## 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 establish 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 seventeenth globally among optical transceiver providers by revenue in 2025, with a global market share of 0.8% in terms of revenue in 2025. According to the same source, we ranked eighth globally among Chinese optical transceiver providers in terms of AI optical transceivers, with a global market share of 1.6% by revenue in 2025.

#### *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.

#### *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.

***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 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 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 27.1% from 2026 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 33.6% from 2026 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 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.

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.

- 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.

***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 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.

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 by end customers in AI computing clusters and AI data centers, and are therefore classified as AI optical transceivers. See "Industry Overview" for details.

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 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, such as optical sub-assemblies ("**OSA**") and chip-on-board ("**COB**") assemblies, as well as raw materials, including printed circuit board assemblies ("**PCBA**") and other related components.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(in thousands of units)* | |
| Optical transceivers | 157 | 562 | 1,029 |
| AOCs | 135 | 164 | 273 |

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

The following table sets forth our revenue breakdown by transmission speed for the periods indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 100G and below | 75,523 | 43.1 | 73,990 | 8.6 | 18,232 | 1.5 |
| 200G | 53,472 | 30.5 | 318,331 | 36.9 | 288,090 | 23.6 |
| 400G | 40,871 | 23.3 | 267,053 | 31.0 | 671,422 | 55.0 |
| 800G and above | — | — | 80,497 | 9.3 | 194,725 | 15.9 |
| Others[(1)] | 5,472 | 3.1 | 121,962 | 14.2 | 48,594 | 4.0 |
| **Total** | **175,338** | **100.0** | **861,832** | **100.0** | **1,221,063** | **100.0** |

*Note:*

(1) Others primarily included optoelectronic components, such as OSA and COB assemblies, as well as raw materials, including PCBA and other related components.

In 2025, revenue generated from our 100G-and-below products decreased while revenue from our 200G-and-above products increased, in line with our strategic focus on high-speed products to capture the surging AI-driven demand, particularly from leading internet companies operating data centers.

The following table sets forth a breakdown of our average selling price of optical transceivers and AOCs by transmission speed for the periods indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *RMB* | |
| 100G and below | 363 | 407 | 115 |
| 200G | 1,171 | 1,053 | 766 |
| 400G | 1,358 | 1,343 | 962 |
| 800G and above | — | 2,443 | 1,557 |

The average selling prices for our 100G-and-below optical transceivers and AOCs decreased in 2025, primarily due to increased proportion of lower-priced 10G and 25G products. The average selling prices of each of our 200G and 400G optical transceivers and AOCs decreased during the Track Record Period, primarily due to product maturity, intensified market competition, and increased customer adoption of large-volume procurement arrangements which strengthened customer bargaining power and led to pricing pressure. The average selling price of our 800G-and-above products decreased significantly in 2025 primarily due to relatively intense market competition during the early stage of commercialization, as compared with 2024 when the products were still in small-batch shipments with relatively higher pricing. According to Frost & Sullivan, such downward pricing trend for our different transmission speed products is generally consistent with the AI optical transceiver industry trend and are in line with industry peers. As compared with the prevailing industry average prices, our average selling prices for 400G and 800G-and-above optical transceivers were generally lower, primarily attributable to differences in customer composition, as our products are mainly sold to domestic customers, while higher-priced products in the industry are more concentrated in overseas markets. See "Industry Overview — Average Price Analysis of AI Optical Transceiver" for further details.

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 |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 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.

The following table sets forth a breakdown of our gross (loss)/profit by transmission speed, 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 |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 100G and below | (24,401) | (32.3) | 7,793 | 10.5 | 2,528 | 13.9 |
| 200G | (2,579) | (4.8) | 53,264 | 16.7 | 27,991 | 9.7 |
| 400G | (4,335) | (10.6) | 25,294 | 9.5 | 72,217 | 10.8 |
| 800G and above | — | — | 13,401 | 16.6 | 2,552 | 1.3 |
| Others[(1)] | 10 | 18.7 | 2,061 | 1.7 | 4,468 | 9.2 |
| **Total** | **(31,304)** | **(17.9)** | **101,813** | **11.8** | **109,756** | **9.0** |

*Note:*

(1) Others primarily included optoelectronic components, such as OSA and COB assemblies, as well as raw materials, including PCBA and other related components.

We recorded gross loss in 2023 primarily attributable to the decline in the selling prices of low-speed optical transceivers, including 100G-and-below products, which are our principal products sold in 2023, as a result of intensifying market competition. Our gross profit margin for 800G-and-above products decreased from 16.6% in 2024 to 1.3% in 2025 primarily due to an decrease in average selling price resulted from intense market competition during the early stage of commercialization.

