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OVERVIEW

Who We Are

We are a provider of optoelectronic interconnection products, offering optical transceivers, AOCs, which integrate optical transceivers and fiber cables into a single assembly for high-speed interconnection), and other products. Our optoelectronic interconnection products are widely deployed in AI data centers to support high-speed, high-density and energy-efficient data transmission. We differentiate ourselves by establishing end-to-end technological capabilities spanning from chip design to optical transceiver manufacturing, with a focus on SiPh technology.

Our optical transceiver portfolio covers 100G, 200G, 400G and 800G transmission speeds and is compatible with various industry-standard form factors. All of our single-mode optical transceivers are of 400G and above adopt SiPh technology. Our AOC and other products are diversified to meet varying customer requirements, generating synergies across our product portfolio and creating cross-selling opportunities.

According to Frost & Sullivan, we ranked twelfth globally among specialized optical transceiver providers by revenue in 2025, with the second fastest revenue growth among the top 12 players from 2023 to 2025 and a global market share of 0.8% in terms of revenue in 2025. According to the same source, we ranked eighth globally and seventh in China among specialized AI optical transceiver providers, with a global market share of 1.6% by revenue in 2025.

We focus on the next generation of optoelectronic interconnection technologies. In particular, we are developing:

- 1.6T, 3.2T and other next-generation high-speed optoelectronic interconnection products, supporting the continuously increasing data throughput requirements in AI data centers;
- advanced optoelectronic interconnection technologies, including NPO and CPO, which integrate optical engines in close proximity to or directly with electronic chips to significantly reduce signal loss, improve energy efficiency and support ultra-high bandwidth density; and
- PCIe AEC and PCIe AOC products which enable high-speed electrical and optical interconnections for server and accelerator cards, providing higher transmission bandwidth and lower power consumption.

Optoelectronic Interconnection Products Provider for AI Data Centers

According to Frost & Sullivan, we are one of the first companies in China to realize mass production and delivery of 400G and 800G AI optical transceivers, which are deployed in AI data centers and have been widely adopted by leading internet companies.

Optical transceivers are widely used to enable high-speed, long-reach interconnection within data centers. AI data centers, which host large-scale AI computing clusters, require much higher bandwidth and lower latency to support massive data exchange. SiPh optical transceivers are well suited for such applications, effectively overcoming these performance bottlenecks.

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Our SiPh Technology

Optical transceivers convert electrical signals into high-bandwidth optical signals for data transmission, significantly enhancing rate, reach and energy efficiency. SiPh optical transceivers, developed using silicon-based materials and mature CMOS fabrication processes, integrate key yet fragmented optical components, including modulators, detectors and waveguides, either monolithically on a single chip or through optoelectronic co-packaging. This integration enables higher transmission speeds, lower power consumption and a more compact design with superior integration, performance and cost efficiency.

We engage in the research, development and application of SiPh technology. As of December 31, 2025, R&D personnel accounted for 45.1% of our workforce. During the Track Record Period, our research and development expenses amounted to RMB210.3 million in aggregate, reflecting our long-term commitment to innovation.

We have developed the following SiPh technology capabilities:

- A full series of SiPh optical transceivers covering 400G and 800G transmission speeds, featuring high performance and cost-effective optoelectronic integration designs.
- End-to-end SiPh technology capabilities, encompassing SiPh chip design and our proprietary “Wafer-In, Module-Out” (“WIMO”) platform:
 - Our SiPh chip design is based on 12-inch wafers and developed using self-designed device libraries.
 - Our WIMO platform integrates the entire SiPh optical transceiver manufacturing process, including wafer testing, back-end processing, packaging and coupling, as well as optical transceiver calibration, testing and production.

According to Frost & Sullivan, we achieved the following:

- Mass production of SiPh optical transceivers integrating self-designed SiPh chips based on a 12-inch wafer manufacturing platform.
- Development of a WIMO platform.
- Development of 1.6T SiPh optical transceivers.
- Development of linear pluggable optics (LPO) and linear receiver optics (LRO) transceivers.
- Research and development of 3.2T and 6.4T optoelectronic chips for application in SiPh-based NPO and CPO form factors.

According to Frost & Sullivan, we are one of a few companies in the world with SiPh chip design capabilities as well as R&D and mass-production capabilities for SiPh optical transceivers.

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Our Customers

We serve various leading internet companies, and our products are widely deployed in their AI data centers to enhance interconnect performance and power the growth of their AI and cloud service operations.

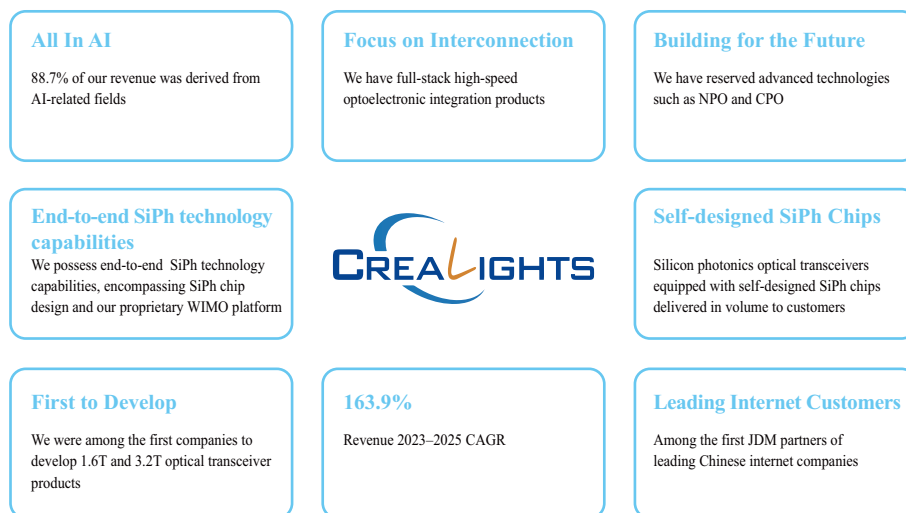
For certain of our key customers, we operate a JDM collaboration model. The JDM model requires deep technical integration and rigorous design quality and delivery standards. Our status as a JDM partner demonstrates strong customer recognition of our design, manufacturing and innovation capabilities.

Our Global Expansion

We collaborate closely with global leading technology companies to co-develop next-generation optoelectronic interconnection, including 1.6T and higher-speed optical transceivers, as well as NPO and CPO integration solutions powered by integrated circuits technologies.

Our Achievements

The following diagram sets out our key achievements:



Our Market Opportunities

In response to the growing opportunities arising from AI data centers and SiPh technology, we have established a product portfolio centered on high-speed optoelectronic interconnection technologies. Leveraging our deep technological expertise and vertical integrated R&D platform, we believe we are well positioned to capture the significant growth potential in this rapidly expanding market.

SiPh Technology: The Key to High-Density, High-Speed and Power-Efficient Optical Interconnection

SiPh is a key technology underpinning high-density, high-speed and power-efficient optical interconnection, and serves as the foundation for optical transceivers, as well as more advanced NPO and CPO technologies. By integrating optical and electronic components on a single chip, SiPh enables

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close coordination between optical communication and electrical signal processing, combining the precision and scalability of integrated-circuit manufacturing with the high-speed, low-power advantages of photonics. Supported by the manufacturability and cost advantages of silicon materials, SiPh achieves high levels of integration, performance, and energy efficiency, effectively meeting the growing requirements of next-generation optoelectronic integration technologies.

According to Frost & Sullivan, the global SiPh optical transceiver market by sales revenue has grown from RMB20.7 billion in 2021 to approximately RMB63.1 billion in 2025, representing a CAGR of 32.2%, and is expected to further grow to RMB263.3 billion, representing a CAGR of 33.1% from 2025 to 2030. According to Frost & Sullivan, China’s SiPh optical transceiver market is expected to grow even more rapidly, reaching RMB82.9 billion in 2030 and representing a CAGR of 39.2% from 2025 to 2030.

AI-Driven Demand for High-Speed Optoelectronic Interconnection and Integration

Since 2022, the rapid growth of AI has greatly increased the need for computing power around the world. This has led major tech companies to build and improve AI data centers infrastructure all over the world.

As AI data centers scale horizontally by interconnecting more computing nodes (scale-out) and vertically by enhancing integration within each computing unit (scale-up), their network architectures are becoming more complex and data-intensive, requiring substantially higher bandwidth, density, and energy efficiency to maintain overall computing performance.

To meet these evolving requirements, AI data center networks are accelerating the transition toward next-generation optoelectronic integration technologies. These technologies are being progressively applied in product development, including DSP-based optical transceivers, LPO, LRO and AEC, as well as more advanced NPO and CPO technologies.

Our Performance

Our revenue increased by 391.6% from RMB175.3 million in 2023 to RMB861.8 million in 2024 and further grew by 41.7% to RMB1,221.1 million in 2025.

OUR STRENGTHS

Founder and Team: Founders with Profound Expertise in Optoelectronic Interconnection Industry and Seasoned Team of Diverse Professional Strengths

Our visionary management and research team, supported by deep international experience and profound industry insight, has been instrumental in driving our breakthrough technological achievements and sustained innovation.

Our Founder

Our founder, Dr. Hu Zhaoyang, graduated from Tsinghua University, worked with the optoelectronics research group at the University of California, Santa Barbara and served as a key technical leader in product development at several leading U.S. optical communication companies, including Optical Communication Products Inc., Oplink Communication Inc., and Source Photonics Inc.

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He has published over 50 academic papers, with more than 40 indexed by SCI, and holds five U.S. patents and dozens of Chinese and international patents. Dr. Hu has also served as a reviewer for leading international journals under the IEEE and Optical Society of America. Five of his findings results were promoted to industry through the Technology Transfer Center of the University of California.

Dr. Hu has collaborated with leading global semiconductor companies on advanced SiPh research, laying a solid technical foundation for our leadership in the field.

Our R&D Leadership

Our chief scientist, Dr. Chen Xiaogang, holds a Ph.D. from Columbia University and has served as an assistant professor at the University of Illinois at Urbana-Champaign and a committee member of the IEEE Photonics Society Standards Committee. He has published over 20 academic papers in the field of SiPh and has extensive research and industry experience. Prior to joining us, Dr. Chen worked with IBM Research Lab, specializing in the design and development of SiPh chips. His research spans SiPh design, high-frequency and electrical design, chip packaging and testing, industrialization planning, and market strategy.

Our chief technology officer, Dr. Sun Xu, obtained his Ph.D. from the Royal Institute of Technology, Sweden, where his doctoral and postdoctoral research focused on SiPh chip design, processes, and applications. As first author, he has published five SCI papers and over ten papers at leading international conferences, and he holds or has applied for more than ten invention patents. Dr. Sun has led multiple rounds of SiPh chip tape-outs and accumulated extensive experience in design and mass production across major fabrication platforms.

Our Core Team

Our core management and R&D teams average over 10 years of industry experience and include graduates from leading domestic and overseas universities.

Our R&D team possesses deep technical expertise and project experience covering the full process of SiPh development, from chip design and device fabrication to module implementation, forming a comprehensive SiPh research and development framework. We have also established long-term collaboration networks with partners across the upstream and downstream segments of the SiPh value chain, enabling us to maintain strong technological leadership and rapid product innovation.

Focus on AI: We Provide High-Speed, Low-Power and Low-Latency Optoelectronic Interconnection Products that Enable AI Computing

Since our establishment in 2011, we have actively participated in the global evolution of high-speed interconnection technologies for AI data centers, achieving a series of technological breakthroughs, including:

- In 2021, we advanced the development of SiPh WIMO platform, and established an end-to-end process from wafer testing to optical transceiver production.

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- In 2023, we were among the first in China to achieve sustainable mass delivery of 400G QSFP112 optical transceivers, which have been widely adopted in AI computing clusters. In the same year, we pioneered the concept of immersion liquid cooling optical transceivers in China and participated in formulating the *Reliability Test Specification for Immersion Liquid Cooling Optical Transceivers*, which was officially released by the Open Data Center Committee.
- In 2024, we were among the first in China to achieve mass production and delivery of 800G optical transceivers. As a JDM partner of leading global internet companies, we also conducted a live demonstration of 800G high-speed optical transceivers, showcasing the latest achievements in integrating AI computing needs with optical interconnection technologies.
- In 2025, we introduced our new series of SiPh and AEC products at the China International Optoelectronic Exposition in Shenzhen.

These milestones demonstrate our ability to continuously meet the evolving needs of AI data centers. As computing clusters expand and evolve, our technology roadmap, from establishing an end-to-end to developing 400G and 800G optical transceivers and next-generation products, continues to advance in tandem with the technological evolution of AI data center interconnection.

Focus on SiPh: Seasoned R&D Team Advancing for the Next-Generation AI Optoelectronic Integration

End-to-End Capabilities from Chip to Optical Transceivers

We possess end-to-end technological capabilities across the SiPh optical transceiver development chain, encompassing SiPh chip design, wafer testing, and optical transceiver manufacturing. These capabilities enable us to deliver rapid and customized solutions that align with the fast-paced and iterative nature of AI data center networks

In 2023, we achieved mass production and delivery of a 400G SiPh optical transceiver. According to Frost & Sullivan, we were one of the first companies in China to achieve mass production of SiPh optical transceivers.

In 2025, we achieved mass production of SiPh optical transceivers integrating self-designed SiPh chips based on a 12-inch wafer manufacturing platform, enhancing manufacturing scalability and cost efficiency. These products have been supplied on a large scale to several major cloud service providers in China. According to Frost & Sullivan, we are among the first companies in China to achieve mass production and delivery of SiPh optical transceivers with proprietary chips.

Our integrated WIMO platform incorporates automated wafer testing, back-end processing, packaging and coupling, as well as optical transceiver calibration, testing and production. This platform maximizes the cost and process advantages of silicon materials while maintaining compatibility with existing industrial supply chains, contributing to the AI data center development in China. According to Frost & Sullivan, we are among the first companies in China to develop a SiPh packaging and testing platform.

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Enabling Next-Generation 3.2T and 6.4T Technologies

We are developing a SiPh technology designed to support emerging optoelectronic integration technologies. Leveraging our proprietary chip design capabilities, our SiPh chips meet the back-end process requirements of advanced optoelectronic packaging and can support 2.5D and 3D integration through technologies such as through-mold vias (TMV), redistribution layers (RDL) and copper-pillar interconnects. These capabilities enable the development of next-generation high-speed SiPh optical transceivers at 3.2T and 6.4T and facilitate the broader application of NPO and CPO technologies.

