024 and 2025, restricted cash amounting to nil, nil and RMB75,815,000, respectively, were restricted due to the expiration of the legal registration documents for bank accounts.

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Trade payables	173,047	165,660	260,113
Bills payable	75,558	92,259	92,550
Total	248,605	257,919	352,663

An ageing analysis of the trade and bills payable as at the end of each of the Relevant Periods, based on recognition date, is as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Within 1 year	246,204	253,411	349,421
Over 1 year	2,401	4,508	3,242
Total	248,605	257,919	352,663

The trade payables are non-interest-bearing and are normally settled in 30 to 90 days upon receipt of the VAT invoice.

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Trade payables	143,677	121,405	102,648
Bills payable	73,110	91,339	89,244
Total	216,787	212,744	191,892

An ageing analysis of the trade and bills payable as at the end of each of the Relevant Periods, based on recognition date, is as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Within 1 year	214,623	208,596	188,889
Over 1 year	2,164	4,148	3,003
Total	216,787	212,744	191,892

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	60,819	82,723	96,866
Payables for purchase of property, plant and equipment	20,814	56,511	134,182
Other tax payables	11,227	8,436	18,690
Accruals	8,563	9,775	8,260
Others	14,092	26,457	23,066
Total	115,515	183,902	281,064

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	27,167	40,326	44,453
Other tax payables	5,090	1,501	1,769
Payables for purchase of property, plant and equipment	4,510	294	20,284
Accruals	244	130	27
Others	10,778	24,234	20,580
Total	47,789	66,485	87,113

Other payables are non-interest-bearing, unsecured and have repayment on demand.

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Contract liabilities	83,708	184,045	160,562

The Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Contract liabilities	83,651	183,348	153,923

Contract liabilities represent advances received from customers for sales of products. The increase in contract liabilities in 2024 was primarily due to the increase in sales orders from customers at the year end with payments in advance.

28. INTEREST-BEARING BANK BORROWINGS

The Group and Company

	As at 31 December 2024		
	Effective interest rate	Maturity	RMB'000
Current			
Bank borrowings – unsecured	Loan Prime Rate ("LPR")-0.15	2025	40,000
Bank borrowings – secured	0.54%	2025	21
Total			40,021

As at 31 December 2024, the Group's and the Company's certain bank borrowings were secured by bills receivables of RMB21,000.

29. DEFERRED INCOME

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Government grants	17,982	17,982	23,587
	17,982	17,982	23,587

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
At beginning of year period	17,982	17,982	17,982
Grants received during the year	-	-	6,200
Amounts released to profit or loss during the year	-	-	(595)
At end of year/period	17,982	17,982	23,587

Government grants received related to assets invested in machinery are credited to deferred income and are recognised as income over the expected useful lives of the relevant assets.

30. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Share capital	394,887	553,972	777,416

A summary of movements in the Company's share capital is as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
At the beginning of the year	393,975	394,887	553,972
Share premium converted into share capital	-	158,260	222,119
Restricted shares exercised under share incentive plan	912	825	1,325
At the end of the year	394,887	553,972	777,416

During the year ended 31 December 2023, the share capital of the Company was increased with RMB912,000 subscribed by the satisfaction with vesting conditions of the second vesting period of the Company's 2021 restricted shares incentive plan and 2018 share option incentive plan.

During the year ended 31 December 2024, the share capital of the Company increased with RMB825,000 subscribed by the satisfaction with vesting conditions of the third vesting period of the Company's 2021 restricted shares incentive plan.

On 30 May 2024, pursuant to the shareholders' resolution, the Company's share premium shall be converted into 4 shares for every 10 shares to all shareholders, with a total of 158,260,480 share premium converted into share capital.

On 9 June 2025, pursuant to the shareholders' resolution, the Company's share premium shall be converted into 4 shares for every 10 shares to all shareholders, with a total of 222,118,826 share premium converted into share capital.

In May 2025, the share capital of the Company increased with RMB1,325,000 subscribed by satisfaction with vesting conditions of the first vesting period of the Company's 2023 restricted shares incentive plan.

31. SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions were as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Share Incentive Plan	8,836	84,275	57,369

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Selling and marketing expenses	242	2,959	1,370
Administrative expenses	5,569	47,348	30,267
Research and development expenses	3,025	33,968	25,732
Total	8,836	84,275	57,369

To improve the incentive mechanism of the Group, further enhance the work enthusiasm and creativity of the participants thereto, the Group has implemented three share incentive plans in history, the 2018 Share option and restricted share incentive plan (the "2018 Plan") , the 2021 Restricted share incentive plan (the "2021 Plan") , and the 2023 Restricted share incentive plan (the "2023 Plan").

The 2018 Plan

On 11 September 2018, the Shareholders of the Company approved the 2018 Plan to implement equity incentives for Incentive Recipients. The Company granted a total of 2,100,000 share options to 117 incentive participants for the initial batch with exercise price of RMB19.96 per share option and granted a total of 300,000 share options to 16 incentive participants for the reserved batch with exercise price of RMB39.75 per share option. Pursuant to the 2018 Plan, the initial batch share options granted to participants will be vested in three periods after 24 months from the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage of unlocking for each period will be 30%, 30% and 40% and the reserved batch share options granted to participants will be vested in two periods after 24 months from the date of the grant, and the maximum percentage of unlocking for each period will be 50% and 50%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

In accordance with the 2018 plan, the Company also completed the registration of the initial grant of 1,020,000 type 1 restricted shares with a lock-up period to 25 incentive participants in November 2018 at a grant price of RMB9.98 per share. Pursuant to the 2018 Plan, the restricted shares granted to participants will be unlocked in three periods after 36 months from the date of completion of the registration of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage of unlocking for each period will be 30%, 30% and 40%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc. All the restricted shares granted in 2018 plan have been vested and unlocked before 1 January 2023.

Set out below are details of the movements of the outstanding share options granted during the Relevant Periods:

	Year ended 31 December 2023	
	Exercise price RMB	*Number of Option* '000*
At the beginning of the year (i)	9.93	58
Exercise (ii)	9.43	(58)
At the end of the year	-	-

(i) lt represents the effects of adjustments made to the number and exercise price of shares as a result of the share premium conversion into share capital on 25 June 2021 and the effects of adjustments made of exercise price as a result of the final dividend for the years ended 31 December 2018, 2019, 2020, and 2021 in accordance with the requirement of 2018 plan.

(ii) It represents the effects of adjustments made of exercise price as a result of the final dividend for the year ended 31 December 2022 in accordance with the requirement of 2018 plan.

The fair value of share options granted was estimated as at the date of grant, using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Expected volatility (%)	17.41, 24.84, 28.11
Risk-free interest rate (%)	2.10, 2.75, 2.75
Weighted average share price (RMB per share)	3.50, 5.28, 6.50

The 2021 Plan

On 8 February 2021, the Shareholders of the Company approved the 2021 Plan to implement equity incentives for Incentive Recipients. The Company granted a total of 2,019,000 type 2 restricted shares to 247 incentive participants, with exercise price of RMB40.55 per share. Pursuant to the 2021 Plan, the restricted shares granted to participants will be vested in three periods after 12 months from the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage of unlocking for each period will be 40%, 30% and 30%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

Movements in the number of restricted shares granted and their exercise prices are as below:

	Year ended 31 December 2023	
	Exercise price RMB	*Number of Share Awards* '000*
At the beginning of the year (i)	21.79	1,911
Forfeited (ii)	21.79	(191)
Exercise (ii)	21.79	(784)
Exercise (iii)	21.29	(70)
At the end of the year	21.29	866

(i) It represents the effects of adjustments made to the number and exercise price of shares as a result of the share premium conversion into share capital on 25 June 2021 and the effects of adjustments made of exercise price as a result of the final dividend for the years ended 31 December 2020 and 2021 in accordance with the requirement of 2021 plan.

(ii) The price of shares is presented before the effects of the 2022 dividend.

(iii) It represents the effects of adjustments made to the price of shares as a result of the 2022 dividend on 24 August 2023.

	Year ended 31 December 2024	
	Exercise price RMB	*Number of Share Awards* '000*
At the beginning of the year	21.29	866
Exercise (i)	21.29	(764)
Forfeited (i)	21.29	(59)
Adjusted for the share premium conversion into share capital (ii)	-	17
Exercise (ii)	13.99	(60)
At the end of the year	-	-

(i) The number and exercise price of shares is presented before the effects of the share premium conversion into share capital.

(ii) It represents the effects of adjustments made to the number and exercise price of shares as a result of the share premium conversion into share capital on 13 May 2024 and the effects of adjustments made of exercise price as a result of the final dividend for the year ended 31 December 2023 and interim dividend for the year ended 31 December 2024 in accordance with the requirement of 2021 plan.

The fair value of restricted shares granted was estimated as at the date of grant, using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used:

Expected volatility (%)	23.90, 24.31, 23.89
Risk-free interest rate (%)	2.32, 2.74, 2.79
Weighted average share price (RMB per share)	4.30, 6.54, 8.13

The 2023 Plan

On 22 December 2023, the Shareholders of the Company approved the 2023 Plan to implement equity incentives for Incentive Recipients. The Company granted a total of 2,503,000 type 2 restricted shares to 399 incentive participants, with exercise price of RMB39.66 per share. Pursuant to the 2023 Plan, the restricted shares granted to participants will be vested in three periods after 12 months from the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage of unlocking for each period will be 40%, 30% and 30%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

Taking into account the impact of the share premium conversion into share capital in 2024 as well as the 2024 interim dividend, the Company also granted 667,800 type 2 restricted shares to 283 incentive participants as reserved portion under the 2023 plan, with exercise price of RMB27.11 per share on 27 November 2024. Pursuant to the 2023 Plan reserve portion, the restricted shares granted to participants will be vested in two periods after 16 months from the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage of unlocking for each period will be 50% and 50%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

Movements in the number of restricted shares granted and their exercise prices are as below:

	Year ended 31 December 2023	
	Exercise price RMB	*Number of Share Awards* '000*
At the beginning of the year	-	-
Granted	39.66	2,503
At the end of the year	39.66	2,503

	Year ended 31 December 2024	
	Exercise price RMB	*Number of Share Awards* '000*
At the beginning of the year	39.66	2,503
Granted (i)	27.11	668
Adjusted for the share premium conversion into share capital (i)	-	1,001
At the end of the year	27.11	4,172

(i) lt represents the effects of adjustments made to the number of shares and exercise price as a result of the share premium conversion into share capital on 13 May 2024.

	Year ended 31 December 2025	
	Exercise price RMB	*Number of Share Awards* '000*
At the beginning of the year	27.11	4,172
Exercise (i)	27.11	(1,325)
Forfeited (i)	27.11	(306)
Adjusted for the share premium conversion into share capital (ii)	-	1,024
At the end of the year	18.51	3,565

(i) The number of shares and exercise price are presented before the effects of the share premium conversion into share capital.

(ii) lt represents the effects of adjustments made to the number of shares as a result of the share premium conversion into share capital on 12 May 2025 and the effects of adjustments made of exercise price as a result of the interim dividend for the year ended 31 December 2025 in accordance with the requirement of 2023 plan.

(a) The 2023 Plan -First award

The fair value of restricted shares granted was estimated as at the date of grant, using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.94, 0.93, 0.93
Expected volatility (%)	13.84, 18.53, 18.38
Risk-free interest rate (%)	2.25, 2.29, 2.31
Weighted average share price (RMB per share)	53.36, 53.40, 53.46

(b) The 2023 Plan -Reservation award

The fair value of restricted shares granted was estimated as at the date of grant, using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.98, 0.98
Expected volatility (%)	26.41, 22.54
Risk-free interest rate (%)	1.37, 1.37
Weighted average share price (RMB per share)	76.49, 75.86

32. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium

The share premium of the Group represents the premium in issuing capitals.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iii) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

(iv) Special reserve - safety production fund

According to relevant PRC regulations, transfer of production and maintenance funds at fixed rates based on relevant bases to a specific reserve account is required. The amounts are generally expenses in nature and charged to profit or loss as incurred, and at the same time, the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(v) Statutory surplus reserve

In accordance with the Company Laws of Chinese mainland and the articles of association of the companies established in the Chinese mainland, the Group's companies are required to appropriate 10% of its net profits after tax, as determined under China Accounting Standards for Business Enterprises, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Company. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(vi) Other reserve

The other reserve represents the additional income tax deduction of restricted shares arising from the difference between:

(1) the amount expected to be deductible before tax in future periods, and

(2) the cost and expenses related to share-based payments recognised.