**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 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 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| SiPh products | 3,699 | 2.1 | 33,466 | 3.9 | 205,819 | 16.9 |
| Other products[(1)] | 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** |

*Note:*

(1) Other products mainly includes non-SiPh optical transceivers (including 100G-and-below, 200G, 400G and 800G products) and AOCs.

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 |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| SiPh products | (837) | (22.6) | (1,728) | (5.2) | 37,051 | 18.0 |
| Other products[(1)] | (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** |

*Note:*

(1) Other products mainly includes non-SiPh optical transceivers (including 100G-and-below, 200G, 400G and 800G products) and AOCs.

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***

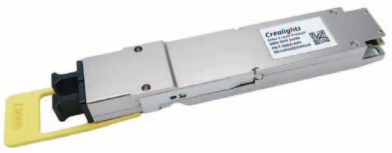
Our SiPh optical transceivers are optical transceivers developed based on silicon photonics technology to apply SiPh chips to single-mode optical transceivers. As of the Latest Practicable Date, our major SiPh optical transceivers all had transmission rates of 400G and above. These products are widely 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 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 |
|  *800G OSFP 2 x FR4* | 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. | RMB1,600 to RMB3,500 |

| Under development | Features |
|---|---|
|  *1.6T OSFP 2 x DR4* | 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. |

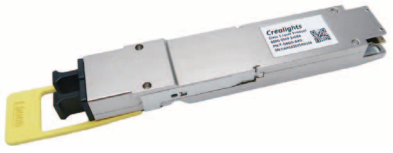
The aforementioned commercialized SiPh optical transceivers support transmission distances of up to approximately two kilometers. We have commenced small-batch delivery of these products in the first half of 2026 and plan to further improve their cost efficiency and scale up deployment in 2027 to support broader market penetration. We have also developed SiPh optical transceivers supporting transmission distances of up to approximately 10 kilometers, which are expected to commence customer sampling in the fourth quarter of 2026 and progress toward mass production and delivery in 2027. We believe the growing demand for high-speed, long-reach interconnection within AI data centers driven by the expansion of AI computing clusters will support the commercialization of these products.

### *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 |
|---|---|---|
|  <br>*400G QSFP112 VR4* | 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. | RMB700 to RMB1,200 |
|  <br>*800G OSFP 2 x SR4* | 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. | RMB1,900 to RMB2,500 |

### 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 |
|---|---|---|
| ***Under development*** . . . . |  *400G QSFP112 to QSFP112 AOC (SiPh)* | 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.

The table below illustrates one of our latest other AOCs.

| Products | Pictures and Names | Features | Average Selling Price |
|---|---|---|---|
| ***Commercialized*** . . . . . |  *400G QSFP112 to OSFP112 AOC* | 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. | RMB1,400 to RMB2,500 |

**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 |
|---|---|---|---|
| *Commercialized* |  *PCIe 6.0 AEC* | 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. | RMB600 to RMB1,000 |

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

## 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 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 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** |

*JDM model*: Our revenue generated from JDM model increased from RMB42.8 million in 2023 to RMB489.4 million in 2024, primarily attributable to the rapid expansion of our JDM business and the deepening cooperation with major customers under the JDM model. Our revenue generated from JDM model increased from RMB489.4 million in 2024 to RMB552.2 million in 2025 primarily attributable to the continued procurement demand from major customers under the JDM model.

*ODM model*: Our revenue generated from ODM model increased from RMB80.1 million in 2023 to RMB94.2 million in 2024, primarily attributable to the continued expansion of our overseas business under the ODM model. Our revenue generated from ODM model decreased from RMB94.2 million in 2024 to RMB49.5 million in 2025 primarily attributable to the shift in our business model mix during the year.

*Private label model*: Our revenue generated from private label model increased from RMB52.3 million in 2023 to RMB278.3 million in 2024, primarily attributable to the increasing market recognition of our proprietary-branded products and the expansion of our customer base. Our revenue generated from private label model increased from RMB278.3 million in 2024 to RMB619.4 million in 2025 primarily attributable to the continued commercialization and increased market adoption of our proprietary-branded products.

The following table sets forth a breakdown of our gross (loss)/profit margins by business model, for the periods indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | % | |
| JDM model | (17.4) | 11.9 | 3.1 |
| ODM model | (21.6) | 21.6 | 48.7 |
| Private label model | (12.5) | 8.4 | 11.1 |
| **Total** | **(17.9)** | **11.8** | **9.0** |

The relatively low gross profit margin under our JDM model in 2025 was primarily attributable to our current customer mix, as we mainly serve large-scale domestic downstream customers under the JDM model, which generally involves lower pricing. While pricing dynamics from such key domestic customers may lead to short-term fluctuations in our gross profit margins, our close engagement with such customers supports higher-value business opportunities. In addition, we are progressively enhancing the JDM model in overseas markets, which, together with the generally higher pricing acceptance in such markets, is expected to support the gradual improvement of our gross profit margins under our JDM model.