Through these efforts, we seek to strengthen our global SiPh standing, contributing to AI- era optoelectronic-interconnection innovation.

Business Model: A Full-Chain from Upstream SiPh Fabs to Downstream Leading Cloud Service Providers

Deep Collaboration with Upstream Fab Partners to Enable Scalable Production and Cost Efficiency

Our SiPh chips adopt a “less-change CMOS” design that enables them to share 12-inch production lines with traditional CMOS integrated circuits, eliminating the need for dedicated fabrication lines. According to Frost & Sullivan, this approach reduces our SiPh chip manufacturing cost by 30% to 40% compared with overseas tape-out and lowers the overall cost of our SiPh optical transceivers by 20% to 30% compared with competing products.

We have established a stable and reliable supply chain system with strong capacity assurance through deep collaboration with China’s leading wafer fabs in front-end manufacturing and our developed wafer- and device-level testing systems in back-end processes. Our data-driven testing-feedback and design-optimization loop improves product iteration efficiency by approximately three to five times compared with traditional models, significantly shortening R&D and mass production cycles. Robust capacity and rapid iteration enable us to evolve toward higher-speed SiPh optical transceivers, including 3.2T and 6.4T products.

Long-Term Partnerships with Customers under the JDM Model

During the Track Record Period, we became a supplier to several of China’s leading internet companies, with our products deployed in their AI data centers, thereby establishing high market-entry barriers.

In addition, as AI computing clusters rapidly evolve, leading Chinese internet companies increasingly require stringent performance enhancements, upgrade cycles and customization of optoelectronic interconnection products. To meet these needs, customers commonly adopt the JDM model, collaborating with optical transceiver manufacturers possessing end-to-end technical capabilities.

Leveraging our end-to-end technology capabilities, we have become a JDM partner with leading Chinese internet companies.

Our JDM collaborations have established a mutually reinforcing partnership model with customers. On one hand, by engaging deeply in customer projects, we gain early insight into frontier AI application needs, enabling rapid product optimization and continuous technological advancement. On

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the other hand, our products that have been validated through rigorous testing and qualification by leading internet customers further enhance our brand reputation, strengthen our supply-chain position, and expand our market share.

OUR STRATEGIES

Technology: Continuous Advancement of SiPh Technology and Optoelectronic Integration

Building on our technological leadership, we will continue to enhance and refine our SiPh product portfolio to achieve concurrent improvements in performance and cost efficiency. We aim to further optimize the core performance of SiPh chips by reducing waveguide loss, improving coupling efficiency between waveguides and optical fibers, and enhancing temperature stability to minimize power and wavelength fluctuations, thereby improving overall transmission performance and reliability.

We also plan to implement co-design approaches across photonics, electronics, and packaging to reduce manufacturing costs while maintaining superior performance, reinforcing our leadership in next-generation optoelectronic interconnection technologies.

In addition, we are making forward-looking investments in new-material technologies, such as siliconlithium niobate hybrid integration, and are independently developing advanced parallel optoelectronic interconnection technologies and packaging processes.

Production Capacity: Expanding SiPh and Optoelectronic Co-Packaging Capacity to Meet Rapidly Growing Downstream Demand

We plan to expand production capacity by increasing the level of automation across our production lines and logistics systems. Within our facilities, we are upgrading material-handling and information-transfer processes and introducing autonomous mobile robots for station-based handling and plug-and-pull operations. These initiatives will raise line throughput, improve material-flow flexibility, and reduce manual intervention, resulting in greater production stability and scalability to meet growing demand for SiPh products.

At the same time, we are advancing AI-enabled smart manufacturing to further improve efficiency. Our cloud-based testing platform dynamically allocates testing tasks to maximize equipment utilization, while our AI-driven optical inspection system identifies defects in real time to enable immediate corrective action. By integrating AI into systems that oversee production scheduling, resource allocation, quality control and material tracking, we aim to build a more intelligent manufacturing process that shortens delivery cycles and improves overall operational efficiency.

Domestic Customers: Capturing the Opportunities of China's AI Transformation and Driving Continuous Sales Growth

We intend to continue deepening our cooperation with major customers through JDM model. By engaging closely in customers R&D and project design processes, we gain early visibility into emerging AI application needs and rapidly tailor our optoelectronic interconnection products to their evolving technical specifications. This model enables efficient customization, faster iteration and stable long-term partnerships, creating strong customer stickiness and high market-entry barriers.

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We plan to collaborate with China’s leading GPU manufacturers to jointly develop SiPh-based solutions aimed at reducing data transmission distances, lowering energy consumption and enhancing overall system performance. Through such technological collaboration and product integration, we expect to further strengthen the competitiveness of our optoelectronic interconnection products and enhance our market position.

Overseas Customers: Deepening Collaboration with Key Partners

We will continue to focus on addressing the evolving demands of AI computing. We plan to deepen our long-term partnerships with overseas customers through joint design and technological collaboration. By aligning our integrated SiPh chips and optical transceivers with the network architectures and performance requirements of these customers, and through continuous product upgrades and large-scale, cost-efficient manufacturing, we aim to help customers reduce deployment costs, enhance system energy efficiency, and strengthen strategic partnerships.

We are currently developing PCIe 6.0/7.0 SiPh AOC products and advancing the next-generation 3.2T and 6.4T NPO/CPO optoelectronic integration products. Given that products of such specifications have yet to reach large-scale commercialization globally, our continued R&D efforts are expected to enable us to capture overseas opportunities.

OUR PRODUCTS

We design, manufacture and sell optoelectronic interconnection products, including (i) optical transceivers, (ii) AOC, and (iii) others. As of the Latest Practicable Date, substantially all of our optoelectronic interconnection products were used in AI data centers.

The following table sets forth our revenue breakdown by product type for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Optical transceivers	123,845	70.6	589,721	68.5	923,944	75.7
AOC	46,057	26.3	151,116	17.5	248,127	20.3
Others ⁽¹⁾	5,436	3.1	120,995	14.0	48,992	4.0
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

Note:

(1) Others primarily included optoelectronic components and raw materials.

The following table sets forth our sales volume breakdown by product type for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(in thousands of units)</i>		
Optical transceivers	157	562	1,029
AOCs	135	164	273

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Note: the sales volume for “Others” is not meaningful as we provide a various of non-homogeneous products thereunder.

The following table sets forth a breakdown of our gross (loss)/profit by product type, in absolute amounts and as percentages of revenue, or gross (loss)/profit margins, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Optical transceivers	(31,628)	(25.5)	73,331	12.4	62,308	6.7
AOC	303	0.7	27,150	18.0	43,206	17.4
Others	21	0.4	1,332	1.1	4,242	8.7
Total	(31,304)	(17.9)	101,813	11.8	109,756	9.0

Optical transceivers: We recorded gross loss of RMB31.6 million and gross loss margin of 25.5% in 2023, and gross profit of RMB73.3 million and gross profit margin of 12.4% in 2024, primarily attributable to the realization of economies of scale arising from the mass production and shipment of our optical transceivers, mainly our high-speed 400G-and-above products. The resulting increase in production volume and manufacturing efficiency led to a significant improvement in our gross profit margin and overall operating results. Our gross profit of optical transceivers decreased from RMB73.3 million in 2024 to RMB62.3 million in 2025 and our gross profit margin decreased from 12.4% in 2024 to 6.7% in 2025, primarily due to the intensified competition in the high-speed optical receiver market, resulting in lower unit prices.

AOC: Gross profit of AOC increased from RMB0.3 million in 2023 to RMB27.2 million in 2024, and the gross profit margin of AOC increased from 0.7% to 18.0% in the same periods, primarily driven by the realization of economies of scale resulting from the ramp-up and mass shipment of our high-speed 400G-and-above AOC. Higher production volume and better capacity utilization enhanced manufacturing efficiency and cost effectiveness, leading to a marked increase in gross profit margin and overall operating performance. Gross profit of AOC increased from RMB27.2 million in 2024 to RMB43.2 million in 2025, in line with our business growth. Our gross profit margin of AOC remained stable at 18.0% in 2024 and 17.4% in 2025.

Optical Transceivers

We categorize our optical transceivers by whether they are based on silicon photonics technology or non-silicon photonics technology, namely SiPh optical transceivers and other optical transceivers. During the Track Record Period, we experienced strong growth in revenue generated from SiPh optical transceivers.

SiPh optical transceivers differ from other optical transceivers in their manufacturing approach, application coverage and scalability. SiPh optical transceivers are typically produced using CMOS-compatible processes under a fabless model, which allows for lower costs and closer integration with the semiconductor supply chain, including advanced packaging technologies. In addition, SiPh optical transceivers are primarily single-mode products, enabling longer transmission distances that

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cover most intradata center use cases. Moreover, SiPh optical transceivers exhibit stronger scalability toward next-generation data rates and architectures, while other optical module technologies generally face greater challenges in achieving higher integration and evolving toward next-generation products.

The following table sets forth our revenue breakdown of our SiPh and other products for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
SiPh products	3,699	2.1	33,466	3.9	205,819	16.9
Other products	171,639	97.9	828,366	96.1	1,015,244	83.1
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

During the Track Record Period, our revenue from both SiPh and other products experienced significant increase, primarily due to (i) the growing market demand of our products driven by AI-related applications, and (ii) our expanded production capacity and product portfolio. Particularly, the revenue contribution from our SiPh products increased, as our SiPh products gradually entered into mass production after validation and testing.

The following table sets forth a breakdown of our gross (loss)/profit and gross (loss)/profit margin of SiPh and other products for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
SiPh products	(837)	(22.6)	(1,728)	(5.2)	37,051	18.0
Other products	(30,467)	(17.8)	103,542	12.5	72,705	7.2
Total	(31,304)	(17.9)	101,813	11.8	109,756	9.0

We recorded gross loss and gross loss margin for our SiPh products in 2023 and 2024, primarily attributable to a high cost of sales, which was mainly driven by the relatively high prices of photonics integrated chips purchased from third-party suppliers. In contrast, we recorded gross profit and gross profit margin in 2025, primarily attributable to (i) a significant reduction in cost of sales achieved through technological optimization and economies of scale, and (ii) the increased adoption of self-developed photonics integrated chips in our products, the production costs of which were lower than the prevailing market prices of those purchased from third-party suppliers.

SiPh Optical Transceivers

Our SiPh optical transceivers are optical transceivers developed based on silicon photonics technology to apply SiPh chips to single-mode optical transceivers. As of the Latest Practicable Date, our major SiPh optical transceivers all had transmission rates of 400G and above. These products are

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widely deployed in AI data centers of internet companies, where they support large-scale model training, cloud workloads and backbone network interconnections. We are committed to continuously advancing our SiPh optical transceivers.

The use of SiPh chips consolidates discrete optical and electronic components onto a single transceiver, which enables a more compact design and, in turn, streamlines our manufacturing process, resulting in a more cost-effective and scalable production model. Leveraging these attributes, SiPh optical transceivers demonstrate strong scalability and are well positioned to support future technological advancements.

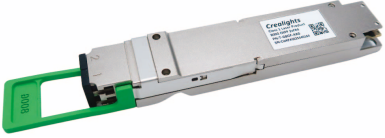

The revenue generated from our SiPh optical transceivers amounted to RMB3.7 million, RMB33.5 million and RMB205.8 million in 2023, 2024, and 2025, respectively, representing 2.1%, 3.9% and 16.9% of our total revenue for the same periods.

As of the Latest Practicable Date, we had four commercialized SiPh optical transceivers and one commercialized SiPh optical transceivers under development.

The following table illustrates our SiPh optical transceivers during the Track Record Period.

Commercialized	Features	Average Selling Price
 400G QSFP112 DR4	It is available in QSFP112 and OSFP form factors, supporting four channels of 100G PAM4 electrical and optical parallel lanes, with a transmission distance of up to 500 meters over single-mode fiber. Based on SiPh technology, it is designed for medium- and long-reach data center interconnect applications.	RMB1,000 to RMB1,600
 400G QSFP112 FR4	It supports 400G CWDM4 transmission distance of up to 2 kilometers using single-mode fiber. It adopts SiPh technology with a four-channel CWDM4 MUX/DMUX architecture and is designed for long-reach data center interconnect applications.	RMB1,500 to RMB1,800
 800G OSFP 2 x DR4	It is available in OSFP and OSFP-RHS form factors, supporting eight channels of 100G PAM4 electrical and optical parallel lanes, with a transmission distance of up to 500 meters over single-mode fiber. It provides dual MPO12 or single MPO16 optical connector options. Based on SiPh technology, it is designed for medium- and long-reach data center interconnect applications.	RMB1,500 to RMB3,000

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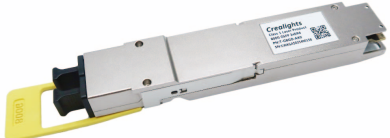
Commercialized	Features	Average Selling Price
 <p>800G OSFP 2 x FR4</p>	<p>It is available in OSFP and OSFP-RHS form factors, supporting eight channels of 100G PAM4 electrical lanes and two optical lanes in CWDM4 format, with a transmission distance of up to 2 kilometers over single-mode fiber. Based on SiPh technology, it is designed for medium- and long-reach data center interconnect applications.</p>	<p>RMB1,600 to RMB3,500</p>
Under development	Features	
 <p>1.6T OSFP 2 x DR4</p>	<p>It integrates a SiPh chip and adopts a 3-nanometer DSP with MCM flip-chip packaging, enabling high-frequency signal bandwidth. It features low cost and high performance and is designed for 1.6T short-, medium-, and long-reach data center transmission.</p>	

Other Optical Transceivers

Our other optical transceivers primarily include 100G, 200G, 400G and 800G multi-mode optical transceivers. Characterized by broad compatibility, advanced technology and cost efficiency, these products are widely adopted in multiple application scenarios, particularly in data centers.

During the Track Record Period, the revenue generated from our other optical transceivers amounted to RMB171.6 million, RMB828.4 million and RMB1,015.2 million in 2023, 2024, and 2025, respectively, representing 97.9%, 96.1% and 83.1% of our total revenue for the same periods.

The following table illustrates our key other optical transceivers.