This difference arises when the expected future tax-deductible amount exceeds the recognised cost and expenses.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2023

	Share premium RMB'000	*Share-based payment reserve* RMB'000	*Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	*Special reserve - safety production fund* RMB'000	*Statutory surplus reserve* RMB'000	*Retained profits* RMB'000	*Total* RMB'000
As at 1 January 2023	1,048,961	5,380	368	-	129,356	483,142	1,667,207
Profit for the year	-	-	-	-	-	534,410	534,410
Total comprehensive income for the year	-	-	-	-	-	534,410	534,410
Appropriations to statutory surplus reserve	-	-	-	-	53,119	(53,119)	-
Profit appropriation to the shareholders	-	-	-	-	-	(197,379)	(197,379)
Recognition of equity-settled share-based payments	-	8,836	-	-	-	-	8,836
Transfer of share-based payment reserve upon vesting	21,495	(3,289)	-	-	-	-	18,206
Appropriation of special reserve	-	-	-	3,676	-	(3,676)	-
Utilisation of special reserve	-	-	-	(453)	-	453	-
As at 31 December 2023	1,070,456	10,927	368	3,223	182,475	763,831	2,031,280

Year ended 31 December 2024

	Share premium RMB'000	*Share-based payment reserve* RMB'000	*Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	*Special reserve - safety production fund* RMB'000	*Statutory surplus reserve* RMB'000	*Retained profits* RMB'000	*Total* RMB'000
As at 1 January 2024	1,070,456	10,927	368	3,223	182,475	763,831	2,031,280
Profit for the year	-	-	-	-	-	1,443,139	1,443,139
Total comprehensive income for the year	-	-	-	-	-	1,443,139	1,443,139
Transfer from share premium to share capital	(158,260)	-	-	-	-	-	(158,260)
Appropriations to statutory surplus reserve	-	-	-	-	143,916	(143,916)	-
Profit appropriation to the shareholders	-	-	-	-	-	(672,607)	(672,607)
Recognition of equity-settled share-based payments	-	84,275	-	-	-	-	84,275
Transfer of share-based payment reserve upon vesting	19,864	(3,568)	-	-	-	-	16,296
Appropriation of special reserve	-	-	-	4,498	-	(4,498)	-
Utilisation of special reserve	-	-	-	(516)	-	516	-
Others	3,573	-	-	-	-	-	3,573
As at 31 December 2024	935,633	91,634	368	7,205	326,391	1,386,465	2,747,696

Year ended 31 December 2025

	Share premium RMB'000	*Share-based payment reserve* RMB'000	*Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	*Special reserve - safety production fund* RMB'000	*Statutory surplus reserve* RMB'000	*Retained profits* RMB'000	*Other reserve* RMB'000	*Total* RMB'000
As at 1 January 2025	935,633	91,634	368	7,205	326,391	1,386,465	-	2,747,696
Profit for the year	-	-	-	-	-	1,508,035	-	1,508,035
Total comprehensive income for the year	-	-	-	-	-	1,508,035	-	1,508,035
Transfer from share premium to share capital	(222,119)	-	-	-	-	-	-	(222,119)
Appropriations to statutory surplus reserve	-	-	-	-	150,250	(150,250)	-	-
Profit appropriation to the shareholders	-	-	-	-	-	(666,357)	-	(666,357)
Recognition of equity-settled share-based payments	-	57,369	-	-	-	-	-	57,369
Transfer of share-based payment reserve upon vesting	85,088	(50,495)	-	-	-	-	-	34,593
Appropriation of special reserve	-	-	-	5,859	-	(5,859)	-	-
Utilisation of special reserve	-	-	-	(320)	-	320	-	-
Excess tax deduction arising from share price exceeding the grant date price	-	-	-	-	-	-	42,068	42,068
As at 31 December 2025	798,602	98,508	368	12,744	476,641	2,072,354	42,068	3,501,285

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB8,777,000, nil and nil and non-cash additions to lease liabilities of RMB8,777,000, nil and nil respectively, in respect of lease arrangements for plant and properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	*Lease liabilities*	*Total*
	RMB'000	RMB'000	RMB'000
At 1 January 2023	-	9,171	9,171
Changes from financing cash flows	(174)	(2,621)	(2,795)
New leases (note 14)	-	8,777	8,777
Interest expense (note 7)	174	371	545
Lease modification (note 14)	-	(7,739)	(7,739)
Exchange realignment (note 14)	-	(9)	(9)
At 31 December 2023	-	7,950	7,950
Changes from financing cash flows	38,761	(1,913)	36,848
Interest expense (note 7)	1,260	298	1,558
Lease modification (note 14)	-	(359)	(359)
Exchange realignment (note 14)	-	4	4
At 31 December 2024	40,021	5,980	46,001
Changes from financing cash flows	(40,965)	(1,727)	(42,692)
Derecognition of bills receivable	(21)	-	(21)
Interest expense (note 7)	965	216	1,181
At 31 December 2025	-	4,469	4,469

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Within operating activities	711	1,543	1,964
Within financing activities	2,621	1,913	1,727
Total	3,332	3,456	3,691

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting year:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	197,696	53,766	1,176,068

35. PLEDGE OF ASSETS

Details of the Group's assets pledged as collateral for the issuance of letter of guarantee, are included in note 24 to the Historical Financial Information.

36. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

37. RELATED PARTY TRANSACTIONS

The directors are of the view that the following company is related party that had material transactions with the Group during the Relevant Periods:

Name of related parties	Relationship with the Group
Suzhou Tianfu Renhe Investment Management Co,. Ltd.	One of controlling Shareholder
Mr. Zou Zhinong and Ms. Ou Yang	Executive directors of the Company

(a) Transactions with related parties:

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Rental income from related parties			
Suzhou Tianfu Renhe Investment Management Co,. Ltd.	7	7	7

All these transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	6,703	6,547	5,715
Performance related bonuses	4,056	5,308	5,353
Share-based payment expenses	1,084	12,115	4,789
Pension scheme contributions	586	733	559
Total	12,429	24,703	16,416

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instrument as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	*Financial assets at amortised cost*	*Financial assets at fair value through other comprehensive income*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	-	428,412	36,224	464,636
Financial assets included in prepayments, other receivables and other assets	-	2,459	-	2,459
Financial assets at fair value through profit or loss	436,196	-	-	436,196
Pledged deposits	-	36,401	-	36,401
Cash and cash equivalents	-	1,827,702	-	1,827,702
Total	436,196	2,294,974	36,224	2,767,394

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	248,605
Financial liabilities included in other payables and accruals	43,469
Total	292,074

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	*Financial assets at amortised cost*	*Financial assets at fair value through other comprehensive income*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	-	780,459	27,632	808,091
Financial assets included in prepayments, other receivables and other assets	-	1,180	-	1,180
Financial assets at fair value through profit or loss	350,021	-	-	350,021
Cash and cash equivalents	-	1,978,488	-	1,978,488
Total	350,021	2,760,127	27,632	3,137,780

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	257,919
Financial liabilities included in other payables and accruals	92,743
Interest-bearing bank borrowings	40,021
Total	390,683

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	*Financial assets at amortised cost*	*Financial assets at fair value through other comprehensive income*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	-	1,123,863	16,803	1,140,666
Financial assets included in prepayments, other receivables and other assets	-	1,689	-	1,689
Financial assets at fair value through profit or loss	210,053	-	-	210,053
Restricted cash	-	75,815	-	75,815
Pledged deposits	-	57,100	-	57,100
Cash and cash equivalents	-	2,863,743	-	2,863,743
Total	210,053	4,122,210	16,803	4,349,066

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	352,663
Financial liabilities included in other payables and accruals	165,508
Total	518,171

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, financial assets at fair value through profit and loss, trade and bills payables and financial liabilities included in other payables and accruals, and short-term interest bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent wealth management products issued by banks in Chinese mainland. The Group has estimated the fair values of these wealth management products by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks at the end of the Relevant Periods.

The fair values of bills receivables at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair values as a result of the Group for bills receivables at fair value through other comprehensive income as at 31 December 2023, 2024 and 2025 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets Level 1	*Significant observable inputs Level 2*	*Significant unobservable Level 3*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	-	436,196	-	436,196
Bills receivables at fair value through other comprehensive income	-	36,224	-	36,224
Total	-	472,420	-	472,420

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets Level 1	*Significant observable inputs Level 2*	*Significant unobservable Level 3*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	-	350,021	-	350,021
Bills receivables at fair value through other comprehensive income	-	27,632	-	27,632
Total	-	377,653	-	377,653

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets Level 1	*Significant observable inputs Level 2*	*Significant unobservable Level 3*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	-	210,053	-	210,053
Bills receivables at fair value through other comprehensive income	-	16,803	-	16,803
Total	-	226,856	-	226,856

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instrument, comprise interest-bearing bank borrowings, and cash and deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 100 basis points and all other variables were held constant, the Group's profit before tax (through the impact on floating rate borrowings) would have decreased/increased by approximately RMB307,000 for the year ended 31 December 2024.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchase by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax:

	Increase/ (decrease) in basis points	*Increase/ (decrease) in profit before tax*
	%	RMB'000
Year ended 31 December 2023		
If the RMB weakens against the USD	5	46,403
If the RMB strengthens against the USD	(5)	(46,403)
Year ended 31 December 2024		
If the RMB weakens against the USD	5	92,465
If the RMB strengthens against the USD	(5)	(92,465)
Year ended 31 December 2025		
If the RMB weakens against the USD	5	125,413
If the RMB strengthens against the USD	(5)	(125,413)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	*Stage 2*	*Stage 3*	*Simplified approach*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	-	-	-	450,934	450,934
Financial assets included in prepayments, other receivables and other assets					
- Normal**	3,017	-	-	-	3,017
Pledged deposits					
- Not yet past due	36,401	-	-	-	36,401
Cash and cash equivalents					
- Not yet past due	1,827,702	-	-	-	1,827,702
Total	1,867,120	-	-	450,934	2,318,054

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	*Stage 2*	*Stage 3*	*Simplified approach*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	-	-	-	821,490	821,490
Financial assets included in prepayments, other receivables and other assets					
- Normal**	1,672	-	-	-	1,672
Cash and cash equivalents					
- Not yet past due	1,978,488	-	-	-	1,978,488
Total	1,980,160	-	-	821,490	2,801,650

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	*Stage 2*	*Stage 3*	*Simplified approach*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	-	-	-	1,182,915	1,182,915
Financial assets included in prepayments, other receivables and other assets					
- Normal**	2,209	-	-	-	2,209
Restricted cash					
- Not yet past due	75,815	-	-	-	75,815
Pledged deposits					
- Not yet past due	57,100	-	-	-	57,100
Cash and cash equivalents					
- Not yet past due	2,863,743	-	-	-	2,863,743
Total	2,998,867	-	-	1,182,915	4,181,782

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 50.14 %, 41.65% and 35.00% of the Group's trade and bills receivables were due from the Group's largest customer, 78.54%, 86.08% and 88.86% of the Group's trade and bills receivables were due from five largest customers, respectively.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand	*1 to 2 years*	*2 to 3 years*	*Over 3 years*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
Lease liabilities	1,917	1,999	1,900	2,896	8,712
Trade and bills payables	248,605	-	-	-	248,605
Financial liabilities included in other payables and accruals	43,469	-	-	-	43,469
Total	293,991	1,999	1,900	2,896	300,786

	Within 1 year or on demand	*1 to 2 years*	*2 to 3 years*	*Over 3 years*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
Interest-bearing bank borrowings	40,986	-	-	-	40,986
Lease liabilities	1,727	1,810	1,900	995	6,432
Trade and bills payables	257,919	-	-	-	257,919
Financial liabilities included in other payables and accruals	92,743	-	-	-	92,743
Total	393,376	1,810	1,900	995	398,081

	Within 1 year or on demand	*1 to 2 years*	*2 to 3 years*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025				
Lease liabilities	1,810	1,900	995	4,705
Trade and bills payables	352,663	-	-	352,663
Financial liabilities included in other payables and accruals	165,508	-	-	165,508
Total	519,981	1,900	995	522,876

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new capitals.