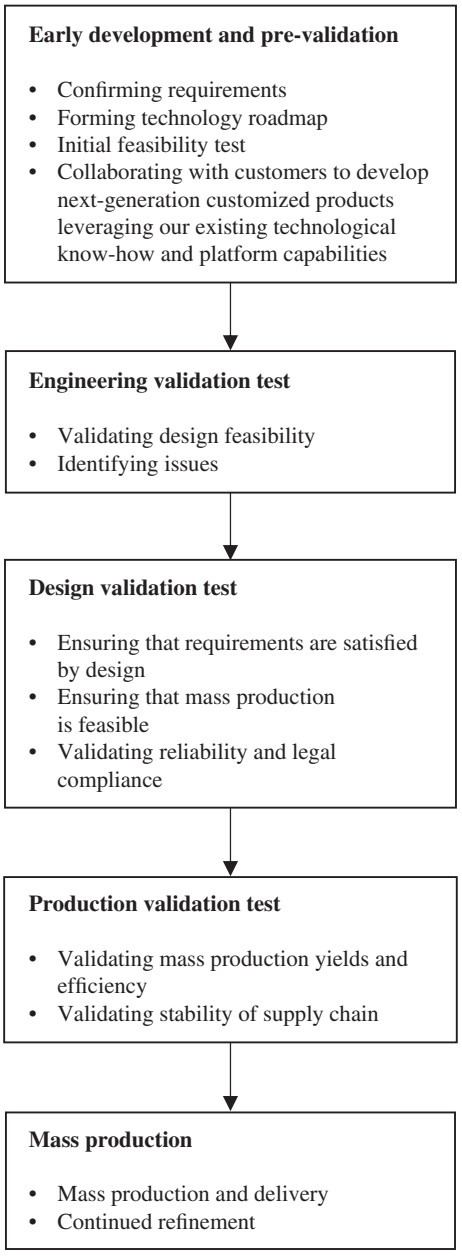
**Our JDM Model**

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.

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




We conduct feasibility studies on the application and front-end design of optical transceivers, to assist our customers in their network development process. This is to ensure compatibility with the network equipment specifications, during the initial phase of network development. Leveraging our accumulated technological know-how and platform capabilities, we also collaborate with customers in developing next-generation customized products that align with their evolving architecture and performance requirements. This process typically takes around three to six months.

We work with our customers to further refine our products and design plans. Together, we identify any potential difficulties for mass production to further validate the feasibility of the design. We also validate the specifications performance of our products.

Based on the results of validation, we further improve the design. Our active engagement with our customers ensures requirements are satisfied by design and mass production is feasible, significantly improving product stability and performance reliability. Together with the engineering validation test process, takes around one to two months.

We leverage a digital manufacturing execution system to ensure robust process oversight improving mass production yields and efficiency and validating stability of supply chain to meet mass production requirements. This process typically takes around one to two months.

We enforce stringent process controls, including a dual-supply chain assurance mechanism (strategic inventory reserves for critical materials and dual-supplier management), real-time production monitoring, proactive equipment maintenance, and a comprehensive quality traceability system.

We provide customers with yield analysis reports as and when required to drive continuous improvements in production efficiency and product quality. We also develop cost optimization plans to help customers reduce production costs.

Following the production validation test, it typically takes around six to ten months to initiate mass production. Once mass production begins, we continue to manufacture our products on a rolling basis in accordance with customer orders.

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***

| | |
|---|---|
| *Terms* | The agreements typically have a term of two years under the JDM model. |
| *Pricing and fee arrangements* | The prices are set out in the agreements and determined based on product category, design complexity and technical requirements jointly defined with the customer. |
| *Acceptance* | 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. |
| *Intellectual property* | We may own or co-own the process-related know-how and design improvements developed in connection with the manufacturing process, depending on whether such developments are (i) customer-specific and based on customers' proprietary designs, technical specifications or confidential information, in which case such intellectual property shall generally belong to the customer, or (ii) developed using our existing know-how or pre-existing intellectual property, in which case we may retain ownership or co-ownership, as applicable. 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. |
| *Credit terms and payment* | 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. |

| | |
|---|---|
| *Product Return and Warranty* | 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. |
| *Termination* | The agreements may be terminated by written notice of either party under certain circumstances. |
| *Scope of Work* | 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. |
| *Roles and Responsibilities* | Our customer is generally responsible for providing the technical specifications, reviewing the R&D outcomes and conducting acceptance of the goods.<br><br>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. |
| *Dispute Resolution* | 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. |
| *Product Liability* | 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:

| | |
|---|---|
| *Terms* | The agreement typically has no fixed term. |
| *Pricing and Fee Arrangements* | The price is generally specified in the purchase order with reference to the market price and through mutual negotiation. |
| *Acceptance* | 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. |

| | |
|---|---|
| *Intellectual Property* | 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. |
| *Credit Terms* | We grant our customer a credit period of 30 days upon receipt of goods or receipt of an invoice. |
| *Product Return and Warranty* | 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. |
| *Termination* | The agreements may be terminated by written notice of our customer in advance. |
| *Scope of Work* | We undertake the R&D, manufacture and delivery of the goods. |
| *Roles and Responsibilities* | 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. |
| *Dispute Resolution* | Any dispute arising from or in connection with the agreement shall generally be submitted to the competent court for adjudication. |
| *Product Liability* | 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:

| | |
|---|---|
| *Terms* | The agreement typically has a term of two years. |
| *Pricing and Fee Arrangements* | The price is generally specified in the purchase order with reference to the market price and through mutual negotiation. |
| *Acceptance* | 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. |
| *Intellectual Property* | We own all the intellectual property rights relating to the goods. |
| *Credit Terms* | We grant our customer a credit period of 60 days upon acceptance of the goods and receipt of an invoice. |

| | |
|---|---|
| *Product Return and Warranty* | 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. |
| *Termination* | The agreements may be terminated by written notice of our customer in advance. |
| *Scope of Work* | We undertake the R&D, manufacture and delivery of the goods. |
| *Roles and Responsibilities* | We conduct R&D and manufacture of the goods in accordance to our internal specifications. |
| *Dispute Resolution* | 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. |
| *Product Liability* | We are generally liable for any defects of the goods. |

## RESEARCH AND DEVELOPMENT

### R&D Investment

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.

### 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***

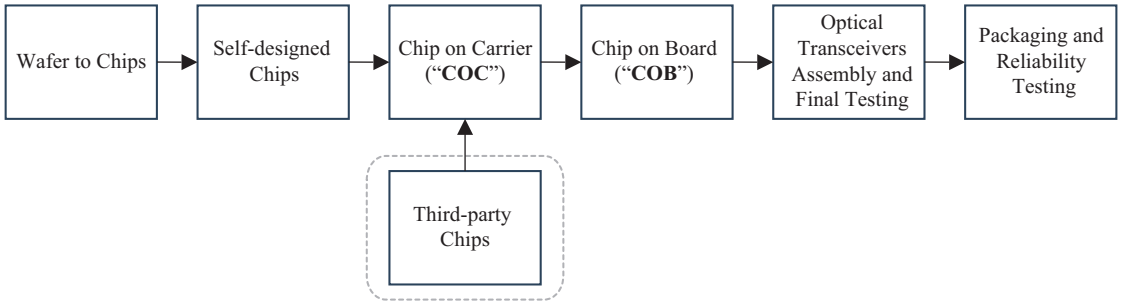
Upon completion of pilot-run production and reliability testing, products enter mass production. This stage involves full-scale implementation of automated production lines, real-time monitoring of key process indicators, and strict quality management to ensure stable and efficient output.

## 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.

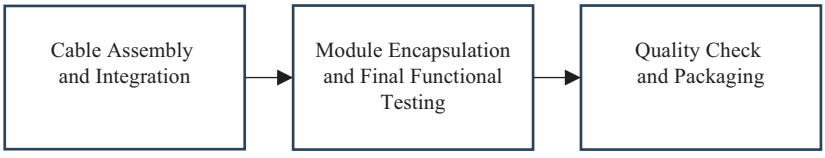
- ***Optical Transceivers Assembly and Final Testing.*** In this stage, COB subassemblies are integrated into complete optical transceivers. The process involves firmware configuration, feature tuning, and three-temperature testing to validate performance under various operating conditions. The assembled 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.

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

- 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 the Latest Practicable Date, this facility was under renovation, and is expected to commence production in the third 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 the Latest Practicable Date, 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)] |
| *(in thousands, except for percentages)* | | | | | | | | |
| 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.