Commercialized	Features	Average Selling Price
 <p>400G QSFP112 VR4</p>	<p>It is available in QSFP112 and OSFP form factors, supporting four channels of 100G PAM4 electrical and optical parallel lanes. It enables transmission distances of up to 50 meters over OM3 multimode fiber and 100 meters over OM4 multimode fiber. Based on VCSEL technology, it is designed for short-reach data center interconnect applications.</p>	<p>RMB700 to RMB1,200</p>
 <p>800G OSFP 2 x SR4</p>	<p>It is available in OSFP and OSFP-RHS form factors, supporting eight channels of 100G PAM4 electrical and optical parallel lanes. It achieves transmission distances of up to 50 meters over OM3 multimode fiber and 100 meters over OM4 multimode fiber, with dual MPO12 or single MPO16 optical connector options. Based on VCSEL technology, it is designed for short-reach data center interconnect applications.</p>	<p>RMB1,900 to RMB2,500</p>

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AOC

AOCs are optoelectronic interconnection products that integrate optical transceivers and optical fibers into a single cable assembly, enabling high-speed and low-latency data transmission over short distances with lower power consumption. AOCs complement optical transceivers by serving short-reach interconnection needs within racks or between adjacent devices, whereas optical transceivers are typically used for longer-distance data transmission between servers and switches.

We categorize our AOC by whether they are based on silicon photonics technology or non-silicon photonics technology.

- **SiPh AOC**, currently under development, as conventional non-silicon photonics technology is becoming increasingly inadequate to meet the growing market demand for higher bandwidth, lower power consumption and enhanced integration. Leveraging our proprietary technologies, we are developing SiPh AOC, such as 400G SiPh AOCs, 800G SiPh AOCs and PCIe 6.0 AOCs.


The table below illustrates one of our latest SiPh AOCs.

Products	Pictures and Names	Features
<i>Under development</i>	 <i>400G QSFP112 to QSFP112 AOC (SiPh)</i>	It supports QSFP112-to-QSFP112 and QSFP112-to-OSFP112 form factors, with a transmission distance of up to 500 meters over single-mode fiber. It provides four channels of 100G PAM4 electrical lanes. Based on SiPh technology with optimized design, it offers low power consumption, cost efficiency, and high stability for short- and medium-reach data center interconnect applications.

- **Other AOC**, currently in mass production, as our major AOC product offerings and widely adopted in data centers and high-speed transmission scenarios.

BUSINESS

The table below illustrates one of our latest other AOCs.


Products	Pictures and Names	Features	Average Selling Price
<i>Commercialized</i>	 <p data-bbox="555 591 730 659"><i>400G QSFP112 to OSFP112 AOC</i></p>	<p data-bbox="831 321 1214 659">It supports QSFP112-to-QSFP112 and QSFP112-to-OSFP112 form factors, with a transmission distance of up to 50 meters over multimode fiber. It provides four channels of 100G PAM4 electrical lanes. Based on VCSEL technology, it is designed for short-reach data center interconnect applications.</p>	<p data-bbox="1246 321 1418 385">RMB1,400 to RMB2,500</p>

AEC

AECs are high-speed electrical interconnection products that integrate active equalization and amplification chips at both ends of copper cables to enhance signal integrity and extend transmission distance. AECs complement AOCs and optical transceivers in data center interconnection applications. While AOCs adopt optical fibers to achieve low-loss optical transmission for short- to medium-distance connections, AECs achieve comparable transmission performance through copper conductors, making them suitable for ultra-short distance connections within servers or between closely located devices.

We have commenced commercialization of our AEC products since December, 2025.

The table below illustrates one of our latest AECs.

Products	Pictures and Names	Features	Average Selling Price
<i>Commercialized</i>	 <p data-bbox="475 1378 608 1410"><i>PCIe 6.0 AEC</i></p>	<p data-bbox="759 1193 1166 1464">It supports OSFP-XD-to-OSFP-XD form factors and provides 16 channels of 64G PAM4 electrical parallel lanes, with a transmission distance of up to seven meters over copper cable. It is designed for ultra-short-reach data center interconnect in large-scale network deployments.</p>	<p data-bbox="1214 1193 1418 1257">RMB600 to RMB1,000</p>

In addition, we offer other optical components and optical engines.

BUSINESS

OUR BUSINESS MODEL

We primarily operate our business under three models, including (i) the JDM model; (ii) the ODM model; and (iii) the private label model, to cater to the diverse needs of our customers.

The following table sets forth our revenue breakdown by business model in absolute amounts and as percentages of our total revenue for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
JDM model	42,844	24.4	489,364	56.8	552,240	45.3
ODM model	80,147	45.7	94,162	10.9	49,452	4.0
Private label model	52,347	29.9	278,306	32.3	619,371	50.7
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

Our JDM Model

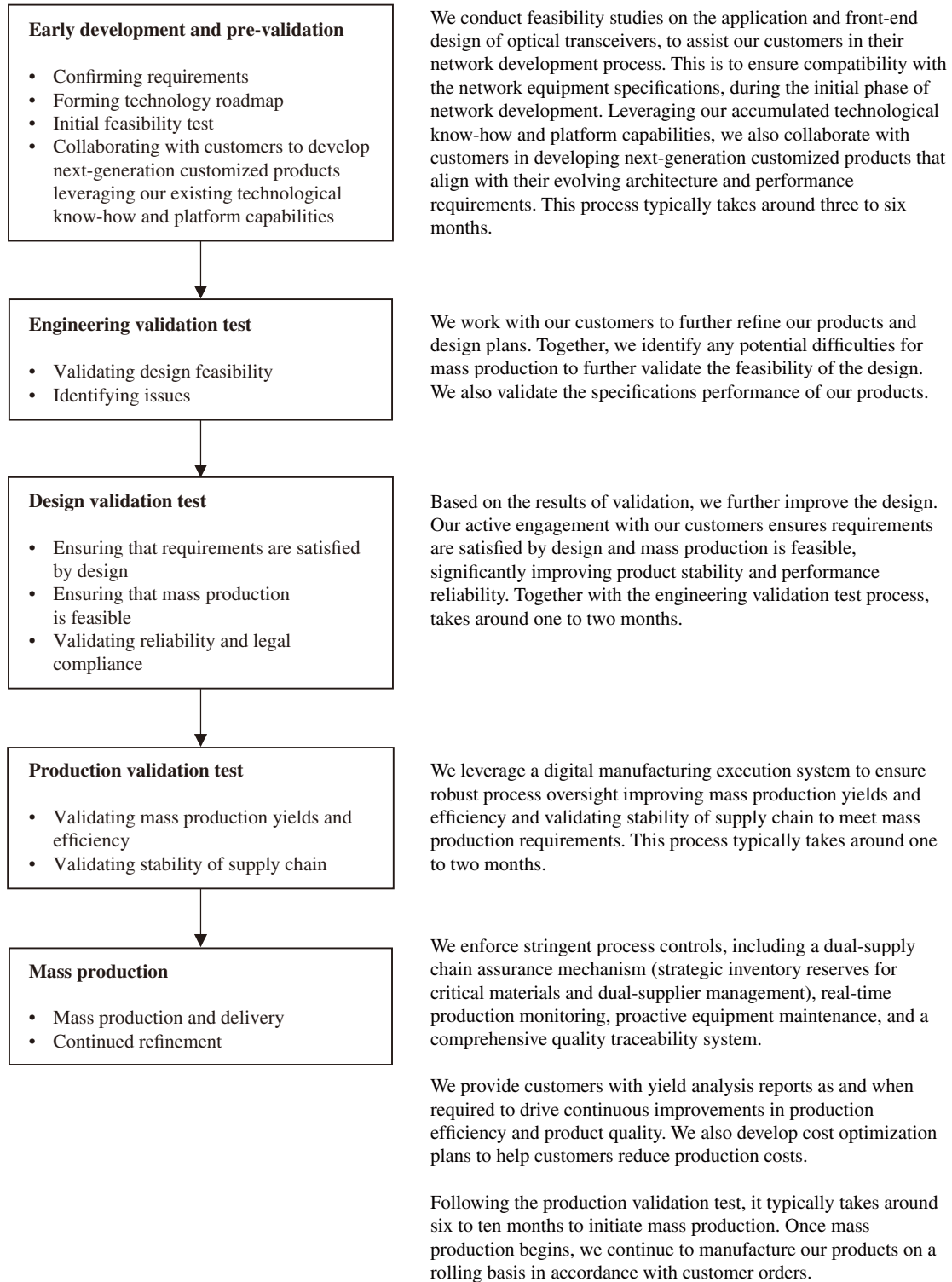
With the growing demand for customized optical transceivers from global leading internet companies and cloud service providers, traditional standardized products, fragmented supply chains and the industry’s rapid technological iterations are no longer sufficient to meet stringent market performance and reliability requirements.

Benefiting from the long-standing trust and collaboration established with our customers, we are able to gain in-depth insight into their technology roadmaps and product requirements, enabling us to co-develop next-generation optoelectronic interconnection products tailored to their specific needs. In response, we have adopted a JDM model and cooperated with our major customers under the JDM model since 2022.

Under the JDM model, our customers grant us access to their proprietary designs, technical specifications and relevant patent know-how for the purpose of product customization and co-development, while we leverage our advanced R&D and manufacturing capabilities to deliver high-performance, reliable and scalable optical transceiver products that meet their stringent requirements.

BUSINESS

Under our JDM model, we engage with customers in connection with the development of certain customized products throughout the product development process:



BUSINESS

Our JDM model also entails both commercial and technical requirements:

- **Commercially**, JDM requires long-term commitment and close collaboration with strategic customers, as the process involves joint investment of resources and a high degree of mutual trust. In return, it secures stable and recurring orders, providing strong visibility for our revenue stream.
- **Technically**, JDM projects demand deep integration with customers' system architectures. For example, in the context of AI data centers, the design of optical transceivers are expected to be tightly aligned with customers' GPU clusters and overall network architecture. This makes JDM not merely about product customization but about co-developing the entire interconnect solution for large-scale AI data centers.

By leveraging the JDM model, we not only strengthen customer stickiness and ensure long-term partnerships with global leaders in AI and cloud, but enhance our technological leadership by participating directly in the evolution of next-generation data center architectures.

Key Terms under JDM Model

<i>Terms</i>	The agreements typically have a term of two years under the JDM model.
<i>Pricing and fee arrangements</i>	The prices are set out in the agreements and determined based on product category, design complexity and technical requirements jointly defined with the customer.
<i>Acceptance</i>	Upon our delivery of product samples, our customer shall complete the acceptance inspection within 30 days. Mass production and shipment commence only after the sample passes the customer's acceptance tests.
<i>Intellectual property</i>	We may own or co-own the process-related know-how and design improvements developed in connection with the manufacturing process, while the original intellectual property rights of both parties shall remain with their respective owners, and each party agrees to grant the other party the necessary intellectual property licenses for the purposes of product development and manufacturing under the JDM model.
<i>Credit terms and payment</i>	We grant our customers a credit period of 30 days upon receipt of invoice for delivered goods that have passed acceptance, or a credit period of 60 days on a month-end basis upon issuance of invoice.
<i>Product Return and Warranty</i>	The manufactured products must conform to our customer's specifications as set out in the agreements. Our customers are generally entitled to return or exchange products that do not meet their specifications.

BUSINESS

<i>Termination</i>	The agreements may be terminated by written notice of either party under certain circumstances.
<i>Scope of Work</i>	We are required to complete the R&D of the customized goods within the prescribed timeline, and to conduct validation and mass production of the goods.
<i>Roles and Responsibilities</i>	Our customer is generally responsible for providing the technical specifications, reviewing the R&D outcomes and conducting acceptance of the goods. We are responsible for the R&D, procurement of raw materials and production of customized products in accordance with the technical specifications. We also offer technical support and after-sales services.
<i>Dispute Resolution</i>	Any dispute arising from or in connection with the agreement shall first be resolved through negotiation in good faith. If not resolved, it shall be submitted to the competent court for adjudication.
<i>Product Liability</i>	We are liable for product defects, and shall compensate our customer for any damage caused.

Our ODM Model

Under the Original Design Manufacturer (“ODM”) model, we design and manufacture products based on customer’s specifications and requirements, while the final products are marketed and sold under the customer’s own brands. This model allows us to leverage our design and R&D capabilities while benefiting from our customers’ established brand recognition and distribution networks.

For instance, since 2022, we have collaborated with a leading global interconnect solutions provider, which is both one of our top five customers and top five suppliers during the Track Record Period. Through this cooperation, our products are sold into overseas markets under the customer’s brand, facilitating our entry into new geographic markets and customer segments.

The following is a summary of the key terms under our ODM model:

<i>Terms</i>	The agreement typically has no fixed term.
<i>Pricing and Fee Arrangements</i>	The price is generally specified in the purchase order with reference to the market price and through mutual negotiation.
<i>Acceptance</i>	Our customer may inspect and test the goods within a commercially reasonable period of time, and could reject the goods that are materially defective or not in conformity with the requirements specified in the agreement.

BUSINESS

<i>Intellectual Property</i>	Our customer owns the intellectual property rights in the goods, while the original intellectual property rights of both parties shall remain with their respective owners.
<i>Credit Terms</i>	We grant our customer a credit period of 30 days upon receipt of goods or receipt of an invoice.
<i>Product Return and Warranty</i>	We generally grant our customer a warranty period of five years. If the products are found defective during the warranty period, our customer may reject or revoke acceptance of the goods, or retain the goods with a price deduction.
<i>Termination</i>	The agreements may be terminated by written notice of our customer in advance.
<i>Scope of Work</i>	We undertake the R&D, manufacture and delivery of the goods.
<i>Roles and Responsibilities</i>	We conduct R&D and manufacture of the goods either in accordance with the technical standards as requested by the customer, or in accordance to our internal specifications.
<i>Dispute Resolution</i>	Any dispute arising from or in connection with the agreement shall generally be submitted to the competent court for adjudication.
<i>Product Liability</i>	We are generally liable for any defects of the goods.

Our Private Label Model

Under our Private Label ("PL") Model, we directly supply standardized optical transceivers and optoelectronic interconnection products to customers, which are marketed under our own brands. This model enables us to reach a broader customer base and penetrate markets efficiently.

The following is a summary of the key terms under our Private Label model:

<i>Terms</i>	The agreement typically has a term of two years.
<i>Pricing and Fee Arrangements</i>	The price is generally specified in the purchase order with reference to the market price and through mutual negotiation.
<i>Acceptance</i>	The acceptance standards are generally set out in the purchase order. Our customer may reject or request replacement of the goods that are materially defective or not in conformity with such standards.
<i>Intellectual Property</i>	We own all the intellectual property rights relating to the goods.