The Group monitors capital using a liability to asset ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The asset-liability ratios as at the end of the Relevant Periods are as follows:

	As at 31 December		
	2023	*2024*	*2025*
	RMB'000	RMB'000	RMB'000
Total liabilities	535,011	750,728	936,624
Total assets	3,898,222	4,736,726	6,449,303
Liability to asset ratios	13.72%	15.85%	14.52%

41. EVENTS AFTER THE RELEVANT PERIODS

Following the Relevant Periods, the Board of the Company proposed a final dividend for the year ended 31 December 2025 and the details of the 2025 final dividend proposed are described in note 11 to the Historical Financial Information. Additionally, the Company proposed a share premium conversion plan, pursuant to which the Company will convert RMB311 million of share premium into share capital by issuing 310,966,356 new ordinary shares to existing shareholders at a ratio of 4 shares for every 10 shares held. The Board of the Company also proposed to declare the interim dividend for the year ended 31 December 2026 based on the total number of shares outstanding at that time and will not exceed the net profit for the current period.

The proposed final dividend for the year ended 31 December 2025, share premium conversion plan and interim dividend for the year ended 31 December 2026 are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included for information purposes only. The **[REDACTED]** *financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This appendix is primarily intended to provide **[REDACTED]** with an overview of the Company's Articles of Association. The information set out below is summary in nature and does not constitute comprehensive details that may be material to **[REDACTED]**.

SHARES

ISSUE OF SHARES

The Company's shares are registered shares, which may be in the form of dematerialised securities.

The issue of the Company's shares is conducted in accordance with the principles of openness, fairness and impartiality, and all shares of the same class carry equal rights. All shares issued by the Company are par value shares, with a par value of RMB 1.00 per share. The Company's A-shares are centrally held in custody at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The Company's H-shares may be held in custody primarily by custodian companies under **[REDACTED]** in Hong Kong, in accordance with the laws of the place of listing and customary practices regarding securities registration and custody; alternatively, they may be held by shareholders in their own names.

INCREASE AND DECREASE OF SHARE CAPITAL AND SHARE REPURCHASE

In accordance with the needs of its operations and development, and in compliance with laws, regulations and the securities regulatory rules of the place where the Company's shares are listed, the Company may, upon resolution by the General Meeting of Shareholders, increase its capital by the following methods:

(i) Issuing shares to the general public;

(ii) Issuing shares to specific parties;

(iii) Distributing bonus shares to existing shareholders;

(iv) Converting capital reserves into share capital;

(v) Other methods prescribed by laws, administrative regulations, and the securities regulatory authorities of the jurisdiction where the Company's shares are listed.

The Company may reduce its registered capital. Any reduction in the Company's registered capital shall be carried out in accordance with the procedures stipulated in the Company Law of the People's Republic of China, other relevant provisions, and the Company's Articles of Association.

The Company shall not acquire its own shares; however, this restriction shall not apply in any of the following circumstances:

(i) To reduce the Company's registered capital;

(ii) To merge with another company holding shares in the Company;

(iii) To use the shares for an employee share ownership scheme or equity incentive scheme;

(iv) Where a shareholder, objecting to a resolution of the general meeting regarding a merger or division of the Company, requests the Company to repurchase their shares;

(v) To use the shares to convert corporate bonds issued by the Company that are convertible into shares;

(vi) Where it is necessary for the Company to safeguard its value and the interests of its shareholders;

(vii) Other circumstances permitted by laws, administrative regulations, or the securities regulatory rules of the jurisdiction where the Company's shares are listed.

Where the Company acquires its own shares, subject to compliance with the applicable securities regulatory rules of the jurisdiction where the Company's shares are listed, such acquisition may be conducted through public centralized trading or by other means recognized by laws, regulations, and the securities regulatory authority of the jurisdiction where the Company's shares are listed.

Where the Company acquires its own shares in accordance with the circumstances specified in items (iii), (v) and (vi) above, such acquisition shall be conducted through public centralized trading.

Subject to compliance with the applicable securities regulatory rules of the jurisdiction where the Company's shares are listed, where the Company acquires its own shares in accordance with the circumstances specified in items (i) and (ii) above, such acquisition shall be subject to a resolution of the general meeting of shareholders.

Where the Company acquires its own shares in the circumstances specified in sub-paragraphs (iii), (v) and (vi) above, subject to compliance with the securities regulatory rules of the jurisdiction where the Company's shares are listed, such acquisition may be effected by a resolution of the board of directors, provided that at least two-thirds of the directors are present, in accordance with the provisions of the Articles of Association or the authorization of the general meeting of shareholders.

After the Company has repurchased its own shares in accordance with the above provisions, and subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, in the case of circumstance (i), such shares shall be canceled within 10 days from the date of acquisition; where the circumstances fall under sub-clauses (ii) or (iv), such shares shall be transferred or canceled within 6 months; where the circumstances fall under sub-clauses (iii), (v) or (vi), the aggregate number of the Company's shares held by the Company shall not exceed 10% of the total issued share capital of the Company, and such shares shall be transferred or canceled within 3 years.

TRANSFER OF SHARES

Shares in the Company may be transferred in accordance with the law.

All transfers of H-shares shall be effected by a written instrument of transfer in the usual or customary form or in any other form acceptable to the Board (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer may only be executed by hand-signature or by affixing the Company's valid seal (if the transferor or transferee is the Company). Where the transferor or transferee is a recognized clearing house as defined in the relevant regulations in force from time to time under the laws of Hong Kong ("**recognized clearing house**") or its agent, the instrument of transfer may be executed by handwritten signature or by machine-printed signature. All instruments of transfer shall be deposited at the registered office of the Company or at such address as the Board may from time to time designate.

The Company shall not accept its own shares as the subject of a security interest.

Shares issued prior to the Company's public offering shall not be transferred within one year from the date on which the Company's shares are listed for trading on a stock exchange.

Directors and senior management of the Company shall declare to the Company the shares of the Company held by them and any changes thereto. During their term of office, as determined upon their appointment, the number of shares transferred in any one year shall not exceed 25% of the total number of shares of the same class held by them; furthermore, shares held in the Company may not be transferred within one year from the date on which the Company's shares are listed for trading. The aforementioned persons may not transfer the shares of the Company held by them within six months of leaving office. Should directors and senior management of the Company resign prior to the expiry of their term of office, they shall continue to comply with the share disposal ratio requirements stipulated in the Company Law of the People's Republic of China and relevant laws, regulations and rules of the securities regulatory authority where the Company's shares are listed, both during the term of office determined at the time of their appointment and for a period of six months following the expiry of their term.

Where the rules of the securities regulatory authority where the Company's shares are listed contain separate provisions regarding restrictions on the transfer of the Company's shares, such provisions shall prevail.

SHAREHOLDERS AND THE GENERAL MEETING OF SHAREHOLDERS

The Company shall establish a share register based on certificates provided by the securities registration authority at the place where the Company's shares are listed; the share register shall serve as conclusive evidence of a shareholder's holding of shares in the Company. Shareholders shall enjoy rights and bear obligations in accordance with the class of shares they hold; shareholders holding shares of the same class shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall enjoy the following rights:

(i) To receive dividends and other forms of profit distribution in proportion to their shareholding;

(ii) To request, convene, preside over, attend, or appoint a proxy to attend general meetings in accordance with the law; to speak at general meetings and to exercise the corresponding voting rights, unless an individual shareholder is required by the securities regulatory rules of the listing venue or applicable laws and regulations to waive their voting rights on specific matters;

(iii) To supervise the Company's operations, and to make suggestions or raise questions;

(iv) To transfer, gift, or pledge the shares held in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the listing venue, and the Company's Articles of Association;

(v) To inspect and make copies of the Company's Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the board of directors, and financial accounting reports; shareholders meeting the prescribed requirements may inspect the Company's accounting books and accounting vouchers;

(vi) Upon the termination or liquidation of the Company, to participate in the distribution of the Company's residual assets in proportion to the shares held;

(vii) Shareholders who object to resolutions of the General Meeting regarding the merger or division of the Company may request the Company to repurchase their shares;

(viii) Other rights prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Where a shareholder requests to inspect or copy relevant materials, they shall comply with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the securities regulatory rules of the place where the company's shares are listed, as well as other relevant laws and administrative regulations.

A shareholder who, either alone or in aggregate, has held 3% or more of the Company's shares for a continuous period of 180 days or more and requests to inspect the Company's accounting books and accounting vouchers shall submit a written request to the Company, stating the purpose thereof. Where the Company has reasonable grounds to believe that a shareholder's inspection of the accounting books and vouchers is for an improper purpose and may harm the Company's legitimate interests, it may refuse to grant such inspection and shall, within fifteen days of the date on which the shareholder submits the written request, provide a written reply to the shareholder stating the reasons. Where the Company refuses to grant inspection, the shareholder may bring an action before the People's Court.

When inspecting or copying relevant materials, a shareholder shall comply with the provisions of laws and administrative regulations concerning the protection of state secrets, trade secrets, personal privacy and personal information.

When exercising this right, a shareholder shall provide the Company with written documentation certifying the class and number of shares held. Upon verifying the shareholder's identity, the Company shall provide the requested information in accordance with the law and may charge a reasonable fee for providing copies of the aforementioned materials.

Where the content of resolutions passed by the Company's general meeting of shareholders or board of directors violates laws or administrative regulations, a shareholder has the right to request the People's Court to declare such resolutions invalid.

Where the procedures for convening meetings of the General Meeting of Shareholders or the Board of Directors, or the methods of voting, contravene laws, administrative regulations or the Articles of Association, or where the content of a resolution contravenes the Articles of Association, a shareholder shall have the right to apply to the People's Court for the resolution to be revoked within 60 days from the date of its adoption. However, this shall not apply where the procedures for convening meetings of the General Meeting of Shareholders or the Board of Directors, or the methods of voting, contain only minor defects that have no substantive impact on the resolution.

Where directors or senior management, other than members of the Audit Committee, violate the provisions of laws, administrative regulations or the Articles of Association in the performance of their duties and cause loss to the Company, shareholders who have held, individually or collectively, 1% or more of the Company's shares for a continuous period of 180 days or more shall have the right to request in writing that the Audit Committee bring an action before the People's Court; Where the Audit Committee, in the performance of its duties, violates the provisions of laws, administrative regulations or the Articles of Association and causes loss to the Company, a shareholder may request in writing that the Board of Directors bring an action before the People's Court.

Where the Audit Committee or the Board of Directors refuses to bring an action upon receipt of a written request from a shareholder as provided for in the preceding paragraph, or fails to bring an action within 30 days of receiving such a request, or where the situation is urgent and failure to bring an action immediately would cause irreparable harm to the interests of the Company, the shareholder referred to in the preceding paragraph shall have the right to bring an action directly in their own name before the People's Court in the interests of the Company.

Where a third party infringes upon the Company's lawful rights and interests, thereby causing loss to the Company, shareholders who have held, individually or collectively, 1% or more of the Company's shares for a continuous period of 180 days or more may bring an action before the People's Court in accordance with the provisions of the preceding two paragraphs.

Where directors, supervisors (if any) or senior management of a wholly-owned subsidiary of the Company, in the performance of their duties, violate the provisions of laws, administrative regulations or the Company's Articles of Association, thereby causing loss to the Company, or where a third party infringes upon the lawful rights and interests of a wholly-owned subsidiary of the Company, thereby causing loss, a shareholder who has held, either individually or in aggregate, 1% or more of the Company's shares for a continuous period of 180 days or more may, in accordance with the first three paragraphs of Article 189 of the Company Law of the People's Republic of China, submit a written request to the supervisory board (if any) or the board of directors to bring an action before the People's Court, or may bring an action directly before the People's Court in their own name.

Where directors or senior management personnel violate the provisions of laws, administrative regulations or the Company's Articles of Association, thereby harming the interests of shareholders, shareholders may bring an action before the People's Court.