(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:

| | |
|---|---|
| *Terms* | The agreements generally have a term ranging from two to five years. |
| *Design and Intellectual Property* | The third-party production facilities are required to manufacture according to our product design. We retain ownership of the intellectual property rights. |
| *Production, Personnel, and Facilities* | The third-party production facilities are responsible for manufacturing the products based on our design and for arranging the necessary personnel and production facilities. |
| *Payment* | We generally settle our payments on a monthly basis with a credit term of 60 days. |
| *Supervision and Quality Control* | The third-party production facilities perform quality control in accordance with our requirements. |
| *Technology* | We provide the necessary production technologies to third-party production facilities. |
| *Roles and Responsibilities* | The third-party production facilities are responsible for manufacturing products in accordance with the specifications and standards agreed by the parties. |
| *Dispute Resolution* | 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. |
| *Product Liability* | 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. |
| *Termination* | 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.

- ***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.

### 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 |
|---|---|---|---|---|---|
| | | *(RMB'000)* | | | |
| ***For year ended December 31, 2023*** | | | | | |
| 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 |
| 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)* | | | |
| ***For year ended December 31, 2024*** | | | | | |
| 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 |

| Rank | Supplier | Purchase Amount | Percentage of total purchase | Type of product/services provided | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | *(RMB'000)* | | | |
| 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 |

*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 | Percentage of total purchase | Type of product/services provided | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | *(RMB'000)* | | | |
| ***For year ended December 31, 2025*** | | | | | |
| 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:

| | |
|---|---|
| *Terms* . . . . . | Our procurement agreements with our major suppliers generally do not have a fixed term. |
| *Pricing and fee arrangements* . . . . . | Depending on the type of raw material and supplier, prices are determined with reference to prevailing market conditions and are specified in the agreements. |
| *Quality guarantee* . . . . . | Our suppliers are responsible for product quality and compliance with our specifications. |

| | |
|---|---|
| *Delivery* | Our suppliers are responsible for proper packaging and on-time delivery to the designated locations. |
| *Credit terms* | Our suppliers generally grant us a credit period of 60 days commencing from the date of invoice. |
| *Product return* | 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. |
| *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. |

The following is a summary of the key terms of our purchase 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 based on quantity and specifications. |
| *Credit Terms and Payment* . . . . . | 90-day credit period. |

**BUSINESS SUSTAINABILITY**

We recorded loss of RMB108.6 million, RMB17.9 million and RMB100.1 million in 2023, 2024 and 2025, respectively, primarily because we were in the course of a strategic transition from lower-speed products to higher-speed products during the Track Record Period. We had historically demonstrated profitability in 2020 and 2021 when our business was primarily focused on more mature 100G-and-below products, which experienced strong market demand at the time, according to our management account. However, since 2022, as we identified the growing opportunities arising from AI data centers and SiPh technology, we have transited to establish a product portfolio centered on high-speed optoelectronic interconnection technologies. Such transition has temporarily affected our profitability during the Track Record Period, which was generally consistent with the industry trend, as confirmed by Frost & Sullivan. In particular:

(i) we recorded gross losses in 2023 primarily due to the change in the focus of our product portfolio, as we sold a higher proportion of lower-speed products, including optical transceivers and AOC, such activities to reduce inventory levels. Though we had commenced production and sales of our higher-speed products, including optical transceivers and AOC, such activities were still at a ramp-up stage and had not yet achieved optimal production scale or cost efficiency. From 2024 onwards, our gross profit margin subsequently turned positive, primarily driven by the realization of economies of scale and higher manufacturing efficiency resulting from increased production volume and capacity utilization; and

(ii) despite that we have recorded gross profits in 2024 and 2025, we recorded net losses during the same years because we incurred substantial R&D expenses during the Track Record Period. Our R&D investments, including those in establishing new production facilities in Nanjing and Beijing, were primarily made to support our long-term business strategy of advancing higher-speed technologies and commercializing higher-speed products as our key competitive foundation. In particular, we have focused our R&D resources on 1.6T SiPh optical transceivers, advanced optoelectronic interconnection products and AEC products. These R&D efforts support the commercialization and mass production of the relevant products and provides a common technology foundation for subsequent product iterations and adjacent product categories. As we continuously advanced our technologies and expanded the scale of commercialization, our R&D efficiency improved significantly — our R&D expenses as percentage of our revenue significantly decreased since 2023.

Although the 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.

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** |

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 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 overseas customers generally demonstrate a higher acceptance of our pricing as compared with the domestic market, gross profit margins generated from sales to overseas market are expected to be higher, which is primarily attributable to (i) a comparatively more favourable competitive landscape in overseas markets with higher market entry barriers and a more established industry structure; and (ii) a higher proportion of high-speed and higher-value products, including 800G and 1.6T optical transceivers, in our overseas sales mix, driven by stronger demand from overseas data center customers. We therefore 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 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 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. Compared to 400G SiPh optical transceivers, the transition to 1.6T SiPh optical transceivers involves the following key differences:

- Manufacturing processes

1.6T SiPh optical transceivers require higher levels of integration and manufacturing precision. In particular, they generally involve higher channel density, more advanced optical coupling, more precise PCB assembly and more sophisticated packaging processes. Therefore, while the core SiPh manufacturing platform remains substantially consistent with our existing 400G products, the process control requirements for 1.6T products are more stringent.