BUSINESS

<i>Credit Terms</i>	We grant our customer a credit period of 60 days upon acceptance of the goods and receipt of an invoice.
<i>Product Return and Warranty</i>	The warranty period is typically specified in the purchase order. If the goods are found defective during the warranty period, we are required to provide maintenance services or replace the goods.
<i>Termination</i>	The agreements may be terminated by written notice of our customer in advance.
<i>Scope of Work</i>	We undertake the R&D, manufacture and delivery of the goods.
<i>Roles and Responsibilities</i>	We conduct R&D and manufacture of the goods in accordance to our internal specifications.
<i>Dispute Resolution</i>	Any dispute arising from or in connection with the agreement shall first be resolved through negotiation in good faith. If not resolved, it shall be submitted to the competent court for adjudication.
<i>Product Liability</i>	We are generally liable for any defects of the goods.

RESEARCH AND DEVELOPMENT

R&D Investment

We have placed a strong emphasis on establishing and maintaining our R&D capabilities. In 2023, 2024 and 2025, our R&D expenses were RMB42.3 million, RMB63.8 million and RMB104.3 million, representing 24.1%, 7.4%, and 8.5% of our total revenue, respectively.

R&D Team

We operate two R&D centers in Suzhou and Beijing, respectively. As of December 31, 2025, our R&D team comprised 211 employees, representing approximately 45.1% of our total workforce. Over 31.8% of our R&D employees had an average of ten years of global industry experience, including experience gained at renowned multinational enterprises.

We also work closely with leading fabs and AI data centers of internet companies to develop integrated packaging solutions for SiPh optical transceivers, which have been successfully applied to customer projects and standardized for broader applications.

Our team has developed strong expertise in automation, chip-to-fiber coupling algorithms, high-yield process optimization, and silicon photonics integration, which allows us to achieve industry-leading yields and shorten production cycles. We have also actively promoted domestic substitution by gradually introducing domestically produced key equipment such as high-precision coupling tools and direct current testing systems, reducing costs while ensuring performance reliability.

BUSINESS

Product Design and Development Process

Our R&D efforts cover the full spectrum of optoelectronic interconnection products. Leveraging our capabilities in silicon photonics, we have established a structured product development process to ensure efficient commercialization of innovations and reliable delivery to our customers.

Product Planning and Proposal

We conduct market research and prepares a market demand study to identify potential customer requirements. Upon confirmation of demand, a project proposal is submitted, which sets out preliminary specifications, target pricing and expected customer requirements. This ensures that each new product development project is aligned with market trends and commercial viability.

Design and Development

Once a proposal is approved, our R&D team, together with the product management and project management teams, defines the technical requirements and prepares an overall project plan. Detailed design and prototype development then follow, covering key circuits, components and structural parts. Validation testing is carried out to ensure design soundness.

During this stage, our R&D team also prepares fixtures, tooling, automated testing equipment and relevant software to support further development.

Pilot-run Production

Following successful design validation, we conduct pilot-run production to verify consistency, manufacturability, materials readiness and process documentation. At this stage, process design specifications are refined and continuously updated. Trial production ensures that the product is ready for volume manufacturing by validating product maturity, cost efficiency and customer demand scalability.

Mass Production

Upon completion of pilot-run production and reliability testing, products enter mass production. This stage involves full-scale implementation of automated production lines, real-time monitoring of key process indicators, and strict quality management to ensure stable and efficient output.

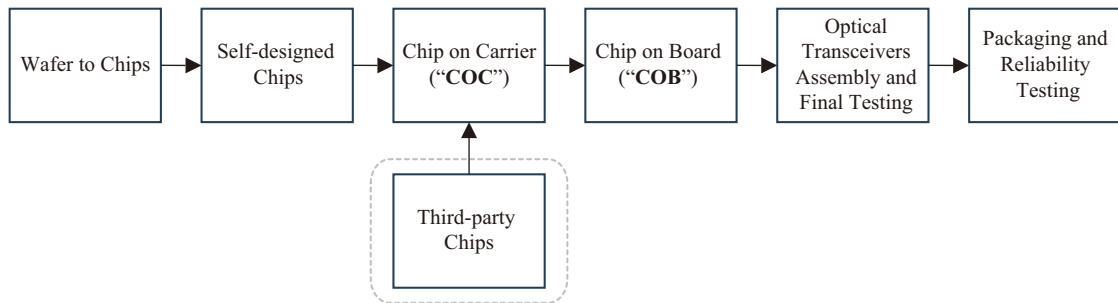
BUSINESS

PRODUCTION

Production Process

Optical Transceivers

The following diagram illustrates the key production steps of our optical transceivers.



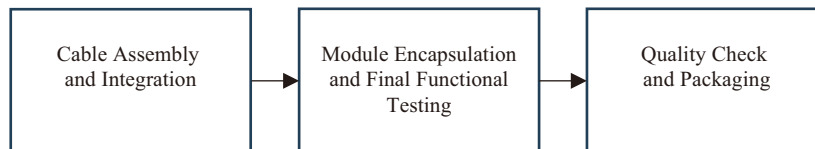
- **Wafer to Chips.** In this stage, wafers are fabricated by third-party fabs based on our proprietary silicon photonics or integrated circuit designs. The processed wafers undergo wafer-level electrical testing to identify known-good dies, which are then thinned, diced, and sorted into individual chips. We utilize both self-designed chips and third-party chips to ensure flexibility, scalability and product diversity.
- **Chip on Carrier (“COC”).** In this stage, both our self-designed chips and third-party chips are mounted onto carriers through high-precision die bonding and wire bonding processes. The carrier acts as an intermediate substrate providing mechanical support, electrical interconnection, and thermal dissipation for the chips. The COC devices then undergo pre-burn-in and high-temperature burn-in tests, followed by post-burn-in reliability testing to ensure stability and device-level performance prior to board-level integration.
- **Chip on Board (“COB”).** In this stage, COC devices are further integrated onto PCBs through die bonding, wire bonding, optical alignment, and bench-level thermal assembly. Rigorous intermediate inspections and temperature cycling tests are conducted to identify and eliminate early-stage failures. Additional optical and electrical functional tests are performed to validate consistency and reliability. Only devices that pass quality control inspections are transferred to module-level assembly.
- **Optical Transceivers Assembly and Final Testing.** In this stage, COB subassemblies are integrated into complete optical transceivers. The process involves firmware configuration, feature tuning, and three-temperature testing to validate performance under various operating conditions. The assembled transceivers then undergo switch-insertion testing, labeling and coding, final visual inspection, and preparation for packaging.
- **Quality Check and Packaging.** In the final stage, the optical transceivers undergo random quality inspection covering electrical and optical performance, reliability, and appearance. Only products that pass the full suite of functional and quality tests are approved for shipment and customer delivery.

BUSINESS

Through this structured production process, supported by multi-stage inspections and reliability testing, we are able to achieve high yields, ensure consistency, and deliver optical transceivers that meet the stringent performance and reliability requirements of global data communication networks.

AOC

The following diagram illustrates the key production steps of our AOC.



- ***Cable Assembly and Integration.*** Optical transceivers and optical fibers are pre-selected and prepared for assembly. The components are then integrated into AOC, which comprise fiber optic, connectors and mechanical housings.
- ***Module Encapsulation and Final Functional Testing.*** After assembly, the cable assemblies are encapsulated or fully housed and undergo final functional testing. This primarily includes bit-error-rate testing and insertion-loss/return-loss measurement under temperature cycling at both high and low extremes. Only units that pass full reliability test suites are packaged for shipment.
- ***Quality Check and Packaging.*** Finished assemblies are labelled, serial-numbered and packed in protective trays or shipping cartons. A final quality inspection ensures correct marking, packaging integrity, and shipping checklist compliance. Finally, shipments are quality-sealed and released for delivery to customers.

Through this structured production process, supported by multi-stage inspections, environmental stress testing and real-time yield monitoring, we are able to achieve high manufacturing yields, maintain product consistency and deliver optoelectronic interconnection products that meet the demands of AI data centers.

Production Facilities

We generally produce optical transceivers supporting 400G, 800G and above interconnection speeds at our self-operated facilities, and we engage third-party production facilities for the production of (i) optical transceivers and (ii) AOC.

Self-Operated Production Facilities

The following sets forth our production facilities and their key operational information as of December 31, 2025.

Suzhou Production Facility

- GFA: approximately 9,277 square meters

BUSINESS

- Main Function: primarily engaged in the production of optical transceivers, covering both SiPh-based single-mode and multimode products.

Nanjing Production Facility

- GFA: approximately 8,576 square meters
- Main Function: commencing production in September 2025, this facility is primarily engaged in the production of optical transceivers, focusing on SiPh-based single-mode and multimode products and AECs.

Beijing Production Facility

- GFA: approximately 2,895 square meters
- Main Function: this facility was under development as of the Latest Practicable Date, and is intended to be used for the design of SiPh chips, wafer-level testing, cutting and sorting.
- Development Status: as of December 31, 2025, this facility was under renovation, and is expected to commence production in the second quarter of 2026.

Nantong Production Facility

- GFA: approximately 44,779 square meters
- Main Function: this facility was under development as of the Latest Practicable Date, and is intended to be used for the automated production of high-speed optical transceivers and other optoelectronic interconnection products.
- Development Status: as of December 31, 2025, the main structure of this facility was completed, and was pending acceptance inspection.

The following table sets forth details of the production capacity, production volume and utilization rate of our Suzhou production facilities for the periods indicated.

Year Ended December 31,								
2023			2024			2025		
Designed Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Designed Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Designed Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾
<i>(in thousands, except for percentages)</i>								
1,314	776	59.1%	2,206	1,683	76.3%	2,519	2,120	84.2%

Notes:

- (1) Calculated as the maximum possible production volume for the relevant period, which is based on the number of production machines in operation, machine time for standardized products (assuming operations for 20 hours per day, 288 days per year for 2023, 2024 and 2025), and estimated yield rates for different products based on our historical records. The production volume of non-standardized products is adjusted by the production time that would otherwise be required to produce similar standardized products.

BUSINESS

- (2) Calculated as actual production volume for the period divided by the designed production capacity for the same period.
- (3) The utilization rate during the period equals the actual production volume divided by the designed production capacity during the same period.
- (4) Our Nanjing production facilities commenced production in September 2025. Our Beijing and Nantong production facilities are yet to commence production. As such, their designed production capacity, actual production volume and utilization rate are not yet meaningful.

Third-party Production Facilities

We may, from time to time, engage third-party production facilities on a limited basis to supplement the production of certain optical transceivers and AOC, (i) when our internal capacity is fully utilized, or (ii) for mature products, primarily low-speed optoelectronic interconnection products. The production volume by third-party facilities as a percentage of total production volume (including both optical transceivers and AOC) was 0.2%, 4.3% and 10.6% in 2023, 2024 and 2025, respectively. As of December 31, 2025, we had collaborated with three such third-party facilities.

Such production is carried out strictly in accordance with our specifications. All key materials, including chips, PCBs and structural parts, are supplied directly by us. The production process is required to follow our detailed instructions, and our engineering employees are dispatched to provide on-site guidance. The quality control system adopted by the third-party production facilities must fully comply with our standards, and production data, including process status, yield rates and exceptions, are transmitted in real time and integrated into our systems, ensuring that all critical production information remains under our oversight. We plan to continue engaging third-party production facilities following the commencement of production at our new Nanjing base and the two additional production bases under development to supplement our production capacity. The use of third-party production facilities is expected to remain supplementary in nature.

Key Terms with Third-party Production Facilities

The following is a summary of the key terms of our agreements with third-party production facilities:

<i>Terms</i>	The agreements generally have a term ranging from two to five years.
<i>Design and Intellectual Property</i>	The third-party production facilities are required to manufacture according to our product design. We retain ownership of the intellectual property rights.
<i>Production, Personnel, and Facilities</i> .	The third-party production facilities are responsible for manufacturing the products based on our design and for arranging the necessary personnel and production facilities.
<i>Payment</i>	We generally settle our payments on a monthly basis with a credit term of 60 days.
<i>Supervision and Quality Control</i>	The third-party production facilities perform quality control in accordance with our requirements.

BUSINESS

<i>Technology</i>	We provide the necessary production technologies to third-party production facilities.
<i>Roles and Responsibilities</i>	The third-party production facilities are responsible for manufacturing products in accordance with the specifications and standards agreed by the parties.
<i>Dispute Resolution</i>	Any dispute arising from or in connection with the agreement shall first be resolved through negotiation in good faith. If not resolved, it shall be submitted to the competent court for adjudication.
<i>Product Liability</i>	Where products manufactured by third-party production facilities do not comply with the agreed specifications or standards, we may reject or return such products, with the relevant costs borne by the third-party production facilities.
<i>Termination</i>	The agreements may be terminated with mutual agreement of parties.

OUR TECHNOLOGIES

Major Technologies in Product Research and Development

The key technologies that we have adopted in our product research and development include, but are not limited to, the following:

- ***SiPh Chip Design.*** We have developed and maintained our device libraries, which underpin our silicon photonics technology. By combining multi-physics simulations (covering electromagnetic, thermal, and photoelectric effects) with empirical wafer test data, we continuously refine device models to ensure design accuracy and manufacturing robustness. Leveraging our device libraries, we design SiPh chips from architecture definition to layout verification, and collaborate with fabs to achieve high-yield wafer fabrication and stable mass production through closed-loop feedback and process optimization.
- ***Optical and Electrical Design.*** We integrate optical and electrical design capabilities to improve coupling efficiency, signal integrity and overall transmission performance. Our proprietary design libraries and simulation models support rapid iteration and high-precision optimization.
- ***Mechanical and Structural Design.*** We focus on miniaturization, thermal management and modular integration. Our standardized component library and mechanical design tools enable scalable production and consistency in product performance.
- ***Firmware and Automation.*** We develop embedded firmware that ensures multi-protocol interoperability, real-time monitoring and intelligent control over optical/electrical conversion, temperature and power management.