Shareholders of the Company shall bear the following obligations:

(i) To comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association;

(ii) To pay the subscription price in accordance with the shares subscribed for and the method of subscription;

(iii) Not to withdraw their capital contribution, except in circumstances prescribed by laws and regulations;

(iv) Not to abuse their shareholder rights to the detriment of the Company or other shareholders, nor to abuse the Company's legal personality and the limited liability of shareholders to the detriment of the Company's creditors;

(v) Fulfill other obligations as prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association.

A shareholder holding 5% or more of the Company's voting shares who pledges such shares shall, from the date on which such event occurs, submit a written report to the Company and make a declaration in accordance with applicable Hong Kong regulations.

CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

The Company's controlling shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with the provisions of laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, and shall safeguard the interests of the listed company.

The Company's controlling shareholders and actual controllers shall comply with the following provisions:

(i) Exercise shareholder rights in accordance with the law, and shall not abuse their control or exploit related-party relationships to the detriment of the legitimate rights and interests of the Company or other shareholders;

(ii) Strictly fulfill public statements and commitments made, and shall not alter or waive them without authorization;

(iii) Strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in carrying out information disclosure work, and promptly inform the Company of any material events that have occurred or are about to occur;

(iv) Shall not appropriate the Company's funds in any manner;

(v) Shall not compel, instruct or require the Company or relevant personnel to provide guarantees in violation of laws or regulations;

(vi) Not to use the Company's undisclosed material information to seek personal gain; not to disclose, in any manner, undisclosed material information relating to the Company; and not to engage in illegal or non-compliant conduct such as insider trading, short-term trading or market manipulation;

(vii) Not to harm the legitimate rights and interests of the Company and other shareholders through any means, including unfair related-party transactions, profit distribution, asset restructuring or external investments;

(viii) Ensure the integrity of the Company's assets, as well as the independence of its personnel, finances, organization and operations; and shall not in any way affect the Company's independence;

(ix) Other provisions of laws, administrative regulations, securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

Where the Company's controlling shareholder or actual controller does not serve as a director of the Company but actually manages the Company's affairs, the provisions of the Company's Articles of Association regarding the duties of loyalty and diligence of directors shall apply.

Where the controlling shareholder or actual controller of the Company instructs a director or senior management to engage in conduct detrimental to the interests of the Company or its shareholders, they shall bear joint and several liability with such director or senior management.

GENERAL PROVISIONS OF THE SHAREHOLDERS' MEETING

The shareholders of the Company shall enjoy the following rights:

(i) To elect and remove directors who are not employee representatives, and to determine matters relating to the remuneration of directors;

(ii) To consider and approve the reports of the board of directors;

(iii) To consider and approve the Company's profit distribution plan and loss compensation plan;

(iv) To pass resolutions on increasing or reducing the Company's registered capital;

(v) To pass resolutions on the issue of corporate bonds;

(vi) To pass resolutions on the merger, division, dissolution, liquidation or change of corporate form of the company;

(vii) To amend the Articles of Association;

(viii) To pass resolutions on the appointment and dismissal of the accounting firm responsible for the company's audit, and on its remuneration;

(ix) To deliberate on and approve the guarantee matters specified in Article 47;

(x) To deliberate on matters concerning the purchase or sale of major assets by the Company within a single year, where the value exceeds 30% of the Company's total audited assets as of the most recent financial period;

(xi) To deliberate on and approve changes to the use of raised funds;

(xii) To deliberate on share incentive schemes and employee share ownership schemes;

(xiii) To deliberate on other matters which, pursuant to laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, or the Articles of Association, are required to be decided by the General Meeting of Shareholders.

The general meeting may authorize the board of directors to make resolutions regarding the issuance of corporate bonds.

The following external guarantee activities of the Company must be approved by the shareholders' meeting:

(i) Guarantees where the amount of a single guarantee exceeds 10% of the Company's most recent audited net assets;

(ii) Any guarantee provided after the total amount of guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the Company's most recent audited net assets;

(iii) Guarantees provided for a guarantor with a debt-to-asset ratio exceeding 70%;

(iv) Guarantees where the aggregate amount exceeds 50% of the Company's most recent audited net assets and the absolute amount exceeds RMB 50 million within a consecutive period of twelve months;

(v) Any guarantee provided after the aggregate amount of guarantees provided by the Company and its controlled subsidiaries exceeds 30% of the Company's most recent audited total assets;

(vi) Guarantees where the aggregate amount exceeds 30% of the Company's most recent audited total assets within a consecutive period of twelve months;

(vii) Guarantees provided to shareholders, actual controllers and their associated parties;

(viii) Other guarantee scenarios stipulated by the securities regulatory rules of the stock exchange where the Company's shares are listed or by the Company's Articles of Association.

External guarantees requiring approval by the general meeting of shareholders must first be deliberated and approved by the board of directors before being submitted to the general meeting for approval. When the board of directors deliberates on guarantee matters, such matters must be approved by more than two-thirds of the directors present at the board meeting. When the general meeting deliberates on the guarantee matters referred to in sub-paragraph (vi) above, such matters must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the general meeting of shareholders considers a resolution regarding guarantees provided to a shareholder, the actual controller or their associated parties, the shareholder in question, or any shareholder controlled by the actual controller, shall not participate in the vote on that resolution; such resolution shall be passed by a majority of the voting rights held by the other shareholders present at the general meeting.

Where the Company provides a guarantee for a wholly-owned subsidiary, or provides a guarantee for a subsidiary in which it holds a controlling interest provided that the other shareholders of such subsidiary provide a guarantee in the same proportion as their respective equity interests, and such circumstances fall under sub-paragraphs (i) to (iv) of the first paragraph of this Article, such matters may be exempted from submission to the general meeting for deliberation.

Where directors or senior management of the Company provide guarantees to external parties in breach of the approval authority and deliberation procedures stipulated in the Articles of Association, the Company shall impose corresponding disciplinary measures in accordance with internal management systems; where such actions cause losses to the interests of the Company and its shareholders, the persons directly responsible shall bear corresponding liability for compensation.

CONVENING OF SHAREHOLDERS' MEETINGS

The Board of Directors shall convene a shareholders' meeting in a timely manner within the prescribed period.

With the consent of a majority of all independent directors, independent directors shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting.

The Audit Committee shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting, and shall submit such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether to approve or reject the convening of an extraordinary general meeting within 10 days of receiving the proposal.

Where the Board of Directors approves the convening of an extraordinary general meeting, a notice convening the general meeting shall be issued within 5 days of the Board resolution being passed; any amendments to the original proposal in the notice shall require the consent of the Audit Committee.

If the Board of Directors refuses to convene an extraordinary general meeting, or fails to provide a response within 10 days of receiving the proposal, this shall be deemed a failure or refusal by the Board to fulfill its duty to convene a general meeting, and the Audit Committee may convene and preside over the meeting on its own initiative.

Shareholders holding, individually or collectively, 10% or more of the Company's shares (excluding treasury shares) shall have the right to request the Board of Directors to convene an extraordinary general meeting, and such request shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association, provide written feedback on whether to consent to or refuse to convene an extraordinary general meeting within 10 days of receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice convening the meeting within 5 days of the Board resolution being passed; any changes to the original request set out in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors refuses to convene an extraordinary general meeting, or fails to provide a response within 10 days of receiving the request, shareholders holding, individually or collectively, 10% or more of the Company's shares (excluding treasury shares) shall have the right to propose the convening of an extraordinary general meeting to the Audit Committee and shall submit such a request to the Audit Committee in writing.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within 5 days of receiving the request; any amendments to the original request set out in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the general meeting; shareholders who, individually or collectively, have held 10% or more of the Company's shares (excluding treasury shares) for a continuous period of 90 days or more may convene and preside over the meeting themselves.

Where the Audit Committee or a shareholder decides to convene a general meeting on their own initiative, they must notify the Board of Directors in writing and, at the same time, file a report with the securities regulatory authority of the Company's listing venue in accordance with the relevant regulations of that authority.

Prior to the announcement of the general meeting resolution, the shareholding ratio of the convening shareholders must not be less than 10%.

PROPOSALS AND NOTICES FOR SHAREHOLDERS' MEETINGS

When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee, and shareholders holding, individually or collectively, 1% or more of the Company's shares shall have the right to submit proposals to the Company.

Shareholders holding, individually or collectively, 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener no later than 10 days prior to the convening of the shareholders' meeting. The convener shall, within two days of receiving the proposal, issue a supplementary notice of the general meeting, announce the content of the ad hoc proposal, and submit such proposal to the general meeting for deliberation. This shall not apply where the ad hoc proposal contravenes laws, administrative regulations, the securities regulatory rules of the jurisdiction where the company's shares are listed, or the company's articles of association, or where it falls outside the scope of the general meeting's powers.

Except as provided in the preceding paragraph, the convener shall not amend any proposals already listed in the notice of the general meeting or add new proposals after the notice has been issued.

The general meeting shall not vote on or adopt resolutions regarding any proposal that is not listed in the notice of the general meeting or does not comply with the provisions of the Company's Articles of Association.

The convener shall notify each shareholder in writing (including by public notice) 21 days prior to the annual general meeting; for an extraordinary general meeting, notice shall be given to each shareholder in writing (including by public notice) 15 days prior to the meeting.

In calculating the starting date of the period specified in the preceding paragraph, the company shall not include the day on which the meeting is held.

Where laws, regulations or the securities regulatory authority of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

Notices of general meetings shall be published on the Company's website or on the website designated by the Hong Kong Stock Exchange, subject to compliance with applicable laws, regulations and the rules of the securities regulatory authority in the place where the Company's shares are listed. Where, pursuant to the Company's Articles of Association, a notice is required to be issued to shareholders of foreign-invested shares listed overseas, such notice shall also be published in accordance with the methods prescribed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Hong Kong Listing Rules**"). For shareholders of unlisted domestic shares, notices of general meetings may also be issued by way of public announcement.

The notice of a general meeting shall include the following:

(i) The time, venue and duration of the meeting;

(ii) The matters and proposals to be considered at the meeting;

(iii) A clear statement that all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend the meeting and vote, and that such proxy need not be a shareholder of the Company;

(iv) The record date for shareholders entitled to attend the general meeting;

(v) The name and telephone number of the designated contact person for the meeting;

(vi) The time and procedures for voting via the internet or other means;

(vii) Any other matters required to be specified in accordance with laws, regulations, and the securities regulatory rules of the jurisdiction where the Company's shares are listed.

The notice of the general meeting and any supplementary notices shall fully and completely disclose the specific details of all proposals.

CONVENING OF THE GENERAL MEETING

All shareholders or their proxies registered on the record date are entitled to attend the General Meeting and, in accordance with relevant laws, regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Company's Articles of Association, to speak and exercise voting rights at the General Meeting, unless an individual shareholder is required by the securities regulatory rules of the jurisdiction where the Company's shares are listed to abstain from voting on specific matters.

Shareholders may attend the general meeting in person or appoint a proxy to attend, speak and vote on their behalf. A proxy need not be a shareholder of the Company.

Where an individual shareholder attends the meeting in person, they shall present their identity card or other valid documents or proof capable of verifying their identity; where attending as a proxy for another person, they shall present their own valid identity documents and the shareholder's letter of authorization.

Corporate shareholders shall be represented at the meeting by their legal representative or by a proxy appointed by the legal representative. Where the legal representative attends the meeting, he or she shall present his or her identity card and valid proof of his or her status as legal representative. Where a proxy attends the meeting, the proxy shall present his or her identity card and a written letter of authorization issued in accordance with the law by the legal representative of the corporate shareholder. For the avoidance of doubt, such a proxy need not be a shareholder of the Company. (Except where the shareholder is a recognized clearing house as defined by relevant ordinances under Hong Kong law or securities regulatory rules of the place where the Company's shares are listed, and its agents.)

A letter of authorization issued by a shareholder to appoint another person to attend the general meeting shall specify the following:

(i) the name of the principal and the class and number of shares held in the Company;

(ii) the name of the proxy;

(iii) Specific instructions from the shareholder, including instructions to vote in favor of, against or to abstain from each item on the agenda of the general meeting;

(iv) The date of issue and the period of validity of the proxy;

(v) The signature (or seal) of the principal. Where the principal is a corporate shareholder, the corporate seal of the entity shall be affixed; where an overseas corporate shareholder does not have a corporate seal, the proxy may be signed by a duly authorized person.