- Equipment requirements

1.6T SiPh optical transceivers require upgraded or additional equipment in certain production and testing steps. These include higher-speed testing systems, advanced optical coupling equipment, higher-precision SMT equipment and packaging-related equipment capable of supporting higher-density and higher-speed products. The purpose of these upgrades is to support more precise assembly, better thermal control and more reliable high-speed signal testing.

- Quality control standards

1.6T SiPh optical transceivers are subject to higher quality control standards because they operate at higher transmission speeds and with greater channel density. Compared with 400G products, 1.6T products require tighter control over optical loss, channel consistency, assembly accuracy, thermal performance and high-speed signal integrity. These standards are necessary to ensure product stability, reliability and production yield during customer validation and future mass production.

The SiPh chips for 1.6T products can be manufactured on our existing 12-inch wafer platform and supported by our existing wafer production capacity with the process optimization and more stringent quality control measures described above implemented.

Our planned production transition is expected to proceed in phases: (i) in 2025, we have maintained stable production of 400G products while implementing selective equipment upgrades on existing production lines to support increasing 800G and 1.6T production demand, complete key process validation and further support customer qualification and sampling activities and (ii) from the first half of 2026 through 2027, subject to customer qualification and market demand, we expect to gradually transition certain major production lines from 800G products to 1.6T products and progressively ramp up 1.6T production capacity. We will also engage third-party production facilities where necessary to supplement our production capacity during the ramp-up process. For our expected additional investments and implementation timeline, please refer to "FUTURE PLANS AND USE OF **[REDACTED]**."

We believe that this planned transition timeline generally corresponds with the expected market adoption cycle for next-generation optical transceiver products, which we understand involves relatively stable demand for 400G products in 2025, broader deployment of 800G products during 2025 and 2026, and increasing adoption of 1.6T products from 2026 onward, particularly in AI data center and next-generation AI cluster interconnect applications.

The table below sets forth a comparison of our technologies, product performance and market positioning against industry benchmark, according to Frost & Sullivan, illustrating our competitive position in the development and commercialization of next-generation SiPh optical transceivers.

**1.6T SiPh Optical Transceiver Comparison**

| Technical Dimension | The Company | Industry Average |
|---|---|---|
| Transmitter and Dispersion Eye Closure Quaternary (TDECQ) | <3.4dB | <3.5dB |
| Extinction Ratio | >3.5dB | >3.2dB |
| Power Consumption | <26w | <30w |

*Source: Frost & Sullivan*

Note: Transmitter and Dispersion Eye Closure Quaternary (TDECQ) is a metric measuring PAM4 signal eye closure loss caused by transmitter defects and chromatic dispersion. A lower TDECQ indicates less signal distortion and superior transmission performance. Extinction Ratio is the ratio of high-level to low-level output optical power for assessing modulation contrast. A higher extinction ratio stands for clearer optical signal and better signal integrity. Power Consumption is total operating power draw of optical transceivers under standard working conditions. A lower power consumption helps cut operational costs and improve energy efficiency.

Our 1.6T SiPh optical transceivers have entered the customer validation stage and are expected to complete validation by the end of the third quarter of 2026 and commence revenue generation in 2026. The SiPh chips required for NPOs 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. Meanwhile, we have also enhanced manufacturing capabilities through production planning, materials management and efficient production.

***Economies of scale***

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 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.

***Enhanced manufacturing capabilities through production planning, materials management and efficient production***

We have enhanced our manufacturing capabilities through more systematic production planning, materials management and lean production initiatives. Our planning department determines procurement requirements based on customer orders, sales forecasts, inventory levels and suppliers' delivery lead times through our ERP system. This improves the matching of materials procurement with actual production demand, reduces the risk of excess inventory and material shortages, and supports shorter inventory turnover days. Our supply chain team coordinates materials procurement and has established multi-source arrangements for key materials. By reducing reliance on any single supplier and improving supply continuity, these arrangements help reduce the risk of production disruption caused by material shortages and support more stable capacity utilization. We also conduct quarterly and annual supplier reviews and require new materials to pass reliability, performance and other verification procedures before mass procurement. These measures help stabilize material quality, reduce process disruptions and support yield improvement.