BUSINESS

- ***Advanced Manufacturing and Automation.*** We have established automated wafer testing and packaging systems as well as AI-enabled production lines to ensure high yield, quality consistency and traceability throughout the manufacturing process. Our WIMO integration enables a seamless flow from silicon wafer input to optical transceiver output under a digitized manufacturing environment.
- ***Fabrication Process Lab.*** During the design verification stage, we conduct comprehensive evaluations on fabrication processes, including process adhesive strength assessment, Fourier-transform infrared spectroscopy testing, viscosity testing, differential scanning calorimetry testing and die shear testing. These evaluations ensure the reliability and stability of key materials and process parameters prior to mass production.
- ***Reliability Lab.*** We perform full reliability testing before mass production, including high-temperature operating life (“HTOL”), temperature cycling, biased damp heat, electromagnetic interference, and electrostatic discharge tests, as well as other mechanical reliability evaluations. In addition, we have established dedicated reliability test platforms for optoelectronic and SiPh chips, including chip-level HTOL and large-optical-input endurance testing.
- ***System Compatibility Testing Platform.*** Following design verification of products under development, we conduct extensive system compatibility testing to validate product performance across different network environments. Products are tested with network interface cards, switches and other application-specific network equipment from various brands to ensure that both hardware performance and firmware functionality are fully compatible with diversified customer network scenarios.

We are in the process of upgrading and expanding the production capacity of our manufacturing facilities with a focus on automation and digitalization. Our intelligent manufacturing system is applied throughout our key production processes, including optical transceivers assembly, packaging and testing, enabling real-time data connectivity and process optimization across the manufacturing chain. Following the upgrade of our manufacturing processes for our typical products, our automation rate increased from approximately 55% to over 70%, with less than 30% of the processes performed manually.

Through the deployment of integrated information systems, including our supplier relationship management (“SRM”), warehouse management system (“WMS”), manufacturing execution system (“MES”) and quality management system (“QMS”), we have digitalized key stages of procurement, production, logistics and quality management. Customers are able to access and interact with our MES system for information sharing and efficient decision-making.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement

We primarily procure raw materials, including chips, PCBs, structural parts and optical fibers, from third-party suppliers for our production. We source raw materials from China and certain overseas countries. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of, or quality issues with, our raw materials.

BUSINESS

Inventory Management

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

Supplier Selection and Management

We typically engage reputable suppliers to ensure the quality of our products. We have a comprehensive evaluation system for selecting suppliers. We also evaluate the performance of our suppliers on a quarterly and annual basis, focusing on criteria that including raw material quality, price, service and delivery. We maintain a list of qualified suppliers. As of December 31, 2025, we collaborated with 287 suppliers.

Our Major Suppliers

During the Track Record Period, our suppliers primarily consisted of global and domestic providers of electronic components, optical and electrical parts, printed circuit boards and semiconductor devices.

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB157.3 million, RMB683.3 million and RMB864.3 million, respectively, representing 62.6%, 72.5%, and 56.6% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for 24.9%, 29.8%, and 28.4% of our total purchases in 2023, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, all of our five largest suppliers were Independent Third Parties, and none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital) had any interest in any of our five largest suppliers.

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

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Year of commencement of business relationship
<i>(RMB'000)</i>					
<i>For year ended December 31, 2023</i>					
1	Supplier A ⁽¹⁾	62,543	24.9	Electrical chips	2015
2	Supplier B ⁽²⁾	47,481	18.9	Optical chips, electrical chips, and auxiliary and consumable materials	2023

BUSINESS

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Year of commencement of business relationship
		(RMB'000)			
3	Supplier C ⁽³⁾	23,464	9.3	Optical chips, electrical chips, transceivers, auxiliary and consumable materials, and factory automation and structural components	2017
4	Supplier D ⁽⁴⁾	14,629	5.8	Optical chips	2015
5	Supplier E ⁽⁵⁾	9,161	3.6	Electrical chips	2022

Notes:

- (1) A semiconductor company engaged in the development and marketing of integrated circuit products, headquartered in New Taipei City, Taiwan.
- (2) A private company headquartered in New Taipei City, Taiwan. It is a distributor specializing in the wholesale of electronic components and communication equipment.
- (3) A private company headquartered in Illinois, the United States. It is a manufacturer of electronic, electrical, and fiber optic connectivity systems.
- (4) A private company headquartered in Hong Kong. It is a value-added supplier of electronic components and solutions in the fields of fiber optic communications and laser processing.
- (5) A private company headquartered in Hong Kong. It is an importer and wholesaler focused on electronic components, particularly integrated circuits and related semiconductor products for global supply chains.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Year of commencement of business relationship
		(RMB'000)			
<i>For year ended December 31, 2024</i>					
1	Supplier B	280,812	29.8	Optical chips and electrical chips	2023
2	Supplier A	257,038	27.3	Electrical chips, electronic materials, and other integrated circuit chips	2015
3	Supplier D	67,027	7.1	Optical chips and other integrated circuit chips	2015
4	Supplier C	60,341	6.4	Electrical chips, transceivers, optical chips, factory automation and structural components, and auxiliary and consumable materials	2017
5	Supplier F ⁽¹⁾	18,077	1.9	Electrical chips	2012

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Note:

- (1) A private company headquartered in Hong Kong. It is a value-added distributor of semiconductors and electronic components, with emphasis on datacom, telecom, video processing, and high-end consumer electronics applications.

Rank	Supplier	Purchase Amount <i>(RMB'000)</i>	Percentage of total purchase	Type of product/services provided	Year of commencement of business relationship
<i>For year ended December 31, 2025</i>					
1	Supplier A	433,029	28.4	Optical chips	2015
2	Supplier B	226,336	14.8	Optical chips and electrical chips	2023
3	Supplier D	82,693	5.4	Electrical chips	2015
4	Supplier G ⁽¹⁾	75,230	4.9	Transceivers components	2025
5	Supplier H ⁽²⁾	46,998	3.1	Electrical chips	2024

Notes:

- (1) A private company headquartered in Zhangzhou, Fujian, China. It is a technology provider specializing in network solutions and related software and hardware for connectivity and data management systems.
- (2) A private company headquartered in Zibo, Shandong, China. It is a trading company engaged in the import, export, and distribution of industrial materials and electronic components, supporting supply chains in manufacturing and technology sectors.

Key Terms of Agreements with Major Suppliers

The following is a summary of the key terms of our agreements with our major suppliers:

<i>Terms</i>	Our procurement agreements with our major suppliers generally do not have a fixed term.
<i>Pricing and fee arrangements</i>	Depending on the type of raw material and supplier, prices are determined with reference to prevailing market conditions and are specified in the agreements.
<i>Quality guarantee</i>	Our suppliers are responsible for product quality and compliance with our specifications.
<i>Delivery</i>	Our suppliers are responsible for proper packaging and on-time delivery to the designated locations.
<i>Credit terms</i>	Our suppliers generally grant us a credit period of 60 days commencing from the date of invoice.
<i>Product return</i>	We are entitled to return defective raw materials that do not meet the agreed quality standard, and the suppliers are required to remedy any resulting loss or damage.

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Termination We are entitled to terminate the procurement agreements if a supplier fails to deliver goods within the agreed timeframe.

Overlapping Customers and Suppliers

During the Track Record Period, one of our top five customers was also among our top five suppliers. This overlap occurred primarily because such customer/supplier is a manufacturer of electronic, electrical, and fiber optic connectivity systems that both supplies certain optical components to us and purchases optoelectronic interconnect products from us for its own system integration projects.

According to Frost & Sullivan, the ODM model is common in the industry, where manufacturers design and produce products based on customers’ specifications and requirements, while the final products are marketed and sold under the customers’ own brands. All sales to and purchases from this customer and supplier were negotiated through separate processes, conducted in the ordinary course of business, and carried out on commercial terms that were negotiated at arm’s length.

During the Track Record Period, Customer A/Supplier C was among our five largest customers and five largest suppliers. We primarily provided AOCs and optical transceivers to, and procured optical chips, electrical chips, and other integrated circuit chips from Customer A/Supplier C. In 2023, 2024 and 2025, Customer A/Supplier C contributed 48.3%, 13.5% and 7.3% of our total revenue, respectively, and 9.3%, 6.4% and 1.5% of our total purchase, respectively. Our sales and purchase arrangements with Customer A/Supplier C are not inter-conditional or otherwise linked. All sales to and purchases from Customer A/Supplier C were conducted in the ordinary course of business, carried out on commercial terms that were negotiated at arm’s length, and were not inter-conditional or otherwise linked. As Customer A is our overseas customer, the gross profit margin of transactions with our sales to it is generally higher than that of other domestic customers.

The following is a summary of the key terms of our sales agreements with Customer A/Supplier C:

- Terms.* Our sales agreement has no fixed term and continues in effect unless terminated pursuant to its terms.
- Pricing.* Prices are determined by mutual agreement with reference to prevailing market prices and applicable orders. The pricing arrangements provide for adjustments to ensure consistency with prices offered to comparable third-party customers.
- Delivery.* We are responsible for proper packaging and timely delivery of the products to the designated locations.
- Credit Terms and Payment.* 35-40 days from the invoice date or receipt of goods.
- Product Return and Warranty* Five years. If the products are found defective during the warranty period, our customer may reject or revoke acceptance of the goods, or retain the goods with a price deduction.
- Termination* The agreements may be terminated by written notice of either party under certain circumstances.

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The following is a summary of the key terms of our purchase agreements with Customer A/Supplier C:

<i>Terms</i>	Our sales agreement has no fixed term and continues in effect unless terminated pursuant to its terms.
<i>Pricing</i>	Prices are determined by mutual agreement based on quantity and specifications.
<i>Credit Terms and Payment</i>	90-day credit period.

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We recorded loss of RMB108.6 million, RMB17.9 million and RMB100.1 million in 2023, 2024 and 2025, respectively, primarily because (i) we recorded gross losses in 2023, as we sold a higher proportion of lower-speed products, including optical transceivers and AOC, to reduce inventory levels, while the production and sales of our higher-speed products, including optical transceivers and AOC, were still at a ramp-up stage and had not yet achieved optimal production scale or cost efficiency. Our gross profit margin subsequently turned positive from 2024 onwards, primarily driven by the realization of economies of scale and higher manufacturing efficiency resulting from increased production volume and capacity utilization and (ii) we incurred substantial R&D expenses during the Track Record Period. Our R&D expenses as percentage of our revenue significantly decreased since 2023 as the result of the realization of our R&D output.

Our development and commercialization of higher-speed products, together with our continued R&D efforts, were primarily undertaken to position us for the growing demand driven by the AI industry. We had historically demonstrated profitability before entering this period of strategic product transition and capacity ramp-up. According to our management accounts, we recorded net profit in 2020 and 2021. Although the scale benefits of such transition and ramp-up had yet to be fully realized during the Track Record Period, we have seen strong revenue growth and improving economies of scale following the inflection point in the commercialization of our R&D output in 2023. We expect to further improve our financial performance and achieve profitability through (i) continuous revenue growth, (ii) enhanced cost efficiency, and (iii) disciplined management of operating expenses.

Driving Continuous Revenue Growth

During the Track Record Period, our revenue increased significantly. In 2023, 2024 and 2025, we recorded revenue of RMB175.3 million, RMB861.8 million, and RMB1,221.1 million, respectively. Such trend reflects increasing market adoption of our products and the progressive commercialization of higher-speed solutions. According to Frost & Sullivan, we recorded the second fastest revenue growth among the top 12 specialized optical transceiver providers from 2023 to 2025, with a global market share of 0.8% in terms of revenue in 2025.

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We expect to sustain this growth momentum through the following initiatives:

Growing with the Market

Since 2022, the rapid rise of artificial intelligence has sharply increased global demand for computing power, driving major technology companies to expand and upgrade AI data-center infrastructure worldwide. As AI data centers scale, their network architectures have become more complex and data-intensive, requiring significantly higher bandwidth, density and energy efficiency to sustain overall computing performance.

To meet these evolving requirements, AI data-center networks are accelerating the transition toward next-generation optoelectronic integration technologies. Optoelectronic interconnection products, particularly those based on SiPh, have become essential to support this AI-driven technological evolution, creating substantial growth opportunities across the industry.

The global AI optical transceiver market size grew from RMB7.0 billion in 2021 to RMB71.8 billion in 2025, with CAGR of 79.0%, according to Frost & Sullivan. To keep growing with the market expansion, we have established long-term relationships with both domestic and overseas customers by closely aligning our optoelectronic interconnection products with customers’ evolving needs and will continue expanding our customer base.

Overseas Expansion

During the Track Record Period, we began to optimize our operation in overseas markets, where customers generally demonstrate higher pricing acceptance. Below sets forth our gross profit margin in mainland China and overseas market during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
China Mainland	(30.7)	8.9	6.9
Overseas market	(8.0)	19.3	28.0
Overall	(17.9)	11.8	9.0

Historically, a significant portion of our product offerings to the U.S. market consisted of lower-speed products. However, in alignment with our strategic shift, we have reallocated production capacity towards higher-speed products. Consequently, the supply of lower-speed products, including those provided to the U.S. market, was curtailed. Our higher-speed products was primarily provided to the domestic market during the Track Record Period, as U.S. customers are still undergoing the verification process for these advanced products. Following the completion of these processes, we expect to further enhance our sales in the U.S. Thus, while we placed significant emphasis on strengthening our domestic customer base in 2025 to consolidate our position in the domestic market, overseas expansion is expected to become a key driver of our future growth.

We have been consolidating and scaling up our existing product offerings in overseas markets, while actively advancing market qualification and customer certification processes for other higher-speed products to meet overseas customer requirements, thereby supporting additional revenue growth. Aside from our overseas customer base during the Track Record Period, we have been actively

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expanding our overseas market and entered into (i) a five-year ODM collaboration agreement with a leading U.S. semiconductor technology provider in November 2025 and (ii) a three-year JDM collaboration agreement with a major U.S. optical connectivity provider in February 2026.

We implemented a structured overseas expansion strategy focusing on customer coverage, channel development and brand visibility, supported by international partners and distributors. As gross profit margins generated from sales to overseas market are expected to be higher, we consider overseas expansion to be a key driver of our future performance.

Deepening Collaboration with Customers

During the Track Record Period, leveraging our end-to-end technological capabilities, we became a JDM partner with leading Chinese internet companies, thereby establishing high market-entry barriers. The JDM model allows us to engage deeply with customers throughout the product development process, aligning our R&D roadmap with their most advanced technological needs. Such close collaboration fosters long-term customer stickiness and recurring revenue, while ensuring the market relevance and quality of our new products.