VOTING AND RESOLUTIONS AT SHAREHOLDERS' MEETINGS

Resolutions of the shareholders' meeting are classified as ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by a majority of the voting rights held by the shareholders present at the meeting (including proxies).

A special resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting (including proxies).

The following matters shall be approved by the general meeting of shareholders by ordinary resolution:

(i) The work report of the board of directors;

(ii) The profit distribution and loss compensation proposals drawn up by the board of directors;

(iii) The appointment and removal of members of the board of directors, as well as their remuneration and method of payment;

(iv) Any other matters not required to be approved by special resolution under the law, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, or the Company's Articles of Associations.

The following matters shall be resolved by the General Meeting of Shareholders by way of a special resolution:

(i) An increase or decrease in the Company's registered capital;

(ii) The division, merger, spin-off, dissolution, liquidation or change of corporate form of the Company;

(iii) Amendments to the Articles of Association and its annexes (including the Rules of Procedure of the General Meeting of Shareholders and the Rules of Procedure of the Board of Directors);

(iv) The listing of a subsidiary through a spin-off;

(v) The purchase or sale of material assets by the Company within one year, or the provision of guarantees to third parties, where the aggregate amount exceeds 30 per cent of the Company's total audited assets as of the most recent financial period;

(vi) The issue of shares, convertible corporate bonds, preference shares and other types of securities recognized by the China Securities Regulatory Commission;

(vii) The repurchase of shares for the purpose of reducing the registered capital;

(viii) Material asset restructuring;

(ix) Share-based incentive schemes;

(x) A resolution of the Company's general meeting to voluntarily delist the Company's shares from trading on the Shenzhen Stock Exchange, and to decide to cease trading on the exchange or to apply for trading or transfer on other trading venues;

(xi) Other matters determined by the general meeting through an ordinary resolution to have a material impact on the Company and requiring approval by a special resolution;

(xii) Other matters prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Company's Articles of Association; and other matters determined by the General Meeting of Shareholders through an ordinary resolution to have a material impact on the Company and requiring adoption by a special resolution.

Shares of the Company held by the Company itself shall not carry voting rights, and such shares shall not be included in the total number of shares with voting rights present at the General Meeting of Shareholders.

The Board of Directors, independent directors, shareholders holding 1% or more of the shares with voting rights, or investor protection bodies established in accordance with laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed may act as solicitors; when soliciting shareholders' voting rights, they shall fully disclose information such as specific voting intentions to the persons from whom votes are solicited.

DIRECTORS AND THE BOARD OF DIRECTORS

The Company's directors may include executive directors, non-executive directors and independent directors. Non-executive directors refer to directors who do not hold executive management positions within the Company. Matters relating to the eligibility criteria, nomination and election procedures, and powers of independent directors shall be implemented in accordance with the law, the relevant provisions of the China Securities Regulatory Commission and the stock exchange where the Company's shares are listed. The number of independent directors shall not be less than three and shall constitute at least one-third of the total number of directors on the Board; independent directors must possess the independence required by the securities regulatory rules of the jurisdiction where the Company's shares are listed. Directors shall possess the qualifications required by laws, administrative regulations, rules, the Articles of Association and the securities regulatory rules of the place where the Company's shares are listed.

Directors shall be elected or replaced by the General Meeting of Shareholders and may be removed from office by the General Meeting of Shareholders prior to the expiry of their term. The term of office for each director shall be three years; upon expiry of their term, they may be re-elected for consecutive terms.

Directors may concurrently hold senior management positions; however, the total number of directors who are also senior managers and those who are employee representatives shall not exceed half of the total number of directors.

Directors owe the following duties of loyalty to the Company:

(i) They shall not misappropriate the Company's property or embezzle company funds;

(ii) They shall not deposit company funds in accounts opened in their own name or in the name of any other individual;

(iii) They shall not use their authority to offer bribes or accept other unlawful income;

(iv) They shall not, directly or indirectly, enter into contracts or conduct transactions with the Company without reporting to the Board of Directors or the General Meeting of Shareholders and obtaining a resolution from the Board of Directors or the General Meeting of Shareholders in accordance with the provisions of the Articles of Association;

(v) shall not exploit the convenience of their position to secure business opportunities belonging to the Company for themselves or others, except where such opportunities have been reported to the Board of Directors or the General Meeting of Shareholders and approved by a resolution of the General Meeting of Shareholders, or where the Company is prohibited from utilizing such business opportunities pursuant to laws, administrative regulations, securities regulatory rules of the stock exchange where the Company's shares are listed, or the provisions of the Articles of Association;

(vi) A director shall not engage in, or operate on behalf of others, a business of the same nature as that of the Company without reporting to the Board of Directors or the General Meeting of Shareholders and obtaining approval by a resolution of the General Meeting of Shareholders;

(vii) A director shall not accept commissions arising from transactions with the Company for his or her own benefit;

(viii) A director shall not disclose the Company's secrets without authorization;

(ix) Directors shall not exploit their relationships with related parties to the detriment of the Company's interests;

(x) Other duties of loyalty as prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Company's Articles of Association.

Any income derived by a director in breach of the above provisions shall belong to the Company; where such breach causes loss to the Company, the director shall be liable for compensation.

Directors owe the following duties of care to the Company:

(i) They shall exercise the powers conferred upon them by the Company with prudence, diligence and care, to ensure that the Company's commercial conduct complies with national laws, administrative regulations and economic policies, and that its commercial activities do not exceed the scope of business specified in the business license;

(ii) They shall treat all shareholders fairly;

(iii) They shall keep themselves promptly informed of the Company's business operations and management;

(iv) Sign written confirmation opinions on the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;

(v) Provide the Audit Committee with relevant information and materials truthfully and shall not obstruct the Audit Committee in the exercise of its powers;

(vi) Other duties of care prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

BOARD OF DIRECTORS

The Company shall establish a Board of Directors, comprising seven directors, including three independent directors and one employee representative director. There shall be one Chairman, elected by the Board by a majority vote of all directors. One of the independent directors shall be ordinarily resident in Hong Kong. All independent directors must possess the independence required by the Hong Kong Listing Rules.

The Company's Board of Directors shall comprise at least three non-executive directors, constituting no less than one-third of the total number of directors, of whom at least one independent non-executive director must possess appropriate accounting or relevant financial management expertise, or appropriate professional qualifications, as required by the stock exchange where the Company's shares are listed.

The Board of Directors shall exercise the following powers:

(i) To convene general meetings of shareholders and report on its work to such meetings;

(ii) To implement the resolutions of the general meeting;

(iii) To determine the Company's business plans and investment proposals;

(iv) To formulate the Company's profit distribution and loss compensation schemes;

(v) To formulate proposals for increasing or reducing the Company's registered capital, issuing bonds or other securities, and listing plans;

(vi) To draft proposals for major acquisitions, repurchases of the Company's shares, or mergers, demergers, dissolution and changes to the Company's legal form;

(vii) Within the scope of authorization granted by the general meeting, to decide on matters such as the company's external investments, the acquisition or disposal of assets, the mortgaging of assets, external guarantees, entrusted asset management, related-party transactions and external donations;

(viii) To decide on the establishment of the Company's internal management bodies;

(ix) To decide on the appointment or dismissal of the Company's General Manager, Board Secretary and other senior management personnel, and to determine their remuneration and disciplinary matters; upon the nomination of the General Manager, to decide on the appointment or dismissal of senior management personnel such as Deputy General Managers and the Chief Financial Officer, and to determine their remuneration and disciplinary matters;

(x) To formulate the Company's basic management systems;

(xi) To formulate proposals for amendments to the Articles of Association;

(xii) To manage the Company's information disclosure matters;

(xiii) To propose to the General Meeting the appointment or replacement of the accounting firm acting as the Company's auditor;

(xiv) To hear work reports from the General Manager and to review the General Manager's work;

(xv) Other powers conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

A meeting of the Board of Directors may only be held if a majority of the directors are present. Resolutions of the Board of Directors must be passed by a majority of all directors. However, where laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association stipulate that a resolution of the Board of Directors requires the consent of a greater number of directors, such provisions shall prevail.

Voting on resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

Where a director has a relationship of interest with an enterprise or individual concerned by a matter under consideration at a Board meeting, or where the director or any of his or her associates has a material interest therein, such director shall promptly report this in writing to the Board. A director with a related-party relationship or who has a material interest, either personally or through any associate, shall not exercise voting rights on that resolution, nor shall they vote on behalf of another director; furthermore, such a director shall not be counted towards the quorum for the relevant meeting. The board meeting may be held provided that a majority of directors without a related-party relationship are present, and resolutions adopted at the board meeting must be approved by a majority of directors without a related-party relationship. If fewer than three non-related directors are present at a Board meeting, the matter shall be submitted to the general meeting of shareholders for consideration. Where laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed impose any additional restrictions on directors' participation in Board meetings and voting, such provisions shall prevail.

Voting on Board resolutions shall be conducted by a show of hands or by a recorded vote.

Unless otherwise provided for in the securities regulatory rules of the jurisdiction where the Company's shares are listed or in the Company's Articles of Association, extraordinary meetings of the Board of Directors may be conducted and resolutions passed via fax, circulation of draft resolutions, telephone or video conferencing, provided that directors are afforded the opportunity to fully express their views, and such resolutions shall be signed by the attending directors. Board meetings may be convened using a combination of in-person and remote participation.

The Board of Directors shall prepare minutes of the decisions made on matters discussed at the meeting, and directors present at the meeting shall sign the minutes. Directors present at the meeting shall have the right to request that their remarks made during the meeting be recorded in the minutes.

The minutes of Board meetings shall be retained as company records for a period of not less than 10 years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors shall conscientiously perform their duties in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association. They shall play a role in decision-making, oversight and checks and balances, and professional consultation within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

Independent non-executive directors must maintain their independence. The following persons shall not serve as independent non-executive directors:

(i) Persons employed by the Company or its subsidiaries, and their spouses, parents, children, or close relatives;

(ii) Natural person shareholders who directly or indirectly hold one per cent or more of the Company's issued shares, or who are among the Company's top ten shareholders, and their spouses, parents, and children;

(iii) Persons employed by shareholders who directly or indirectly hold five per cent or more of the Company's issued shares, or by the Company's top five shareholders, and their spouses, parents, and children;

(iv) Persons employed by subsidiaries of the Company's controlling shareholder or actual controller, and their spouses, parents and children;

(v) Persons who have significant business dealings with the Company, its controlling shareholder, actual controller or their respective subsidiaries, or persons employed by entities with which the Company has significant business dealings, or by the controlling shareholders or actual controllers of such entities;

(vi) Persons providing financial, legal, advisory, sponsorship or similar services to the Company, its controlling shareholders, actual controllers or their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, signatories to reports, partners, directors, senior management and principal officers of the intermediary institutions providing such services;

(vii) Persons who, within the last twelve months, have been in any of the circumstances listed in items (i) to (vi);

(viii) Other persons deemed to lack independence as stipulated by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

The subsidiaries of the Company's controlling shareholders and actual controllers referred to in items (iv)to (vi)of the preceding paragraph shall not include enterprises that are controlled by the same state-owned asset management institution as the Company and which, in accordance with relevant provisions, do not constitute related parties of the Company.

Independent non-executive directors shall conduct an annual self-assessment of their independence and submit the results of such assessment to the board of directors. The board of directors shall assess the independence of incumbent independent non-executive directors annually and issue a special opinion thereon, which shall be disclosed concurrently with the annual report.

To serve as an independent non-executive director of the Company, a person shall meet the following conditions:

(i) Possess the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;

(ii) Meet the independence requirements stipulated in the Company's Articles of Association;

(iii) Possess basic knowledge of the operations of a listed company and be familiar with relevant laws, regulations and rules;

(iv) Have at least five years of professional experience in law, accounting or economics necessary for the performance of the duties of an independent non-executive director;

(v) Possess good personal integrity and have no record of serious breaches of trust or other adverse conduct;

(vi) Meet any other conditions stipulated by laws, administrative regulations, the securities regulatory rules of the listing venue, and the Company's Articles of Association.