Our production schedules are prepared on a weekly and monthly basis according to product orders, while capacity utilization is monitored based on standard working hours. This enables us to compare actual output against standard capacity, identify under-utilized or overloaded processes and adjust labor and production line arrangements more effectively. We design and improve production lines around bottleneck workstations. During mass production, we continue to optimize bottleneck processes through automation, production line balancing, testing algorithm optimization and yield improvement projects. We also focus on skill training for our employees. In 2026, each manufacturing staff held an average of 3.2 skills, representing an increase of 1.1 skills as compared with 2025. This improved flexibility in staffing allocation and reduced efficiency loss caused by uneven workload across production lines or temporary changes in production schedules.

These initiatives increase line throughput, reduce unit labor hours and improve the stability of mass production. In 2025, we have streamlined 75 production projects, covering automation initiatives such as automatic screw fastening and automatic dispensing, process optimization initiatives such as

testing algorithm optimization and production line balancing, and yield improvement initiatives such as material design optimization and material changes. These projects reduced comprehensive working hours for mass-produced products by more than 15%.

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.

In addition, to improve R&D efficiency while maintaining technological competitiveness, we have adopted a platform-based development approach for our high-speed optical module products. Under this approach, hardware circuits, optical structures, firmware protocols, test cases and bill of materials ("**BOM**") libraries developed for existing 400G, 800G and 1.6T products can be reused in subsequent projects with comparable technical requirements. Such reuse reduces duplicated design and verification work, shortens the development cycle for products of the same type and allows our R&D personnel to focus more resources on next-generation products such as 3.2T and 6.4T products.

We have also introduced parallel engineering and stage-gate review mechanisms. Process, production, testing and quality teams participate at the product design stage to conduct manufacturability, testability and reliability reviews. By identifying process risks, structural issues and testing requirements before later-stage development, such measures reduce the number of design

iterations, lower rework costs and support faster yield ramp-up when products enter mass production. We also maintain change control notice mechanisms to reduce delays and rework caused by uncontrolled changes in product requirements or technical specifications. In addition, we have built standardized and automated testing procedures. Automated and standardized testing improves data consistency, reduces manual testing workload and shortens verification cycles, thereby supporting faster customer qualification and commercialization of R&D outputs.

***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 have adopted financial and operating management system and plan to implement a unified office automation ("**OA**") collaborative office platform. These systems are expected to embed budget control, expense approval, procurement coordination and data reporting into standardized digital workflows. 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 digitalized and system-based budget control, expenses can be checked against approved budgets before commitments are made, which reduces the risk of excess spending and improves budget execution discipline. Digitalized approval workflows standardize approval authority and procedures, reduce manual intervention and shorten internal approval cycles. Integrated financial and operational data also allow management to identify deviations in manufacturing expenses, procurement costs, inventory levels and departmental spending on a more timely basis, enabling earlier corrective actions. Through these initiatives, we expect to improve administrative efficiency, reduce redundant processes and costs, and support scalable growth with a more efficient organizational structure.

As our business continues to scale, these digitalized systems are expected to allow us to process a larger volume of procurement, production, financial and administrative activities without a proportionate increase in administrative headcount or manual processes. Accordingly, we expect such systems to support sustainable cost savings and operating leverage by reducing redundant procedures, improving expense visibility and enhancing the scalability of our internal management functions.

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 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 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 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** |

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 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| **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 Asia | 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** |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 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.

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 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| 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.

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.

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. The relatively high customer concentration in 2023 was primarily attributable to (i) our then relatively limited business scale, as we were in the process of scaling up our operations and broadening our customer base; and (ii) the transitional stage of our product and customer mix, as we had strategically focused on AI-related high-speed SiPh products, while revenue contribution from AI-related customers had yet to become significant during the relevant period. In particular, Customer A, our largest customer in 2023 and a long-term business partner with whom we commenced our business relationship in 2018, primarily purchased 200G and below lower-speed products from us in 2023 for traditional computing data center applications.

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 |
|---|---|---|---|---|---|---|
| | | *(RMB'000)* | | | | |
| ***For year ended December 31, 2023*** | | | | | | |
| 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 |

| Rank | Customer | Sales Amount | Percentage of total revenue | Type of product/services purchased | Credit terms | Year of commencement of business relationship |
|---|---|---|---|---|---|---|
| | | *(RMB'000)* | | | | |
| 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.