We have initiated its JDM collaboration model since 2022. During the Track Record Period, the depth of our cooperation with existing customers was further evidenced by the increasing revenue contribution from our key customers, reflecting closer collaboration and growing customer reliance on our products. Leveraging our proprietary technology, our collaboration with key customers covers a wide range of 200G, 400G and 800G optical transceivers and AOC products, with sales increasing alongside customers’ data-center upgrades. In 2023, 2024 and 2025, we recorded revenue of RMB42.8 million, RMB489.4 million, and RMB552.2 million under the JDM model, representing 24.4%, 56.8%, and 45.2% of our total revenue during the same period, respectively. We intend to keep expanding and deepening cooperation with major customers under JDM model via early-stage involvement in such customers’ R&D and project design with fast customization and iteration capabilities to form long-term partnerships with high customer stickiness.

In parallel, both the number of non-JDM customers and the revenue contribution from non-JDM customers increased, demonstrating improving commercialization maturity and broader market acceptance of our proprietary-branded optical module products, which also strengthened our positioning in the AI-driven high-speed interconnection market.

Our client acquisition strategy is built on coordinated market outreach, service capability enhancement and structured sales execution. From a market development perspective, we plan to increase participation in industry associations and professional exhibitions organized by downstream customers, and to conduct targeted marketing and product training initiatives for specific industry segments with differentiated technical requirements, such as high-performance computing and AI-related applications. On the customer service front, we intend to further strengthen our technical service framework by enhancing pre-sales and after-sales technical support capabilities and offering a broader range of value-added services, including testing support, development cooperation and application-level integration, to improve customer experience and support long-term cooperation. From a sales execution perspective, we aim to broaden channel coverage through a more structured distribution network, supported by clear distribution policies that encourage channel partners to provide sales, technical and service support. We also plan to refine customer segmentation and adopt tailored

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sales and service approaches for different industry ecosystems and application scenarios, with dedicated resources assigned to key customer groups, to improve customer acquisition efficiency and relationship sustainability.

We collaborated with 52, 81 and 113 customers in 2023, 2024 and 2025, respectively, reflecting the expansion of our customer base and increased adoption of our products in response to growing AI-driven data-center demand. The onboarding of new customers reflects increasing market recognition of our products in terms of technical performance, reliability and commercialization capability. Such ecosystem-oriented cooperation enhances the adaptability and scalability of our product solutions, supports long-term customer relationships and contributes to the formation of a more resilient business ecosystem around our products.

In addition, we plan to further leverage our expanded capacity to explore overseas markets. Overseas customers generally demonstrate higher pricing acceptance, which is expected to enhance our overall profitability and further strengthen our cost-efficiency advantages. To support our long-term growth in overseas markets, we have formulated a structured overseas expansion strategy focused on strengthening customer coverage, channel development and brand visibility. We plan to enhance our overseas commercial presence in key international markets and improve our ability to engage directly with overseas customers and partners, while leveraging our domestic operational platforms to better support overseas channels and international collaboration. In parallel, we intend to broaden our overseas distribution network by developing relationships with system integrators, data-center solution providers and other industry partners, and to increase participation in international industry exhibitions and technical events to expand market awareness and identify potential business opportunities.

Continuing to Create Value and Expanding SiPh and Optoelectronic Co-Packaging Capacity to Meet Customers' Demand

We continue to create value for our customers through ongoing innovation, performance optimization, and tailored solutions that meet their evolving needs. As customers scale up their AI computing power, their demand for our products increases accordingly, creating recurring and incremental revenue opportunities beyond initial sales. We will continue to advance our existing product portfolio by solidifying sales of 400G optical transceivers and further scaling up of sales of 800G optical transceivers.

Our next-generation R&D efforts, including 1.6T SiPh optical transceivers nearing customer sampling and 3.2T and 6.4T optoelectronic chips designed for SiPh-based NPO and CPO applications, involve a high level of technical complexity and present significant challenges for the industry, creating substantial entry barriers. These advancements enhance our appeal to leading customers. Our 1.6T SiPh optical transceivers have entered the customer sampling stage, and the SiPh chips required for near-packaged optics applications have completed the design phase and entered tape-out.

Managing Costs

During the Track Record Period, we achieved a significant improvement in gross profit, primarily because our cost of sales did not increase in proportion to revenue growth.

As our production capacity expanded, we benefited from economies of scale through bulk procurement and optimized material sourcing, which reduced unit production costs and improved overall manufacturing efficiency. We have continued to optimize our capacity allocation and production

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scheduling to improve capacity utilization and support larger-scale deliveries, thereby reducing fixed costs on a per-unit basis. In addition, our growing order volumes have enhanced our purchasing power, enabling us to procure raw materials at more favorable terms. In 2023, 2024 and 2025, the unit cost of our major products, 400G optical transceivers, decreased by 8.9%, 26.4% and 26.1%, respectively, as compared with the previous year. As a result, we recorded gross loss margin of 17.9% in 2023, which improved to gross profit margin of 11.8% and 9.0% in 2024 and 2025, respectively.

As a result of these efforts, our gross profit margin improved from negative 17.9% in 2023 to 9.0% in 2025, reflecting both product mix optimization, driven by the increasing contribution of higher-margin SiPh optical transceivers, and enhanced operational efficiency and cost discipline.

Improving Efficiency

During the Track Record Period, we incurred substantial expenses, particularly research and development expenses in connection with the development of higher-speed next-generation products. Nevertheless, our expenses incurred as a percentage of revenue generally demonstrated a downward trend as our business continued to scale during the Track Record Period. Our total operating expenses as a percentage of revenue decreased from 41.3% in 2023 to 12.2% in 2024, reflecting improved cost efficiency. Our total operating expenses as a percentage of revenue subsequently increased to 16.1% in 2025, primarily due to non-operating factors, including (i) our increased professional service fees in connection with our proposed [REDACTED], and (ii) our increased share-based payments. The increased operating efficiency was primarily attributable to our significant growth in revenue and disciplined cost control measures during the Track Record Period. Going forward, as our revenue continues to scale, we will further strengthen our capabilities across research and development, sales and marketing, and administrative management to enhance overall operational efficiency and support sustainable long-term growth.

In particular, we intend to further enhance our operating efficiency through the following measures, which have already contributed to the improvement of our operating efficiency during the Track Record Period:

Improved R&D efficiency resulting from commercialization of R&D results

During the Track Record Period, the commercialization of our R&D results reached an inflection point and contributed significantly to our revenue growth. In 2023, 2024 and 2025, we recorded research and development expenses of RMB42.3 million, RMB63.8 million, and RMB104.3 million, respectively, representing 24.1%, 7.4%, and 8.5% of our revenue during the same year respectively. In particular, our collaboration with leading foundries and AI data center customers enabled us to develop and commercialize standardized products and solutions. Our accumulated technical know-how also supported higher production yields and shorter manufacturing cycles, which enhanced the commercial viability of our products. We believe these capabilities and solutions are replicable across comparable customer projects, and are expected to support a stable order pipeline under our ongoing customer collaborations. Going forward, we plan to further improve R&D efficiency by streamlining our R&D processes, enhancing workforce productivity and spreading R&D costs over a larger revenue base.

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Increased sales efficiency under the JDM model

We have enhanced efficiency of our sales activities under our JDM model by deepening collaboration with key strategic customers and focusing on high-quality, long-term engagements. In 2023, 2024 and 2025, we recorded selling and marketing expenses of RMB7.7 million, RMB10.1 million and RMB15.8 million, respectively, representing 4.4%, 1.2%, and 1.3% of our revenue during the same year respectively. We will continue to engage with key strategic customers under the JDM model, and allocate sales resources toward projects with higher conversion certainty and scalability, which will enable us to effectively control upfront customer acquisition costs and establish stable, long-term customer relationships.

Optimization of administrative functions through digitalized internal control and financial systems

In 2023, 2024 and 2025, we recorded administrative expenses of RMB22.5 million, RMB30.9 million, and RMB74.1 million, respectively, representing 12.8%, 3.6%, and 6.1% of our revenue during the same year respectively, with the increase in 2025 primarily attributable to non-operating factors. We plan to continue optimizing our administrative functions by implementing more advanced digitalized internal control and financial management systems. We will further streamline internal processes, enhance data integration across departments, and improve real-time monitoring of key operating metrics and expenses. In addition, we intend to standardize approval procedures and strengthen budget management to ensure more disciplined cost control. Through these initiatives, we expect to improve administrative efficiency, reduce redundant processes and costs, and support scalable growth with a more efficient organizational structure.

These factors collectively contributed to our narrowing loss margin from 2023 to 2024, with loss margins of 61.9% and 2.1% in 2023 and 2024, respectively. Our loss margin increased from 2.1% in 2024 to 8.2% in 2025, primarily because our gross profit margin decreased from 11.8% in 2024 to 9.0% in 2025 primarily due to the temporary intensified competition in the domestic high-speed optical receiver market, resulting in lower unit prices. Notwithstanding the foregoing, we expect our profitability to improve over time, primarily driven by the expansion of our overseas markets and enhanced economies of scale as our business continues to grow.

SALES AND MARKETING

Our Sales Network

The following table sets forth our revenue breakdown by sales channels for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Direct sales	170,801	97.4	823,149	95.5	1,000,335	81.9
Distributors	4,537	2.6	38,683	4.5	220,728	18.1
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

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The following table sets forth a breakdown of our revenue by geographical locations, in absolute amounts and as percentages of our total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
North America						
— the U.S.	84,784	48.4	121,207	14.1	93,798	7.7
Asia						
— Chinese mainland.	76,124	43.4	623,555	72.4	1,099,262	90.0
— Malaysia	—	—	108,865	12.6	13,690	1.1
— Rest of Aisa	11,790	6.7	5,539	0.6	9,705	0.8
Europe and others.	2,640	1.5	2,666	0.3	4,608	0.4
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

The following table sets forth a breakdown of our gross (loss)/profit and gross (loss)/profit margin by geographical locations for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Chinese Mainland.	(23,391)	(30.7)	55,717	8.9	75,612	6.9
Overseas	(7,913)	(8.0)	46,096	19.3	34,144	28.0
Total	(31,304)	(17.9)	101,813	11.8	109,756	9.0

Please see “Financial Information — Results of Operation — Gross (Loss)/Profit and Gross (Loss)/Profit Margin” for more details.

Direct Sales

We sell our products primarily through our direct sales team, which engages directly with customers to gain a first-hand and comprehensive understanding of their needs and the latest market trends.

Our direct sales customers mainly comprise (i) end users who purchase our products directly, and (ii) system integrators that typically incorporate our products into their own solutions to meet the specific requirements of end users. In 2023, 2024 and 2025, we cooperated with 16, 14 and 28 of system integrators, respectively.

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The following table sets forth our revenue breakdown by end users and system integrators, in absolute amounts and as percentages of our total revenue from direct sales, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
End users	151,405	88.6	493,446	59.9	550,261	55.0
System integrators	19,396	11.4	329,702	40.1	450,074	45.0
Total	170,801	100.0	823,149	100.0	1,000,335	100.0

Certain end users, particularly those in the internet industry, prefer to engage system integrators when selecting suppliers or service providers, so as to avoid negotiating with multiple suppliers and to benefit from the integrated services offered by such system integrators. These end users usually define their project objectives and budgets and entrust system integrators, rather than us directly, to implement their projects. System integrators typically embed our products into their solutions to cater to end users’ needs. According to Frost & Sullivan, engagement with end users through system integrators is an industry norm.

Although system integrators are not end users, we do not consider they are distributors. System integrators are not engaged by us to expand our sales channels; rather, they are appointed by end users to deliver project implementation. The ultimate decision as to the choice of product or service provider rests primarily with the end users. When we enter into a contract with a system integrator, such system integrator is recognized as our customer for accounting purposes. Accordingly, we do not consider the system integrators to be our distributors, and our business model does not give rise to concerns relating to inventory risk, channel cannibalization or recoverability of accounts receivables.

Distributors

We sold our products through distributors during the Track Record Period, which is in line with the industry norm, according to Frost & Sullivan. We maintain seller-buyer relationships with distributors.

The following table sets forth the movement in the number of our distributors during the periods indicated.

	Year Ended 31 December,		
	2023	2024	2025
As of the beginning of the period	3	4	7
Addition of new distributors	1	3	1
Termination of distributors ⁽¹⁾	—	—	1
As of the end of the period	4	7	7

Note:

(1) Represents distributors did not generate revenue to us during the corresponding period.

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We generally do not enter into long-term agreements with our distributors, who typically purchase our products on a purchase order basis. Payment terms vary depending on several factors, including transaction size, product type and purchase volume. Distributors are usually required to pay a fixed upfront amount as specified in the respective agreements, with the remaining balance settled after inspection and acceptance of the products. We generally do not set any sales target for our distributors. We generally do not permit distributors to return or exchange products unless there are product quality issues attributable to us, which is consistent with industry practice according to Frost & Sullivan. During the Track Record Period and up to the Latest Practicable Date, we did not experienced any material product return or exchange from our distributors.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with these terminated distributors. To our best knowledge, all of our distributors were Independent Third Parties as of the Latest Practicable Date.

Customer Service and Technical Support

We are committed to providing high-quality customer services through our team of experienced application engineers. Our engineers work closely with end-users at each stage of their projects to deliver tailored and customer-oriented solutions. Leveraging multiple service channels and rigorous service standards, we strive to provide efficient and professional after-sales support.

We have dedicated customer service personnel across Asia, North America and Europe. To better serve our end users, we have technical support teams in close proximity to our key end users. This geographical proximity allows us to quickly address any requests or needs that key end users may have, ensuring swift response times and effective problem-solving.

Pricing

We typically set prices of our products based on prevailing market prices for comparable or similar products, by taking into other factors such as local competition, pricing of our competitors, production costs and customer relationships. We also take into account the projected sales volume, technical complexity, commercial needs and competition landscape when determining the pricing strategy for our relevant products.

Marketing

We acquire customers by leveraging our brand reputation and industry influence, established through long-term and in-depth collaboration with top-tier companies across the years. We actively participate in industry exhibitions and showcase our products through various channels, including industry referrals, business development activities by our sales personnel and online promotional platforms, in order to present our product solutions and roadmap, keep abreast of market trends and connect with potential customers. These initiatives enable us to foster long-term and stable cooperative relationships with our customers.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of global leading cloud service providers and internet companies in China.