As members of the Board of Directors, independent non-executive directors owe duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

(i) Participate in Board decision-making and express clear opinions on matters under discussion;

(ii) Supervise potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors and senior management, and protect the legitimate rights and interests of minority shareholders;

(iii) Provide professional and objective advice on the Company's operations and development to enhance the quality of the Board's decision-making;

(iv) Perform other duties as prescribed by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

Independent non-executive directors shall exercise the following special powers:

(i) Independently engage intermediary institutions to conduct audits, provide consultancy or carry out reviews on specific matters of the Company;

(ii) To propose to the Board of Directors the convening of an extraordinary general meeting;

(iii) To propose the convening of a meeting of the Board of Directors;

(iv) To solicit shareholder rights from shareholders in accordance with the law;

(v) To express independent opinions on matters that may harm the interests of the Company or minority shareholders;

(vi) Other powers as prescribed by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

Where an independent non-executive director exercises the powers listed in items (i) to (iii)of the preceding paragraph, such exercise shall be subject to the approval of a majority of all independent non-executive directors.

Where an independent non-executive director exercises the powers listed in the first paragraph, the Company shall disclose this in a timely manner. Where the aforementioned powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the Board of Directors for consideration only after obtaining the approval of a majority of all independent non-executive directors of the Company:

(i) Related-party transactions subject to disclosure;

(ii) Proposals by the Company and related parties to amend or waive undertakings;

(iii) Decisions made and measures taken by the board of directors of the listed company being acquired in relation to the acquisition;

(iv) Other matters prescribed by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

Special meetings of independent non-executive directors may, as required, examine and discuss other matters concerning the Company. A special meeting of independent non-executive directors shall be convened and chaired by an independent non-executive director jointly nominated by a majority of the independent non-executive directors; where the convener fails to perform his or her duties or is unable to do so, two or more independent non-executive directors may convene the meeting themselves and nominate a representative to chair it.

Minutes of the special meeting of independent non-executive directors shall be prepared in accordance with the regulations, and the opinions of the independent non-executive directors shall be recorded in the minutes. The independent non-executive directors shall sign to confirm the minutes.

SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

The Company's Board of Directors shall establish an Audit Committee to exercise the powers of the Supervisory Board as stipulated in the Company Law of the People's Republic of China.

The Audit Committee shall consist of three members, all of whom shall be non-executive directors who do not hold senior management positions within the Company. Two of these members shall be independent non-executive directors, and the convener shall be an independent non-executive director with professional expertise in accounting.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, as well as supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for deliberation only after obtaining the approval of a majority of all members of the Audit Committee:

(i) The disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(ii) The appointment or dismissal of the accounting firm responsible for the audit of the listed company;

(iii) The appointment or dismissal of the listed company's chief financial officer;

(iv) Changes to accounting policies, accounting estimates, or corrections of material accounting errors for reasons other than changes in accounting standards;

(v) Other matters prescribed by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

REMUNERATION AND APPRAISAL COMMITTEE

The Remuneration and Appraisal Committee is responsible for establishing appraisal criteria for directors and senior management and conducting such appraisals; for formulating and reviewing remuneration policies and schemes, including decision-making mechanisms, decision-making processes, and payment and clawback arrangements for directors and senior management; and for making recommendations to the Board of Directors on the following matters:

(i) The remuneration of directors and senior management;

(ii) The establishment or amendment of share incentive schemes and employee share ownership schemes, as well as the conditions for the vesting and exercise of rights by beneficiaries;

(iii) Shareholding schemes for directors and senior management in connection with the proposed spin-off of a subsidiary;

(iv) Other matters prescribed by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

Where the Board does not adopt, or does not fully adopt, the recommendations of the Remuneration and Appraisal Committee, it shall record the Committee's views and the specific reasons for non-adoption in the Board resolution and disclose them.

NOMINATION COMMITTEE

The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management, screening and vetting candidates for these positions and their qualifications, and making recommendations to the Board of Directors on the following matters:

(i) The nomination or appointment and removal of directors;

(ii) The appointment or dismissal of senior management;

(iii) Other matters prescribed by laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

Where the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Nomination Committee, it shall record the Nomination Committee's views and the specific reasons for non-adoption in the Board resolution and disclose them.

STRATEGY COMMITTEE

The principal duties and powers of the Strategy Committee are as follows:

(i) To conduct research on the Company's medium- and long-term strategic development plans and make recommendations;

(ii) To conduct research on and make recommendations regarding major investment and financing proposals that, pursuant to the Articles of Association, require the approval of the Board of Directors;

(iii) To conduct research on and make recommendations regarding major capital operations and asset management projects that, pursuant to the Articles of Association, require the approval of the Board of Directors;

(iv) To study and make recommendations on other major matters affecting the Company's development;

(v) To monitor and supervise the implementation of the above matters and submit reports thereon;

(vi) Other powers and responsibilities delegated by the Board of Directors.

SENIOR MANAGEMENT

QUALIFICATION AND DUTIES OF SENIOR MANAGEMENT

The provisions of the Articles of Association regarding circumstances under which a person may not serve as a director, and the provisions of the resignation management system, shall apply equally to senior management.

The provisions of the Articles of Association regarding the duties of loyalty and diligence of directors shall also apply to senior management.

GENERAL MANAGEMENT

The Company shall appoint one General Manager, who shall be appointed or removed by the Board of Directors. The Company shall appoint a number of Deputy General Managers, whose appointment or removal shall be determined by the Board of Directors.

The General Manager shall be accountable to the Board of Directors and shall exercise the following powers:

(i) To preside over the Company's production and operational management, to organize the implementation of Board resolutions, and to report on his work to the Board;

(ii) To organize the implementation of the Company's annual business plan and investment proposals;

(iii) To draft proposals for the establishment of the Company's internal management structure;

(iv) To draft the Company's basic management systems;

(v) To formulate the Company's specific regulations;

(vi) To propose to the Board the appointment or dismissal of the Company's Deputy General Managers and Chief Financial Officer;

(vii) To decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal falls within the purview of the Board;

(viii) Other powers conferred by the Articles of Association or the Board.

The General Manager shall attend Board meetings.

COMPANY SECREYARY

The Company shall appoint a Company Secretary, who shall be responsible for the preparation of General Meetings and Board meetings, the safekeeping of documents, the management of shareholder records, and the handling of information disclosure matters.

The Company Secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDIT

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting system in accordance with the provisions of laws, administrative regulations, relevant national authorities, and the securities regulatory rules of the jurisdiction where the Company's shares are listed.

The Company shall submit and disclose its annual report to the securities regulatory authority of the place where the Company's shares are listed within four months of the end of each financial year; submit and/or disclose its interim report to the securities regulatory authority of the place where the Company's shares are listed within two months of the end of the first half of each financial year; and submit and disclose its quarterly reports to the local offices of the China Securities Regulatory Commission and the stock exchange where the Company's shares are listed within one month of the end of the first three months and the first nine months of each financial year.

The aforementioned annual reports, interim reports and quarterly reports shall be prepared and/or submitted to shareholders in accordance with the provisions of relevant laws, administrative regulations, departmental rules and the securities regulatory rules of the jurisdiction where the Company's shares are listed.

The Company shall not maintain any accounting books other than those required by law. The Company's funds shall not be deposited in accounts opened in the name of any individual.

INTERNAL AUDIT

The Company shall implement an internal audit system, clearly defining the leadership structure, responsibilities and authorities, staffing, funding, utilization of audit results and accountability for internal audit work.

The Company's internal audit system shall be implemented following approval by the Board of Directors and shall be disclosed to the public.

The Company's internal audit department shall conduct supervision and inspection of the Company's business activities, risk management, internal controls and financial information.

The Company's internal audit department shall be staffed with full-time auditors and shall maintain its independence; it shall not be placed under the leadership of the finance department nor share office space with the finance department.

The internal audit department shall be accountable to the Board of Directors.

In the course of supervising and inspecting the Company's business activities, risk management, internal controls and financial information, the internal audit department shall accept the supervision and guidance of the Audit Committee. Should the internal audit department discover any material issues or leads, it shall immediately report them directly to the Audit Committee.

The internal audit department shall be responsible for the specific organization and implementation of the company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and relevant materials issued by the internal audit department and reviewed by the Audit Committee.

When the Audit Committee communicates with external audit entities such as accounting firms and state audit bodies, the internal audit department shall actively cooperate and provide necessary support and assistance.

The Audit Committee shall participate in the appraisal of the head of the internal audit department.

APPOINTMENT OF THE ACCOUNTING FIRM

The Company shall engage an accounting firm that complies with the provisions of the Securities Law of the People's Republic of China and the securities regulatory rules of the jurisdiction where the Company's shares are listed to perform financial statement audits, net asset verification and other related advisory services. The term of appointment shall be one year and may be renewed.

The appointment and dismissal of the accounting firm must be decided by the general meeting of shareholders; the board of directors shall not appoint an accounting firm prior to such a decision by the general meeting.

The Company undertakes to provide the appointed accounting firm with true and complete accounting vouchers, accounting ledgers, financial accounting reports and other accounting materials, and shall not refuse, conceal or misrepresent such information.

The remuneration of the accounting firm, or the method for determining such remuneration, shall be decided by the general meeting of shareholders.

Where the Company dismisses or decides not to renew the appointment of an accounting firm, it shall give the firm 15 days' prior notice; when the general meeting of shareholders votes on the dismissal of the accounting firm, the firm shall be permitted to present its views.

Where an accounting firm resigns from its appointment, it shall explain to the general meeting of shareholders whether there are any improprieties on the part of the Company.

NOTICES AND ANNOUNCEMENTS

NOTICES

Notices of the Company shall be issued in the following forms:

(i) Delivered by a designated person;

(ii) Sent by post;

(iii) Sent by email;

(iv) Sent by fax;

(v) Published as an announcement;

(vi) Any other form recognized by the securities regulatory rules of the stock exchange where the Company's shares are listed or as provided for in the Company's Articles of Association.

Notices issued by the Company shall be made by way of public announcement; once such an announcement has been made, it shall be deemed to have been received by all relevant parties.

Notices convening general meetings of shareholders shall be made by way of public announcement.

Notices convening board meetings shall be delivered by a designated person, by post, by email or by fax.

Where a Company notice is delivered by a designated person, the date of delivery shall be the date on which the recipient signs (or stamps) the delivery receipt; where a Company notice is sent by post, the date of delivery shall be the third working day following the date of posting; where a Company notice is sent by email, the date of delivery shall be the date on which the email is successfully sent; where a Company notice is served by way of public announcement, the date of publication of the first announcement shall be deemed the date of service; where a Company notice is served by fax, the time recorded by the fax machine as the time of transmission shall be deemed the date of service.

The failure to serve a notice of meeting on a person entitled to receive it due to an accidental omission, or the failure of such person to receive the notice of meeting, shall not render the meeting or the resolutions passed at the meeting invalid.

ANNOUNCEMENTS

Unless the context otherwise requires, the term "announcement" as used in the Articles of Association, in relation to announcements addressed to A-share shareholders or announcements required to be made within the territory of the PRC pursuant to relevant regulations and the Articles of Association, shall mean that the Company publishes such announcements and other information required to be disclosed on the GEM information disclosure media designated by the China Securities Regulatory Commission. In respect of announcements addressed to H-share shareholders or announcements required to be made in Hong Kong pursuant to the relevant regulations and the Articles of Association, such announcements must be published on the Company's website, the Hong Kong Stock Exchange website and such other websites as may from time to time be prescribed by the Hong Kong Listing Rules, in accordance with the requirements of the relevant Hong Kong Listing Rules.

MERGERS, DEMERGERS, CAPITAL INCREASES, CAPITAL REDUCTIONS, DISSOLUTION AND LIQUIDATION

MERGERS, DEMERGERS, CAPITAL INCREASES AND CAPITAL REDUCTIONS

A company merger may take the form of a merger by absorption or a merger by formation of a new entity.

A merger where one company absorbs another is a merger by absorption, and the absorbed company is dissolved. A merger where two or more companies merge to form a new company is a merger by formation of a new entity, and the merging parties are dissolved.

