OVERVIEW

Upon the [REDACTED], the following transactions disclosed in this section will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSON

We have entered into certain transactions in the ordinary and normal course of our business with the following connected person, which will constitute continuing connected transactions of our Company upon the [REDACTED]:

Name of our connected person	Connected Relationship
Ruichuang Xinda (together with its subsidiaries, the "**Ruichuang Xinda Group**")	As of the Latest Practicable Date, Ruichuang Xinda, a company principally engaged in the research, development, manufacture and sale of high-precision laser optical components and professional-grade fiber optic testing assemblies, was a non-wholly owned subsidiary of our Company and held as to 47.6267% by Wuhan Guochuang which was a wholly-owned subsidiary of Wuhan Innovation Investment, our substantial Shareholder upon [REDACTED]. Therefore, Ruichuang Xinda will be a connected subsidiary of our Company and a connected person of our Company upon [REDACTED].

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Category of continuing connected transaction	Applicable Listing Rule(s)	Waiver(s) sought	Proposed annual cap(s) for the years ending December 31,		
				2026	2027	2028
				(RMB in million)		
Partially-exempt Continuing Connected Transactions						
Sales Framework Agreement	Partially-exempt	14A.35, 14A.49, 14A.71, 14A.76, 14A.105	Requirement on announcement under Chapter 14A of the Hong Kong Listing Rules	13.0	16.0	21.0
Procurement Framework Agreement	Partially-exempt	14A.35, 14A.49, 14A.71, 14A.76, 14A.105	Requirement on announcement under Chapter 14A of the Hong Kong Listing Rules	47.0	49.0	53.0

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sales Framework Agreement

Principal Terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Sales Framework Agreement**") with Ruichuang Xinda, for itself and on behalf of Ruichuang Xinda Group, pursuant to which, our Group (other than Ruichuang Xinda Group) agreed to sell, and Ruichuang Xinda Group agreed to purchase, various products and equipment, including high-speed optical interconnect modules and high-precision optical measurement equipment (the "**Products and Equipment**").

The initial term of the Sales Framework Agreement will commence on the [REDACTED] and end on December 31, 2028. Members of our Group (other than Ruichuang Xinda Group) and Ruichuang Xinda Group will enter into individual agreements for each of the specific transactions contemplated thereunder, provided that any such individual agreement shall follow the principles as set out in the Sales Framework Agreement and the transaction amounts for the procurement by Ruichuang Xinda Group from our Group (other than Ruichuang Xinda Group) for the three financial years ending December 31, 2028 thereunder shall not exceed the respective proposed annual caps as set out below.

Reasons for the Transaction

During the Track Record Period, our Group (other than Ruichuang Xinda Group) had been providing Products and Equipment to Ruichuang Xinda Group. As our Group possesses strong manufacturing capabilities and an established procurement network, we are able to provide Ruichuang Xinda Group with high-quality products and equipment that meet their specific technical standards in a cost-effective and timely manner. Furthermore, as Ruichuang Xinda is a consolidated subsidiary of our Group, its business growth and enhanced profitability directly contribute to our Group's overall financial performance and the long-term value of our Shareholders as a whole.

Consideration and Pricing Policies

The selling prices of the Products and Equipment shall be determined through arm's length negotiation between the parties with reference to: (i) the type of Products and Equipment and transaction volume; (ii) the prevailing market price of products and equipment of similar nature, type and quantity offered by our Group to Independent Third Parties; (iii) the actual costs incurred in the manufacturing process, including but not limited to raw materials, labor costs, and depreciation of specialized equipment; (iv) the actual procurement cost paid by our Group to the third-party suppliers; and (v) in any event, the terms offered to Ruichuang Xinda Group shall be no more favorable than those offered by our Group to Independent Third Parties.

Historical Amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31		
	2023	2024	2025
	(RMB in million)		
Transaction amount for the sales of Products and Equipment by our Group (other than Ruichuang Xinda Group) to Ruichuang Xinda Group	18.55	13.98	19.23

The fluctuations in the historical transaction amounts for the sales of Products and Equipment by our Group (other than Ruichuang Xinda Group) to Ruichuang Xinda Group were primarily due to (i) a decrease in the transaction amount in 2024 was primarily driven by the completion of a data center project for an independent third-party customer in 2023, under which Ruichuang Xinda Group procured various specifications of low-speed optical modules from our Group (other than Ruichuang Xinda Group), leading to a subsequent decrease in its procurement demand in 2024; and (ii) an increase in the transaction amount in 2025 was primarily driven by Ruichuang Xinda Group's newly added procurement of our 400G optical modules.

Annual Caps

The maximum aggregate annual transaction amounts under the Sales Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31		
	2026	2027	2028
	(RMB in million)		
Maximum transaction amount for the sales of Products and Equipment by our Group (other than Ruichuang Xinda Group) to Ruichuang Xinda Group	13.0	16.0	21.0

The proposed annual caps are determined based on:

(i) the historical transaction amounts contemplated under the procurements by Ruichuang Xinda Group from our Group (other than Ruichuang Xinda Group) during the Track Record Period;

(ii) the reduction in the proposed annual cap for 2026 as compared to the transaction amount in 2025 is primarily due to the conclusion of Ruichuang Xinda Group's capacity expansion for optical components in 2025, resulting in a decrease in its procurement demand for our optical lens manufacturing auxiliary equipment used in optical lens manufacturing;

(iii) the existing transactions entered into between the relevant members of our Group (other than Ruichuang Xinda Group) and Ruichuang Xinda Group and the expected demand of Ruichuang Xinda Group for the Products and Equipment due to their plan for business expansion and procurement plans; and

(iv) other factors including but not limited to the expected market price of the Products and Equipment and their expected market trend.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Sales Framework Agreement for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions will, upon the [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

Procurement Framework Agreement

Principal Terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Procurement Framework Agreement**") with Ruichuang Xinda, for itself and on behalf of Ruichuang Xinda Group, pursuant to which, our Group (other than Ruichuang Xinda Group) agreed to procure high-precision laser optical components and professional-grade fiber optic testing assemblies (the "**Products**") from Ruichuang Xinda Group.