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In 2023, 2024 and 2025, revenue generated from our five largest customers amounted to RMB168.0 million, RMB605.9 million, and RMB961.0 million, respectively, accounting for 95.8%, 70.3%, and 78.7% of our total revenue, respectively. In addition, revenue generated from our largest customer accounted for 48.3%, 25.2%, and 21.0% of our total revenues in 2023, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, all of our five largest customers were Independent Third Parties, and none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital) had any interest in any of our five largest customers.

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

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
		<i>(RMB'000)</i>				
<i>For year ended December 31, 2023</i>						
1	Customer A ⁽¹⁾	84,721	48.3	AOC, optical transceivers, and others	30 days per month	2018
2	Customer B ⁽²⁾	62,884	35.9	AOC, optical transceivers, and others	45 days per month	2022
3	Customer C ⁽³⁾	11,653	6.6	Optical transceivers	60 days per month	2023
4	Customer D ⁽⁴⁾	4,378	2.5	AOC and optical transceivers	30 days per month	2021
5	Customer E ⁽⁵⁾	4,329	2.5	AOC and optical transceivers	75 days per month	2021

Notes:

- (1) A private company headquartered in Illinois, the United States. It is a manufacturer of electronic, electrical, and fiber optic connectivity systems.
- (2) A multinational technology company and a dual primary listed company on the Hong Kong Stock Exchange and the New York Stock Exchange, headquartered in Hangzhou, Zhejiang, China. With a registered capital of approximately USD1.6 billion, it primarily engages in e-commerce, retail, internet infrastructure, cloud computing, digital media and logistics through subsidiaries and had a revenue of RMB996.3 million and a net income of RMB126.0 million in the year ended March 31, 2025.
- (3) A private company headquartered in Shanghai, China. With a registered capital of RMB1.5 million, it primarily engages in network technology development and Internet services.
- (4) A private company headquartered in Shanghai, China. With a registered capital of RMB2.0 million, it primarily engages in information technology and software solutions.

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- (5) A private company headquartered in Beijing, China, with a registered capital of USD12.5 million. It is a subsidiary of a leading technology company focusing on Internet search, online marketing, artificial intelligence, cloud computing, autonomous driving, smart assistants, mapping services and online entertainment.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
<i>(RMB'000)</i>						
<i>For year ended December 31, 2024</i>						
1	Customer B	217,215	25.2	AOC, optical transceivers, and others	45 days per month	2022
2	Customer A	116,031	13.5	AOC and optical transceivers	45 days per month	2018
3	Customer F ⁽¹⁾	100,555	11.7	AOC, optical transceivers, and others	30 days per month	2024
4	Customer C	92,334	10.7	AOC, optical transceivers, and others	60 days per month	2023
5	Customer G ⁽²⁾	79,754	9.3	Optical transceivers	75 days per month	2024

Notes:

- (1) A private company headquartered in Johor, Malaysia, specializing in data infrastructure, analytics, and related technology services.
- (2) A private company headquartered in Beijing, China, with a registered capital of USD100.0 million. It is a multinational Internet technology company focusing on content platforms, social media, short-video sharing, news aggregation, gaming and AI-driven recommendations.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
<i>(RMB'000)</i>						
<i>For year ended December 31, 2025</i>						
1	Customer B	256,757	21.0	AOC and optical transceivers	45 days per month	2022
2	Customer C	251,561	20.6	AOC and optical transceivers	60 days per month	2023
3	Customer G	183,340	15.0	AOC and optical transceivers	75 days per month	2024
4	Customer H ⁽¹⁾	180,590	14.8	AOC and optical transceivers	45 days per month	2024

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Rank	Customer	Sales Amount <i>(RMB'000)</i>	Percentage of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
5	Customer A	88,759	7.3	AOC and optical transceivers	45 days per month	2018

Note:

- (1) A private company headquartered in Beijing, China. With a registered capital of RMB185.0 million, it primarily engages in the development and sale of cloud computing equipment and the provision of related services for industrial Internet applications.

COOPERATION WITH LOCAL GOVERNMENT

We have, at different times, entered into cooperation and investment-related agreements with local government authorities in Chinese mainland or their industrial park management committees. These cooperation agreements set out a framework under which the local governments provide supportive measures such as facilitation of land or facilities access, rental or housing subsidies, talent support policies, and assistance in applying for higher-level policy incentives. In return, we or our designated project companies commit to establish or expand operations locally, register and pay taxes locally, and satisfy certain progress milestones. These arrangements are customary in mainland China for industrial policy implementation and regional investment promotion by local governments.

- **Main Obligations:** we are typically required to establish and/or maintain a local presence within the relevant jurisdiction, including setting up project companies, regional headquarters or operating entities, and to carry out agreed business activities such as investment, construction, research and development, production and sales within a defined scope and scale. We are also generally required to complete applicable business and tax registrations and maintain operations for a prescribed minimum period. The specific investment scale and implementation timetable may, in certain cases, be subject to adjustment upon mutual agreement, provided that the overall project framework is not materially altered.
- **Performance Targets:** we are generally subject to a series of operational and performance benchmarks, which may include requirements relating to investment amount, construction progress, commencement of operations, revenue generation, tax contribution and/or employment levels within specified timeframes.
- **Government Support:** we are eligible for support measures including policy incentives, administrative facilitation and coordination assistance in accordance with applicable policies and subject to project progress and local development objectives.
- **Termination and Liability:** in general, if either party fails to perform its obligations under the relevant agreement, it may be required, or otherwise be subject to claims, to compensate the other party for losses incurred as a result of such non-performance, in accordance with the terms of the relevant agreement. In certain circumstances, where we fail to satisfy contractual obligations or performance targets, the relevant governmental authority may,

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depending on the terms of the relevant agreement, have the right to terminate the agreement and/or, in specific cases, revoke or recover any incentives or policy support previously granted, and seek damages in accordance with the terms of the relevant agreement.

As of December 31, 2025, the relevant capital commitment in aggregate was RMB456.5 million.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we conducted intra-group transactions between the PRC company and a Singapore subsidiary, where the Singapore subsidiary purchases finished goods from the PRC company for onward resale (“**the Intra-Group Transactions**”) primarily as a contracting counterparty and the PRC company undertakes substantive sales functions, decision-making authority and control over economically significant risks.

The table below sets out the amount of the Intra-Group Transactions during the Track Record Period:

Type of Intra-group transaction	Year ended December 31,		
	2023	2024	2025
		<i>USD</i>	
Sales and purchases of finished goods	—	14,876,460	12,152,741
Provision and receipt of services	—	148,765	188,721

We engaged an independent professional tax advisory firm in Singapore to review and assess the intra-group transactions in accordance with the Organization for Economic Cooperation and Development (“**OECD**”) Transfer Pricing Guidelines and applicable transfer pricing regulations in the PRC and Singapore.

Based on the review performed, the transactional net margin method (“**TNMM**”) was adopted as the most appropriate transfer pricing methodology, with our Singapore subsidiary selected as the tested party given its relatively limited functional profile. The arm’s length remuneration of the Singapore subsidiary was determined by reference to its relevant operating cost base and a conservative return on its paid-up share capital, reflecting the capital at risk arising from its role as a contractual counterparty. A risk-free proxy uplift, based on the volume-weighted average Secured Overnight Financing Rate, was applied in the analysis. Based on the above methodology, the review concluded that the transfer pricing and related tax considerations associated with the Intra-Group Transactions during the Track Record Period were not assessed to be material.

Accordingly, we are of the view that the transfer pricing position for the Track Record Period did not give rise to material risk exposure. During the Track Record Period, there were no known transfer pricing audits, investigations or challenges in respect of our transfer pricing arrangements.

See “Risk Factors — There is no assurance that our intra-group transactions will not be subject to tax adjustments by competent authorities.”

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INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we had over 40 patents, five registered trademarks, and two domain names in China and overseas. For our portfolio of material intellectual property rights for our core technologies of which we are the registered owner as of the Latest Practicable Date, please see “Appendix VI — Statutory and General Information — Further Information about our Business — Intellectual Property Rights.”

We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

We rely primarily on a combination of patents, copyrights, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements and commercial agreements we enter into. In addition, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors — Risks Relating to Our Business and Industry — We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.” for further details.

QUALITY CONTROL

Product Quality and Safety

Product quality is a key driver of our business success, and we are committed to providing reliable products to our customers in compliance with applicable laws, regulations and industry standards. To this end, we have established a comprehensive product quality management system jointly implemented by our R&D, quality control and procurement departments. This system includes formulating quality policies and objectives, implementing procedures on key aspects such as quality control, corrective and preventive measures, and product recall management. Our quality control measures cover the entire product lifecycle, from raw material procurement, production, sales and marketing to after-sales services.

We identify potential quality risks at different stages of the product lifecycle and develop corresponding response plans. Evaluations are conducted throughout the procurement, production and finished product stages to assess and classify such risks. In addition, we conduct periodic reliability tests by product type and engage independent third-party institutions to perform annual inspections on our products to ensure consistent and independent quality monitoring.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any product defects or recalls that had a material adverse impact on our results of operations or financial condition.

Certifications

We have established a full suite of functional safety processes and obtained the ISO: 9001 Quality Management System Certification in relation to our manufacturing processes, and the TL: 9000 Quality System Certification specifically for the telecommunications industry.

Product Returns and Warranty

The warranty for our products vary depending on the characteristics of the products sold. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge.

We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any material complaints relating to product quality; and (ii) we had not experienced any product recalls or accidents due to product defects.

Raw Material Quality Control

We select suppliers with great prudence to ensure the quality of raw materials. We have established detailed procedures and criteria for evaluating and admitting qualified suppliers. Most of our major suppliers are ISO certified, and our critical materials, such as optical chips, control circuits and various structural components and parts, are required to comply with the relevant national and international standards. See "— Procurement and Supply Chain Management" for more details.

Production In-process Quality Control

We have formulated detailed production control procedures, which provide standard operating guidelines for each major production step. During the production process, our manufacturing department performs real-time monitoring and control to ensure immediate identification and rectification of quality issues. In addition, our quality control department conducts routine inspections at each workstation, covering process conditions, production equipment and operating procedures, in order to enhance process stability and ensure product quality.

Final Product Quality Control

We have invested in advanced testing equipment and adopted stringent quality control measures to verify the performance and functionality of our final products. Each finished product is tested against its technical requirements and specifications. We also collect and analyze failure rates and other quality-related data on a regular basis to validate the effectiveness of our quality control measures and drive continuous improvement.

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INFORMATION SECURITY AND DATA PRIVACY

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not collect or process personal data. We believe that the confidentiality, integrity, and availability of data are vital to our business operations. To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols, and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

Our internal data protection framework is designed to manage and control access to confidential information effectively. We have established clear and detailed protocols that govern the use, storage, and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. Employees are granted access to data strictly according to their roles and are required to use this data solely for the performance of their job duties.

During the Track Record Period, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

COMPETITION

According to Frost & Sullivan, optical transceivers are core components in optical communication devices that enable electro-optical/optical-electrical signal conversion, serving as key interfaces for high-speed, long-reach interconnection within data centers. The optical transceiver industry features high entry barriers due to continuous technological innovation and stringent customer qualification requirements. For further details, please refer to the section headed “Industry Overview” in this document.

INSURANCE

We maintain insurance policies to cover various aspects of our business, including employer’s liability insurance to secure our business continuity. We review our insurance policies timely to ensure its compliances with the statutory PRC laws and regulations. During the Track Record Period, we were not subject to any material claim of insurance. See “Risk Factors — Risks Relating to Our Business and Industry — We, our Directors and our management may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.”

EMPLOYEES

Most of our employees are based in China during the Track Record Period and up to the Latest Practicable Date. The table sets forth a breakdown of our employees by function as of December 31, 2025.

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Function	Number	Percentage of Total Number
R&D	211	45.1
Manufacturing	177	37.8
Sales	21	4.5
Administrative and other	59	12.6
Total	468	100.0

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition, in particular, the non-competition provision and confidentiality provision effective during and after their employment with us.

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. In addition to regular recruitment program through specialized recruiting firms and professional recruiters, we have also implemented internal referrals policy to attract potential talents to join us. In light of the long-term benefits of talent cultivation, we provide both internal and external training programs to our employees periodically to enhance their technical know-how and solidify their knowledge and expertise for the industry.

As required by laws and regulations in China, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

Background and Reasons

During the Track Record Period, we had not made social insurance and housing provident fund contributions for some of our employees in full, in accordance with the relevant PRC laws and regulations, primarily because (i) certain newly hired employees had not completed the relevant registration procedures for social insurance and housing provident fund contributions in the month of their onboarding; (ii) foreign employees were not required under the relevant PRC regulations to participate in the social insurance and housing provident fund schemes, and the Company instead purchased commercial insurance coverage for them; and (iii) the contribution base for certain employees had been determined at levels lower than their full remuneration, mainly due to historical practice and differing interpretations of the applicable regulations. In 2023, 2024 and 2025, the relevant shortfall was RMB3.3 million, RMB5.0 million and RMB7.9 million, respectively.

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During the Track Record Period, we engaged third-party human resource agencies to pay social insurance and housing provident fund contributions for a small number of our employees, primarily because some employees working in different cities across the nation prefer their social insurance and housing provident fund contributions to be paid at their respective places of residence, where we did not have an office presence, for convenience of utilizing such benefits locally.

Potential Legal Consequences

Pursuant to relevant PRC laws and regulations, our PRC Legal Advisor has advised us of the following potential legal consequences:

- For the shortfall of social insurance, we may be required to (i) make up the shortfall within a prescribed period and may be subject to late payment surcharges, and (ii) pay a fine of one to three times the overdue amount if such payment is not made within the stipulated period.
- For the shortfall of housing provident fund contributions, we may be required to (i) make up the shortfall within a prescribed period, and (ii) be subject to compulsory enforcement by the courts if such payment is not made within such time limit.
- For the engagement of third-party human resource agencies, we may be subject to (i) additional contribution, late payment surcharges and/or penalties imposed by the relevant authorities if such agencies fail to pay the social insurance or housing provident fund contributions for the relevant employees in full amount and/or in a timely manner, or if the validity of such arrangements is challenged by relevant governmental authorities, and (ii) potential labor disputes arising from such arrangements with the relevant employees.