In the event of a company merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and a list of assets. The company shall notify its creditors within ten days of the date of the resolution to merge, and shall, within thirty days, publish an announcement in a newspaper that complies with the securities regulatory rules of the place where the company's shares are listed and the conditions prescribed by the China Securities Regulatory Commission, or on the National Enterprise Credit Information Publicity System or the HKEX Disclosings website. Creditors may, within thirty days of receiving the notice, or within forty-five days of the date of the announcement if they have not received the notice, require the company to settle its debts or provide corresponding security. Upon a company merger, the claims and liabilities of the merging parties shall be assumed by the surviving company or the newly established company.

Upon the division of a company, its assets shall be divided accordingly. In the event of a company division, a balance sheet and a list of assets shall be prepared. The company shall notify creditors within ten days of the date of the resolution to divide the company, and shall publish an announcement within thirty days in a newspaper that meets the conditions prescribed by the securities regulatory rules of the place where the company's shares are listed, on the National Enterprise Credit Information Publicity System, or on the HKEX Disclosings website (www.hkexnews.hk). The companies resulting from the division shall bear joint and several liability for the debts incurred prior to the division. However, this shall not apply where the company has reached a written agreement with the creditors regarding the settlement of such debts prior to the division.

Where the Company reduces its registered capital, it shall prepare a balance sheet and a statement of assets. The Company shall notify creditors within ten days of the date on which the general meeting passes a resolution to reduce the registered capital, and shall publish an announcement within thirty days in a newspaper meeting the requirements of the securities regulatory rules of the place where the Company's shares are listed, on the National Enterprise Credit Information Publicity System, or on the HKEX Disclosings website (www.hkexnews.hk). Creditors shall have the right to demand that the company settle its debts or provide corresponding security within thirty days of receiving the notice, or within forty-five days of the date of the public announcement if they have not received the notice. Where a company reduces its registered capital, the capital contribution or shares shall be reduced in proportion to the shares held by the shareholders, unless otherwise provided by law or the company's articles of association.

Where a company merges or is split and there is a change in the registered particulars, an application for amendment of the registration shall be made to the company registration authority in accordance with the law; where a company is dissolved, an application for cancelation of the company's registration shall be made in accordance with the law; where a new company is established, an application for the registration of the company's establishment shall be made in accordance with the law.

Where a company increases or reduces its registered capital, an application for amendment of the registration shall be made to the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

A company shall be dissolved for the following reasons:

(i) The expiry of the term of business specified in the Articles of Association or the occurrence of other grounds for dissolution specified therein;

(ii) A resolution of the general meeting of shareholders to dissolve the company;

(iii) Dissolution necessitated by a merger or division of the company;

(iv) Revocation of the business license, an order to close down, or revocation of the company in accordance with the law;

(v) Where the company faces serious difficulties in its operations and management, and its continued existence would result in significant loss to the interests of the shareholders, and such difficulties cannot be resolved through other means, a shareholder holding 10 per cent or more of the voting rights may apply to the People's Court for the dissolution of the company.

Where the grounds for dissolution specified in the preceding paragraph arise, the company shall, within ten days, publicize the grounds for dissolution through the National Enterprise Credit Information Publicity System and the HKEX Disclosings website (www.hkexnews.hk).

Where the Company falls under the circumstances set out in sub-paragraphs (i) or (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or by resolution of the general meeting of shareholders.

Any amendment to the Articles of Association or resolution of the general meeting of shareholders pursuant to the preceding sub-paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Where a company is dissolved pursuant to the provisions of items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors shall be the persons responsible for the liquidation of the company and shall, within fifteen days of the occurrence of the grounds for dissolution, form a liquidation committee to carry out the liquidation.

During the liquidation period, the liquidation committee shall exercise the following powers:

(i) to take stock of the company's assets and prepare a balance sheet and an inventory of assets;

(ii) to notify and publish notices to creditors;

(iii) to settle the company's outstanding business matters relating to the liquidation;

(iv) to settle any outstanding tax liabilities and any taxes arising during the liquidation process;

(v) to settle claims and debts;

(vi) to distribute the company's residual assets after the settlement of debts;

(vii) to represent the company in civil litigation proceedings.

The liquidation committee shall notify creditors within ten days of its establishment and shall, within sixty days, publish a notice in a newspaper that meets the conditions prescribed by the securities regulatory rules of the place where the company's shares are listed, or on the National Enterprise Credit Information Publicity System and the Hong Kong Stock Exchange's HKEXnews website (www.hkexnews.hk). Creditors shall file their claims with the liquidation panel within thirty days of receiving the notice, or within forty-five days of the date of the public announcement if they have not received the notice.

When filing a claim, a creditor shall specify the relevant details of the claim and provide supporting documentation. The liquidation panel shall register the claims.

During the claim filing period, the liquidation panel shall not make any payments to creditors.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association in any of the following circumstances:

(i) Where, following amendments to the Company Law of the People's Republic of China or relevant laws, administrative regulations, or securities regulatory rules of the stock exchange where the Company's shares are listed, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations, or securities regulatory rules of the stock exchange where the Company's shares are listed;

(ii) Where changes in the company's circumstances render the provisions inconsistent with those set out in the Articles of Association;

(iii) Where the general meeting of shareholders resolves to amend the Articles of Association.

Where amendments to the Articles of Association adopted by a resolution of the general meeting of shareholders are subject to approval by the competent authority, they must be submitted to the competent authority for approval; where such amendments involve matters relating to the company's registration, the necessary registration of changes shall be effected in accordance with the law.

The board of directors shall amend the Articles of Association in accordance with the resolution of the general meeting of shareholders to amend the Articles of Association and the approval opinions of the relevant competent authority.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on July 20, 2005, and was converted into a joint stock limited liability company on September 30, 2011. Our Company completed the listing of our A Shares on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300394) in February 2015. For further details on our incorporation and our listing of A Shares, see the section headed "History, Development and Corporate Structure—Major Shareholding Changes of Our Company" in this document.

Our registered office is located at No. 695 Changjiang Road, High-tech Zone, Suzhou, PRC. We have established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and [were] registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [***date***] under the same address. Ms. Chan Ching Nga has been appointed as our authorized representative for the acceptance of service of process and notices on our behalf in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the Articles of Association is set out in Appendix III to this document.

2. Changes in Our Share Capital

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this document:

- On May 22, 2024, a total of 764,424 restricted shares that vested under the 2021 restricted share incentive scheme of our Company became listed and tradeable. Our total issued share capital was then increased from 394,886,777 A Shares to 395,651,201 A Shares.
- On May 30, 2024, we issued 4 new A Shares for every 10 existing A Shares to all Shareholders by way of capital reserve capitalization. Our total issued share capital was then increased from 395,651,201 A Shares to 553,911,681 A Shares.
- On December 18, 2024, a total of 60,480 restricted shares that vested under the 2021 restricted share incentive scheme of our Company became listed and tradeable. Our total issued share capital was then increased from 553,911,681 A Shares to 553,972,161 A Shares.
- On May 13, 2025, a total of 1,324,904 restricted shares that vested under the 2023 Restricted Share Incentive Scheme became listed and tradeable. Our total issued share capital was then increased from 553,972,161 A Shares to 555,297,065 A Shares.
- On June 9, 2025, we issued 4 new A Shares for every 10 existing A Shares to all Shareholders by way of capital reserve capitalization. Our total issued share capital was then increased from 555,297,065 A Shares to 777,415,891 A Shares.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

- On June 19, 2024, the registered capital of Tianfu Zhixing was increased from RMB351,000,000 to RMB501,000,000.

- On August 20, 2024, the registered capital of TFC Thailand was increased from THB500,000,000 to THB1,000,000,000.
- On September 24, 2024, the registered capital of Tianfu Zhixing was increased from RMB501,000,000 to RMB601,000,000.
- On October 15, 2024, the issued share capital of Tianfu International Investment was increased from SGD63,000,000 to SGD100,000,000.
- On May 23, 2025, the registered capital of TFC Thailand was increased from THB1,000,000,000 to THB1,500,000,000.
- On October 22, 2025, the registered capital of TFC Thailand was increased from THB1,500,000,000 to THB2,000,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

Pursuant to the general meeting of our Shareholders held on April 2, 2026, the following resolutions, among other things, were duly passed:

(a) the **[REDACTED]** by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Hong Kong Stock Exchange;

(b) the number of H Shares to be **[REDACTED]** shall not exceed **[REDACTED]** of the total issued share capital of our Company as enlarged by the **[REDACTED]** (before the exercise of the **[REDACTED]**), and the grant of the **[REDACTED]** of not more than **[REDACTED]** of the total number of H Shares to be **[REDACTED]** initially under the **[REDACTED]**;

(c) subject to the completion of the **[REDACTED]**, the adoption of the Articles of Association which shall become effective on the **[REDACTED]**; and

(d) the authorization of the Board and its authorized persons to handle all relevant matters relating to, among other things, the **[REDACTED]**, and the **[REDACTED]** and the **[REDACTED]** of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights of Our Group

As of the Latest Practicable Date, the following intellectual property rights are, in the opinion of our Directors, material to our Group's business.

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which are material to our business:

No.	Trademark	Registered Owner	Class	Place of Registration
1.	TFC 天孚通信	the Company	9	PRC
2.	TFC	the Company	9	PRC

(b) Patents

of the Latest Practicable Date, our Group had registered the following patents which are material to our business:

No.	Patent	Patent Owner	Type of Patent	Place of Registration
1.	A multi-fiber connecting device and its preparation method	the Company	Invention	PRC
2.	An optical fiber connecting device and its connection method	the Company	Invention	PRC
3.	Wavelength division multiplexing or demultiplexing device and its multiplexing and/or demultiplexing method	the Company	Invention	PRC
4.	Single-fiber bidirectional module and single-fiber bidirectional coaxial package device	the Company	Invention	PRC
5.	A coupling device for glass-based waveguides and its end-face processing method	Jiangxi TFC	Invention	PRC
6.	A novel composite ferrule optical fiber array and its method and alignment adhesive dispensing device	Gao'an TFC	Invention	PRC
7.	An optical circulator assembly with wavelength division multiplexing function	Auxora Shenzhen	Invention	PRC

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), the interests or short positions of our Directors or chief executive in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**"), once our H Shares are **[REDACTED]** will be as follows:

(i) Interest in Shares of our Company

Name of Director or chief executive	Nature of interest	Description of Shares upon completion of the [REDACTED]	Number of Shares	Approximate percentage of shareholding in our total issued share capital as of the Latest Practicable Date	Approximate percentage of shareholding in our total issued share capital upon completion of the [REDACTED] [(1)]
Mr. Zou	Interests in controlled corporations [(2)]	A Shares	291,989,059	37.56%	**[REDACTED]**
Ms. Ou	Beneficial owner [(3)]	A Shares	176,400	0.02%	**[REDACTED]**
	Interests in controlled corporations [(2)]	A Shares	291,989,059	37.56%	**[REDACTED]**
Mr. Wang Chih-Hung	Beneficial owner [(4)]	A Shares	1,279,842	0.16%	**[REDACTED]**
Mr. Zhu Songgen	Beneficial owner [(5)]	A Shares	199,920	0.03%	**[REDACTED]**

Notes:

(1) The calculation is based on the assumption that the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**.

(2) As of the Latest Practicable Date, Tianfu Renhe was held, among others, as to 40% by Mr. Zou and 20% by Ms. Ou.

(3) Includes, as of the Latest Practicable Date, (i) 70,560 A Shares directly held and (ii) 105,840 A Shares underlying the restricted shares that have been granted but not yet vested under the 2023 Restricted Share Incentive Scheme.

(4) Includes, as of the Latest Practicable Date, (i) 1,185,762 A Shares directly held and (ii) 94,080 A Shares underlying the restricted shares that have been granted but not yet vested under the 2023 Restricted Share Incentive Scheme.

(5) Includes, as of the Latest Practicable Date, (i) 111,720 A Shares directly held and (ii) 88,200 A Shares underlying the restricted shares that have been granted but not yet vested under the 2023 Restricted Share Incentive Scheme.

(6) All interests stated are long positions.