The initial term of the Procurement Framework Agreement will commence on the [REDACTED] and end on December 31, 2028. Members of our Group (other than Ruichuang Xinda Group) and Ruichuang Xinda Group will enter into individual agreements for each of the specific transactions contemplated thereunder, provided that any such individual agreement shall follow the principles as set out in the Procurement Framework Agreement and the transaction amounts for the procurement by our Group (other than Ruichuang Xinda Group) from Ruichuang Xinda Group for the three financial years ending December 31, 2028 thereunder shall not exceed the respective proposed annual caps as set out below.

Reasons for the Transaction

During the Track Record Period, our Group (other than Ruichuang Xinda Group) had been procuring the Products from Ruichuang Xinda Group. We expect that we will continue these transactions with Ruichuang Xinda Group. Our Group (other than Ruichuang Xinda Group) has a long-term and stable business relationship with Ruichuang Xinda Group. Ruichuang Xinda Group is familiar with our Company's requirement on quality standard and the Products provided by Ruichuang Xinda Group are able to well meet the requirements of our Group (other than Ruichuang Xinda Group). Thus, a sustainable supply of the Products with high-standard quality meeting our manufacturing requirement can be guaranteed from Ruichuang Xinda Group, and thus it is the most cost-efficient way and to the best interests of our Company and its shareholders as a whole. We uphold and will continue to uphold the principle of voluntariness, equality, mutual benefit, and mutually beneficial cooperation to collaborate with Ruichuang Xinda Group, and we will only conduct these transactions with Ruichuang Xinda Group if we consider it is in the interests of our Company and Shareholders as a whole.

Consideration and Pricing Policies

The fees to be charged by Ruichuang Xinda Group to our Group (other than Ruichuang Xinda Group) for the procurement of the Products shall be determined through arm's length negotiations between the relevant parties and with reference to: (i) the type of Products and transaction volume; (ii) the prevailing market price of products of similar nature, type and quantity offered by Independent Third Parties and/or the appraised value of Products (where applicable); and (iii) in any event, the purchase price offered by Ruichuang Xinda Group shall be no higher than the price offered by Independent Third Parties to us for the similar products.

Historical Amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31		
	2023	2024	2025
	(RMB in million)		
Transaction amount for the procurement of the Products by our Group (other than Ruichuang Xinda Group) from Ruichuang Xinda Group	12.0	20.8	38.8

The fluctuations in the historical transaction amounts for the procurement of the Products by our Group (other than Ruichuang Xinda Group) from Ruichuang Xinda Group were primarily due to (i) the increase in the transaction amounts in 2024 was primarily driven by the growth in our overseas market demand for high-precision laser optical components in 2024, which necessitated a corresponding increase in our procurement volume of components from Ruichuang Xinda Group; and (ii) an significant increase in the transaction amount in 2025 was primarily driven by the substantial growth in our sales volume of 400G and 800G optical modules, which necessitated an increased procurement of optical fiber raw materials from Ruichuang Xinda Group to satisfy our expanding production requirements for high-speed transmission products.

Annual Caps

The maximum aggregate annual transaction amounts under the Procurement Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31		
	2026	2027	2028
	(RMB in million)		
Maximum transaction amount for the procurement of the Products by our Group (other than Ruichuang Xinda Group) from Ruichuang Xinda Group	47.0	49.0	53.0

The proposed annual caps are determined based on:

(i) the historical transaction amounts contemplated under the procurements by our Group (other than Ruichuang Xinda Group) from Ruichuang Xinda Group during the Track Record Period;

(ii) the existing transactions entered into between the relevant members of our Group (other than Ruichuang Xinda Group) and Ruichuang Xinda Group and the expected demand of our Group (other than Ruichuang Xinda Group) for the Products due to our plan for business expansion and increasing market opportunities;

(iii) the anticipated exponential growth in demand for optical modules driven by the rapid expansion of AI computing power and large-scale data center deployments, which is expected to significantly increase our Group's procurement requirements from Ruichuang Xinda Group for the three years ending December 31, 2028; and

(iv) the prevailing market trends and the projected price fluctuations of key components, taking into account the technological upgrades in high-speed optical communication products required to support next-generation AI infrastructure.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Procurement Framework Agreement for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions will, upon the [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

WAIVER FROM THE STOCK EXCHANGE

In respect of the sales of the Products and Equipment by our Group (other than Ruichuang Xinda Group) to Ruichuang Xinda Group as disclosed in the subsection headed "— Partially-Exempt Continuing Connected Transactions", since the highest applicable percentage ratio calculated for the purposes of Chapter 14A of the Listing Rules for each of the three years ending December 31, 2028 is expected to exceed 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

In respect of the procurement of the Products by our Group from Ruichuang Xinda Group as disclosed in the subsection headed "— Partially-Exempt Continuing Connected Transactions", since the highest applicable percentage ratio calculated for the purposes of Chapter 14A of the Listing Rules for each of the three years ending December 31, 2028 is expected to exceed 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Partially-Exempt Continuing Connected Transactions" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the partially-exempt continuing connected transactions as set out above have been and will continue to be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Having taken into account the view of the Directors and the Sole Sponsor's participation in due diligence, the Sole Sponsor is of the view that the partially-exempt continuing connected transactions as set out above have been and will be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better, and are fair and reasonable in the interests of our Company and the Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.