Latest Status and Remedial Measures

During the Track Record Period and up to the Latest Practicable Date, (i) we had obtained written confirmations for substantially all of our subsidiaries from competent local social (public) credit center or public credit information (service) center, as confirmed by our PRC Legal Advisor, each stating that the relevant subsidiary had not subject to any administrative penalty, (ii) no administrative action or penalty had been imposed by the relevant governmental authorities with respect to our social insurance and housing provident fund contributions, (iii) we had not received any notification from the relevant PRC authorities requiring us to pay material shortfalls or the penalties with respect to social insurance and housing provident fund contributions, (iv) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident fund contributions, and (v) we obtained an indemnity letter from Dr. Hu to indemnify us against any losses and penalties which we may suffer as a result of the failure to comply with relevant laws, rules and regulations concerning social insurance and housing provident fund contributions.

Based on the foregoing, our PRC Legal Advisor is of the view that the above-mentioned matters do not constitute major illegal or irregular behaviors and will not have a material adverse effect on our current [REDACTED] and [REDACTED]. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

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We have taken the following internal control enhancement measures relating to social insurance and housing provident funds contributions:

- We have designated our human resource department to monitor the reporting and contributions of social insurance and housing provident fund contributions;
- We will consult PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and
- We will actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing fund.

See “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to additional contributions of social insurance and housing provident funds and late payments and fines imposed by relevant governmental authorities.”

PROPERTIES

We occupy certain properties across China in connection with our business operations.

As of December 31, 2025, we had no single property with a book value accounting for 15% or more of our total assets. Therefore, pursuant to section 6(2) of the Companies (Exemption of Companies and documents from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the Third Schedule, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As of Latest Practicable Date, we owned and occupied the land use rights of one land parcel in China, with an aggregate GFA of approximately 31,913 sq. m., which were mainly used as our production facilities. As of the Latest Practicable Date, we had obtained land use right certificate for this land parcel.

Lease Properties

As of Latest Practicable Date, we leased four properties across China, with an aggregate GFA of approximately 20,871 sq. m., which were mainly as our offices, R&D centers as well as production facilities.

As of the Latest Practicable Date, we had not completed lease registration or lease registration modification for one of the leased properties in China, primarily due to the failure to obtain property ownership certificate by the leased property. According to the Measures for the Administration of Commercial Housing Leasing, the lessor may face potential ownership defects or disputes due to the lack of the property ownership certificate, which could render us unable to continue leasing the relevant property. Nevertheless, the leased area of this property is 262.4 sq. m., accounting for a relatively small proportion of our total floor area as of December 31, 2025. Moreover, the property is primarily used as our office and is highly replaceable, and we are able to relocate to alternative premise with similar

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rental costs. The leased property has completed the required fire safety inspection and construction completion acceptance procedures. It is also equipped with firefighting facilities that comply with applicable fire protection regulations, and has established fire prevention measures suitable for daily business operations, thereby meeting the safety conditions for office use. We were not subject to any administrative penalties for violations of fire safety or related laws and regulations during the Track Record Period. As of the Latest Practicable Date, in relation to the leased properties that had not completed lease registration or lease registration modification, we have not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations.

See “Risk Factors — Risks Relating to Our Business and Industry — Certain of our leased property interests may have defective titles, and some of our leased properties did not complete the government filing and registration.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are deeply committed to social responsibility and recognize the fundamental importance of Environmental, Social, and Governance (the “ESG”) factors in our path towards sustainable development. Our primary goal is to generate and amplify a positive impact on our employees, customers and business partners. Simultaneously, we are dedicated to enhancing our environmental accountability and our role in the public sphere. To ensure compliance with applicable laws and regulations, from time to time, our Board of Directors periodically reviews our policies and, if needed, adjusts to accommodating substantial modifications in labor and workplace safety regulations.

ESG Management Framework

In alignment with the global shift toward sustainable development, we are committed to establishing a comprehensive ESG management framework to guide our long-term growth. We plan to progressively establish and enhance our ESG governance framework following our [REDACTED]. Our Board of Directors will take overall responsibility for ESG management strategies and objectives, regularly monitoring progress toward objectives, evaluating overall ESG performance, and reviewing and approving our annual ESG report. To systematically advance ESG initiatives, we intend to establish an ESG working group composed of senior management, which will be responsible for identifying and assessing ESG risks, formulating and overseeing the Company’s ESG management policies, targets and specific action plans, and reporting the annual progress of ESG implementation to the Board of Directors.

Additionally, ESG principles have been integrated into our corporate strategy, long-term business planning, key decision-making processes, and day-to-day operations. Our goal is to achieve sustainable economic growth while fulfilling our social responsibilities, protecting the environment, and ensuring that our development is consistent with internationally recognized sustainable development goals. We believe that robust ESG management enhances our corporate reputation, strengthens our market competitiveness and risk-resilience, and creates long-term value for shareholders, employees, customers and other stakeholders. Guided by this principle, we continue to improve our internal governance, operational transparency and resource efficiency, and to promote a culture of responsibility and sustainability across the Group.

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Environment Protection

To support these efforts, we have formulated detailed energy conservation and resource management policies that ensure the efficient and rational use of resources while minimizing waste. These policies clearly define procedures and precautionary measures for the consumption and utilization of key resources such as water, electricity, paper and compressed air. We have also established systems to monitor and track greenhouse-gas emissions. Through these initiatives, we aim to reinforce the supervisory responsibilities of factory managers, strengthen employees’ environmental awareness, and contribute to our ongoing energy-saving and emission-reduction objectives. We are an environmentally friendly company as demonstrated by the following efforts and measures.

A. Metrics and Targets

The following tables set forth the metrics of the electricity and water consumption, with emission data of us for the periods indicated.

Electricity and Water Consumption

	Unit	Year Ended December 31,		
		2023	2024	2025
Electricity	MWh	4,652	7,548	11,609
Intensity	MWh/million RMB revenue	27	9	10
Water	Cubic meters	14,183	15,963	22,313
Intensity	Cubic meters/million RMB revenue	81	19	18

Greenhouse Gas Emission

	Unit	Year Ended December 31,		
		2023	2024	2025
Scope 1	tCO2e	55	55	41
Scope 2	tCO2e	3,177	5,255	7,928
Scope 3 ¹	tCO2e	232	332	509
Scope 1+Scope 2 Carbon Emission Intensity.	kgCO2e/ RMB revenue	0.02	0.01	0.01

Note:

(1) Scope 3 emissions include the category of employee business.

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Environmental Compliance Investment

	Unit	Year Ended December 31,		
		2023	2024	2025
Environmental Compliance Cost	Ten thousand RMB	19	18	52

B. Targets

Based on the resource consumption data in 2025, we plan to reduce the per revenue usage of electricity and water by approximately 8.0% by 2028, as measured by the cubic meter of water and MWh of electricity consumed per revenue.

Based on the greenhouse gas emission data in 2025, we plan to reduce the per revenue greenhouse gas emission (scope 1, scope 2 and scope 3) by approximately 12.0% by 2028, as measured by the CO2e of greenhouse gas emission per revenue.

Meanwhile, we have set relevant targets to reduce waste, wastewater and emissions, and monitor progress towards these targets through assessments conducted by independent third-party.

Environment Protection Initiatives

To meet our targets, we have implemented various measures to reduce resource consumption and stay compliant with respect to ESG matters.

A. Climate Change

Within our ESG risk identification and management framework, we have identified climate change risks and implemented corresponding response measures. We have identified the following key climate-related risks.

Risk Category	Risk Description	Response Measure
Physical Risks — Typhoon and Flooding.	Extreme weather events may lead to temporary suspension of operations, disruptions in upstream supply chains, and downstream transportation.	<ul style="list-style-type: none"> — We plan to develop internal emergency response plans to address physical risks. — We are establishing diversified logistics to reduce reliance on single logistics providers or mode of transportation.

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Risk Category	Risk Description	Response Measure
Transition Risks — Regulatory and Policy Risks	Governments are continuously introducing stricter greenhouse gas emission regulations like carbon taxes and carbon pricing mechanisms, which may result in increased compliance costs for the Group.	— We continue to monitor domestic and overseas carbon policies and regulatory trends to proactively identify potential compliance requirements. — We conduct internal training on carbon emission laws and regulations to enhance employee awareness and understanding of relevant policies.

B. Energy Efficiency and Emissions Reduction

We are committed to the principles of energy conservation, environmental protection and emission reduction. We strictly comply with the *Environmental Protection Law of the People’s Republic of China* and other applicable environmental laws and regulations, and designated internal policies, such as the *Energy Conservation Management Measures*.

We are committed to enhancing energy efficiency and reducing emissions across all our offices through the implementation of targeted measures. These include:

- Optimizing heating, ventilation, and air conditioning. Heating and air conditioning systems in our common areas, and offices are set to appropriate temperatures based on seasonal and weather conditions, ensuring comfort while minimizing energy waste.
- Improving lighting efficiency. Separate control switches are installed for lighting in public areas and offices to allow for better energy management. During working hours, only essential lighting, such as a single row in corridors, remains on, and all lights are turned off after working hours to avoid unnecessary energy consumption. Meanwhile, we have upgraded conventional lighting at our facilities to energy-efficient LED lighting, achieving annual energy savings of approximately 30,000 kWh.
- Maximizing natural light usage. Our employees are encouraged to make full use of natural daylight during working hours to reduce reliance on artificial lighting. Additionally, all electronic equipment is turned off when employees leave the office to further conserve energy.
- Reducing standby energy consumption. Employees are encouraged to turn off computer monitors if they are away from their desks for more than 30 minutes. Standby time for office equipment, including computers, printers, and copiers, is minimized to lower unnecessary energy usage.

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C. Waste Management and Recycling

We place high priority on waste management and strictly adhere to laws and regulations including *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Regulations of Jiangsu Province on the Prevention and Control of Environmental Pollution by Solid Waste*. We have formulated internal policies, such as the *Solid Waste Management Measures* and the *Waste Treatment and Disposal Management Policy*.

We have implemented the following initiatives:

- Engaging qualified waste disposal providers. Through a rigorous tender process, we engage qualified third-party service providers to handle waste disposal. We carefully assess service providers’ qualifications and regularly monitor their waste disposal methods to ensure full compliance with regulations and prevent improper handling practices.

D. Resource Management

To enhance our management and monitoring of water usage and pollution prevention, we have implemented the following measures:

- Promoting water conservation awareness. Water-saving signage is installed in restrooms and other public water-use areas across our offices to encourage mindful and responsible water usage.
- Addressing water system issues promptly. Employees are required to immediately report issues such as leaking pipes or faucets to property management staff for swift repairs, ensuring minimal water loss.
- Implementing water-saving measures. We adopt water-efficient equipment, including the installation of water-efficient smart sensor-controlled fixtures in restrooms, resulting in annual water savings of approximately 1,200 tons. We conduct regular maintenance of water systems, strictly address leaks, drips, continuous water flow, and unnecessary water usage.
- Encouraging responsible water use through training. Through training programs and awareness materials, we promote policies for lawful, efficient, and responsible water usage. Employees are encouraged to turn off faucets promptly after use to prevent water wastage.
- Promoting sustainable packaging solutions. We are committed to advancing sustainable packaging by embracing environmentally friendly materials in our packaging. We have also optimized our packaging design by replacing large packaging containers with a mix of large and small packaging, thereby reducing packaging-related environmental impacts. In 2025, the consumption of single-use packaging materials reduced by 15% compared to 2023.

Occupational Health and Safety

We have established and continuously enhanced a systematic occupational health and safety management system. In accordance with our *Occupational Health Management Policy*, we define the requirements, protective measures and management responsibilities for employees and contractors to ensure compliance with applicable laws and industry standards.

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To safeguard employees’ well-being, we implement medical examinations and organize annual physical examinations for all employees. We also provide five days of paid sick leave each year to support employees’ rest and medical needs.

We arrange external training for EHS management personnel and provide ongoing internal occupational health and safety training for all employees, with relevant records properly maintained. Through these measures, we are committed to creating a safe and healthy working environment and promoting employee well-being alongside our sustainable development.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, according to our PRC Legal Advisor, we had obtained all requisite licenses, approvals and permits from relevant governmental authorities that are material to our business operations in China, and such licenses, approvals, permits and certificates remained in full effect. We are required to renew such certificates, permits and licenses from time-to-time. We do not expect any material difficulties in such renewals.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received.

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Lightwave Innovation Award	2026	Lightwave
Specialized and Sophisticated “Small Giant” Enterprises in China(國家級專精特新「小巨人」企業)	2025	General Office of the Ministry of Industry and Information Technology (工業和信息化部辦公廳)
Specialized and Sophisticated “Small Giant” Enterprises in Jiangsu (江蘇省專精特新「小巨人」企業)	2025	Jiangsu Provincial Department of Industry and Information Technology (江蘇省工業和信息化廳)
Specialized, Refined, Distinctive, and Innovative Enterprise in Jiangsu (江蘇省專精特新中小企業)	2022	Jiangsu Provincial Department of Industry and Information Technology (江蘇省工業和信息化廳)
Jiangsu Provincial Enterprise Technology Center (江蘇省企業技術中心)	2022	Jiangsu Provincial Department of Industry and Information Technology (江蘇省工業和信息化廳)

IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic has adversely affected the global economy since the first quarter of 2020. Numerous anti-pandemic measures were taken by government authorities, including travel bans and restrictions, quarantine measures, and temporary factory shutdowns, which initially affected global supply chains for optoelectronic interconnection products and on-site project implementation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our regular operations, product launches or major project

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deliveries in relation to the COVID-19 pandemic. We believe that the impact of the COVID-19 pandemic on our overall business operations was limited. As of the Latest Practicable Date, the COVID-19 pandemic has largely subsided with no material ongoing impact on our operations.

INTERNAL CONTROL AND RISK MANAGEMENT

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting and general compliance. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted and will adopt, among other things, the following risk management measures.

- We design a comprehensive set of policies to identify, analyze, manage and monitor various risks, and periodically assess and update our risk management policies.
- Our Board is responsible for overseeing the overall risk management and internal control.
- Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system. See “Directors, Supervisors and Senior Management — Board Committees — Audit Committee” for the composition of the Audit Committee and the qualifications and experience of them;
- We will adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure; and
- We will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may encounter various legal or administrative proceedings arising in the ordinary course of our business. See “Risk Factors — Risks Relating to Our Business and Industry — 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, we had not been involved in any significant legal, arbitration or administrative proceedings that resulted in administrative penalties, which could, individually or collectively, have a material and adverse impact on our business.

Compliance

During the Track Record Period and up to the Latest Practicable Date, according to our PRC Legal Advisor, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations. See “Regulatory Overview” for more information about the laws and regulations applicable to us.