(ii) Interest in shares of associated corporations of our Company

Name of Director or chief executive	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. Zou	Beneficial owner	Tianfu Renhe	40%
Ms. Ou	Beneficial owner	Tianfu Renhe	20%
Mr. Wang Chih-Hung	Beneficial owner	TFC Thailand	Less than 0.01%

(b) Interests of the substantial shareholders in any member of our Group (other than our Company)

Member of our Group	Name of substantial shareholder	Approximate percentage of shareholding interest held by the substantial shareholder
Advanced Integrated Photonics Hong Kong Co., Limited	Stella Innovations Limited	60%

Save as disclosed above, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), our Directors are not aware of any person, not being a Director or chief executive of our Company who will, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company).

2. Particulars of Service Contracts and Appointment Letters

We [have] entered into a service contract or appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters are as follows: (a) each of the contracts is for a term of three years commencing from his/her respective effective date of appointment; and (b) each of the contracts is subject to termination in accordance with its respective terms. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

3. Directors' Remuneration

The aggregate amount of remuneration (including salaries, allowances, benefits in kind, performance-related bonuses, share-based payment expenses and pension scheme contributions) we paid to our Directors in respect of the financial years ended December 31, 2023, 2024 and 2025 were RMB7.0 million, RMB14.8 million and RMB11.0 million, respectively.

Details of our Directors' remuneration are also set out in Note 8 to the Accountants' Report set out in Appendix I to this document. Save as disclosed in the Accountants' Report, no other emoluments have been paid or are payable by our Company or any of our subsidiaries to our Directors during the Track Record Period.

For the financial years ended December 31, 2023, 2024 and 2025, two, two and one, respectively, of the five highest paid individuals were Directors. During the Track Record Period, the total remuneration paid to the remaining three, three and four highest paid individuals amounted to RMB7.2 million, RMB13.9 million and RMB15.1 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding share-based payment expenses) payable by our Company to our Directors for the financial year ending December 31, 2026 is estimated to be approximately RMB12,182,155.

None of our Directors (or former Directors) or the five highest paid individuals has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining us; or (ii) as compensation for loss of office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any remuneration during the Track Record Period.

None of our Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of our Company.

4. Fees or Commissions Received

Save in connection with the **[REDACTED]**, no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

(a) Save as disclosed in the section headed "C. Further Information About our Directors and Substantial Shareholders—1. Disclosure of Interests" in this Appendix IV, none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code to be notified to us and the Stock Exchange, in each case once our H Shares are **[REDACTED]** on the Stock Exchange.

(b) None of our Directors or any of the parties listed in the paragraph headed "E. Other Information—6. Qualification of Experts" below is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us.

(c) None of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

(d) Save in connection with the **[REDACTED]**, none of the parties listed in the paragraph headed "E. Other Information—6. Qualification of Experts" below: (i) is interested, legally or beneficially, in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. RESTRICTED SHARE INCENTIVE SCHEME

The following is a summary of the principal terms of the 2023 Restricted Share Incentive Scheme, under which there were outstanding restricted shares ("**Restricted Shares**") as of the Latest Practicable Date. The terms of the 2023 Restricted Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules, as they do not involve any grant of Restricted Shares by our Company after the **[REDACTED]**.

(i) Purpose

The purpose of the 2023 Restricted Share Incentive Scheme is designed to enhance our Group's corporate governance and establish a sustainable long-term incentive mechanism, with a view to attracting and retaining management and key personnel, motivating their performance, and strengthening the cohesion and competitiveness of our core team. By aligning the interests of Shareholders, our Group and participants, the 2023 Restricted Share Incentive Scheme aims to support the long-term development of our Group and facilitate the achievement of its strategic and operational objectives.

(ii) Participants

The participants of the 2023 Restricted Share Incentive Scheme include Directors, senior management and key employees of our Group, excluding independent Directors.

(iii) Administration

The 2023 Restricted Share Incentive Scheme is subject to the approval of our Shareholders at a general meeting and the administration of our Board.

(iv) Source and maximum number of Shares

The Shares underlying the 2023 Restricted Share Incentive Scheme are A Shares issued by our Company to the participants. The maximum number of A Shares underlying the Restricted Shares under the 2023 Restricted Share Incentive Scheme is 3,000,000 A Shares.

(v) Term

The term of the 2023 Restricted Share Incentive Scheme shall commence on the date of its first grant. The 2023 Restricted Share Incentive Scheme shall remain in effect until all Restricted Shares are fully vested or have lapsed, and in any event for no longer than 60 months.

(vi) Vesting

The vesting period for Restricted Shares commences from the date of grant of Restricted Shares to the grantee. During the vesting period, the Restricted Shares granted to the grantee shall not be transferred, used as collateral or for repayment of debt, and the grantee shall not enjoy any shareholder rights (including voting rights and the right to receive dividends) in respect of unvested Restricted Shares. The Restricted Shares will only vest upon satisfaction of the applicable vesting conditions, which include a minimum continuous service period of 12 months prior to the relevant vesting date, as well as corporate performance targets and individual performance targets. Restricted Shares that fail to vest due to unmet conditions shall lapse and shall be cancelled.

The Restricted Shares will be vested in accordance with the vesting schedule as set out under the 2023 Restricted Share Incentive Scheme, in tranches during a period of up to five years, as follows:

(a) in respect of the initial grant, vested in tranches of 40%, 30% and 30% in each of the three vesting periods that occur between the first trading day after the 12-month anniversary of the initial grant date and the last trading day prior to the 48-month anniversary of the initial grant date; and

(b) in respect of the reserved grant, vested in tranches of 50% and 50% in each of the two vesting periods that occur between the first trading day after the 16-month anniversary of the reserved grant date and the last trading day prior to the 40-month anniversary of the reserved grant date.

(vii) Purchase price

The purchase price is initially set at RMB39.66 per Share, being the higher of (a) 50% of the average trading price of our A Shares for the one trading day prior to the announcement of the draft 2023 Restricted Share Incentive Scheme, being RMB79.31, which gives a purchase price of RMB39.66 per Share; or (b) 50% of the average trading price of our A Shares for the 20 trading days prior to the announcement of the draft 2023 Restricted Share Incentive Scheme, being RMB78.25, which gives a purchase price of RMB39.13 per Share. In the event that, from the date of the announcement of the draft 2023 Restricted Share Incentive Scheme to the registration of the Restricted Shares by the participants, the Company carries out any payment of dividends, conversion of capital reserves into share capital, distribution of bonus shares, share split, rights issue or share consolidation, the purchase price of the Restricted Shares shall be adjusted accordingly.

(viii) Outstanding Restricted Shares

As of the Latest Practicable Date, the total number of A Shares underlying the outstanding Restricted Shares granted under the 2023 Restricted Share Incentive Scheme amounted to 3,489,780 A Shares, representing approximately **[REDACTED]** of the total issued share capital of our Company immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**).

The following table sets forth the number of outstanding Restricted Shares granted under the 2023 Restricted Share Incentive Scheme as of the Latest Practicable Date.

Name of grantee	Position in our Company	Date of grant	Number of outstanding Restricted Shares	Purchase price per Share[(1)]	Approximate percentage of our total issued share capital immediately after completion of the [REDACTED][(2)]
				(RMB)	
Directors and senior management					
Ms. Ou Yang (歐洋)	Executive Director and general manager	December 22, 2023	105,840	18.51	**[REDACTED]**
Mr. Wang Chih-Hung (王志弘)	Executive Director and deputy general manager	December 22, 2023	94,080	18.51	**[REDACTED]**
Mr. Zhu Songgen (朱松根)	Non-executive Director and employee representative Director	December 22, 2023	88,200	18.51	**[REDACTED]**

Name of grantee	Position in our Company	Date of grant	Number of outstanding Restricted Shares	Purchase price per Share[(1)]	Approximate percentage of our total issued share capital immediately after completion of the [REDACTED][(2)]
				(RMB)	
Mr. Chen Kairong (陳凱榮)	Deputy general manager and board secretary	December 22, 2023	105,840	18.51	**[REDACTED]**
		November 27, 2024	14,000	18.51	**[REDACTED]**
Mr. Wu Wentai (吴文太)	Chief financial officer	December 22, 2023	64,680	18.51	**[REDACTED]**
Subtotal			**472,640**		**[REDACTED]**
Other grantees					
-	-	December 22, 2023	2,216,760	18.51	**[REDACTED]**
-	-	November 27, 2024	800,380	18.51	**[REDACTED]**
Subtotal			**3,017,140**		**[REDACTED]**
Total			**3,489,780**		**[REDACTED]**

Notes:

(1) Pursuant to the conversions of our capital reserves into share capital, the purchase price was adjusted to RMB18.51 per Share.

(2) Assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty is likely to fall upon our Company or any of our subsidiaries under the laws of Hong Kong and the PRC.

2. Litigation

As of the Latest Practicable Date, we were not aware of any litigation or arbitration proceedings of material importance pending or threatened against any member of our Group that could have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The fee payable by us to each of the Joint Sponsors in respect of its services as a sponsor for the **[REDACTED]** is US$200,000.

4. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

5. Promoters

Information of our promoters at the time of our Company's incorporation as a joint stock limited liability company in September 2011 is as follows:

No.	Name
1.	Suzhou Tianfu Renhe Investment Management Co., Ltd.
2.	Mr. Zhu Guodong
3.	Suzhou Dream Chaser Investment Management Co., Ltd. (蘇州追夢人投資管理有限公司)
4.	Suzhou Tiante Venture Investment Center (Limited Partnership) (蘇州天特創業投資中心(有限合夥))
5.	Shenzhen Qianzhen Investment Co., Ltd. (深圳乾振投資有限公司)
6.	Hangzhou Fengtai Investment Partnership Enterprise (Limited Partnership) (杭州豐泰投資合夥企業(有限合夥))
7.	Shenzhen Changan Innovative Investment Partnership Enterprise (Limited Partnership) (深圳長安創新投資合夥企業(有限合夥))
8.	Mr. Wang Chih-Hung

Within the two years immediately preceding the date of this document, no cash, securities or other benefits have been paid, allotted or given, or have been proposed to be paid, allotted or given, to any of the promoters named above in connection with the **[REDACTED]** or the related transactions described in this document.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Goldman Sachs (Asia) L.L.C.	A licensed corporation carrying on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Merrill Lynch (Asia Pacific) Limited	A licensed corporation carrying on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), and Type 6 (advising on corporate finance) regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation carrying on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Commerce & Finance Law Offices	PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Consents of Experts

Each of the persons named in "—6. Qualification of Experts" has given and had not withdrawn its respective written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this document in the form and context in which it is respectively included.

8. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred. For further details in relation to taxation, please refer to the section headed "Regulatory Overview—PRC Regulatory Overview—Regulations Relating to Tax" in this document.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Restrictions on Share Repurchases

For details, see the sections headed "Summary of the Articles of Association" set out in Appendix III to this document.

11. Miscellaneous

(a) Within the two years immediately preceding the date of this document:

(i) save as disclosed in the sections headed "Share Capital" and "**[REDACTED]**" in this document and in this Appendix IV, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) save in connection with the **[REDACTED]**, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(iii) save in connection with the **[REDACTED]**, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share or debenture in our Company.

(b) Our Group has not issued any debentures nor does it have any outstanding debentures or any convertible debt securities.

(c) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(d) No founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued.

(e) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared);

(ii) there is no arrangement under which future dividends are waived or agreed to be waived; and

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(f) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

(g) Save for the A Shares of our Company that are listed on the ChiNext Board of the Shenzhen Stock Exchange as set out in the sections headed "History, Development and Corporate Structure" and "Share Capital" in this document, no company within our Group is presently listed on any stock exchange or traded on any trading system.

(h) The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix IV to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.tfcsz.com** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024 and 2025;

(d) the report on the **[REDACTED]** financial information received from Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Advisor, in respect of certain aspects and property interests of our Group in the PRC;

(f) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this document;

(g) the material contracts referred to in the section headed "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix IV to this document;

(h) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix IV to this document;

(i) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders—2. Particulars of Service Contracts and Appointment Letters" in Appendix IV to this document; and

(j) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with unofficial English translations thereof.