(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 |
|---|---|---|---|---|---|---|
| | | *(RMB'000)* | | | | |
| ***For year ended December 31, 2024*** | | | | | | |
| 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 |
|---|---|---|---|---|---|---|
| | | *(RMB'000)* | | | | |
| ***For year ended December 31, 2025*** | | | | | | |
| 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 |
| 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, which is generally approximately 10 to 15 years under the relevant agreements. 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 milestone-based contractual operational and performance benchmarks, which may include requirements relating to investment amount in the form of project-level registered capital, investment or reinvestment commitments generally ranging from RMB200.0 million to RMB300.0 million, construction progress and commencement of operations within specific timeframes, revenue generation targets ranging from approximately RMB240.0 million to RMB2.0 billion per year (after the relevant commencement of operations, production, ramp-up or post-investment milestone

triggers are reached), tax or economic contribution targets ranging from approximately RMB1.7 million to RMB100.0 million per year (after the relevant agreed milestone triggers are reached), and, in certain cases, social insurance contribution targets for approximately 100 to 500 employees. These revenue and tax or economic contribution targets are milestone-based contractual benchmarks and do not represent our current operating results.

- 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, 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. As of the Latest Practicable Date, no dispute or liability has arisen in respect of the relevant agreements with the government authorities, which, as amended and supplemented, govern the parties' current rights and obligations.

## 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**"). The Singapore subsidiary acted as the contracting entity, while the PRC company undertakes substantive sales and commercial functions, including customer engagement, commercial negotiation, pricing decisions, order management and customer relationship management, and exercised decision-making authority over the key operational and commercial matters. The price payable by the Singapore subsidiary was determined by reference to the invoiced amount for the relevant goods, allowing the Singapore subsidiary to retain a portion of the overall margin reflecting its limited functional role.

In 2023, 2024 and 2025, intra-group transactions accounted for nil, 12.4% and 7.2% of our total revenue, respectively, and nil, 11.4% and 5.7% of our total purchases, respectively. 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 |
| | | *USD* | |
| 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. Based on the procedures performed and the information made available, the Transfer Pricing Consultant is of the view that we have complied, in all material respects, with the applicable transfer pricing regulations and guidelines during the Track Record Period, and that the relevant intra-group transactions do not give rise to material transfer pricing compliance issues.

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."

## 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.

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.

## 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 products in optical communication systems 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.

| 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.

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 issuance 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.

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."

**Our Sales to the U.S. and Applicable U.S. Laws and Regulations**

***Sales to the U.S. market***

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 were 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. The verification processes are usually long mainly because high-speed products such as 800G and 1.6T involve greater technical complexity, stricter customer qualification standards and longer sampling and testing cycles. The process typically covers performance testing, reliability testing, industry certification and customer network validation, and may take approximately 10 to 18 months, which is in line with industry standard, according to Frost & Sullivan. Following the completion of these processes, we expect to further enhance our sales in the U.S. Our ability to sell products into the U.S. market has not been materially and adversely affected by tariffs imposed by the U.S. government, export controls, other trade restrictions or other factors outside the ordinary course of business. See "RISK FACTORS — Our revenue from overseas markets decreased during the Track Record Period."

***Export control***

The applicability of U.S. export control regulations depends primarily on the nature of the products involved and the identity of the relevant counterparties. As (i) our products are not of U.S. origin, are not located in the U.S., and do not transit through or pass via the U.S.; (ii) our products do not incorporate U.S.-origin components, software or technology to a level that would trigger EAR jurisdiction under the *de minimis* rule; (iii) the U.S.-origin raw materials used in our products during the Track Record Period did not exceed the applicable de minimis threshold under the EAR; and (iv) our products are not the direct products of U.S.-origin "technology" or "software," nor are they produced using any complete plant or major component that is itself a direct product of such controlled U.S. technology or software, based on the aforementioned and our consultation with the relevant legal adviser, our products do not fall within the scope of export controls under the EAR.

During the Track Record Period, we had one customer on the Entity List, and our aggregate transaction amount with such customer was RMB105,800. As of the Latest Practicable Date, we have ceased collaboration with such customer. As our products fall outside the EAR scope, the offerings we provided to the client was not subject to export controls. Accordingly, our Directors are of the view that we are not subject to any trade restrictions or sanction that would materially affect our business operation.

***Tariffs***

During the Track Record Period, we incurred tariffs arising from our U.S. sales and relevant import activities, and the impact of such tariffs was limited and arose in the ordinary course of business.

In 2023, our products sold to the U.S. did not incur relevant U.S. tariff obligations. In 2024 and 2025, the products we sold to the U.S. that were subject to tariffs were primarily 200G and 800G optical transceivers, with applicable tariff rates ranging from 7.5% to 27.5%. In 2023, 2024 and 2025, the tariffs we incurred in relation to the relevant products sold to the U.S. under trade arrangements pursuant to which we were responsible for the relevant tariff payments amounted to nil, US$47.5 thousand and US$77.8 thousand, respectively, which were insignificant relative to our revenue during the respective years, representing 0%, 0.04% and 0.05% of our revenue, respectively. Such tariffs comprised (i) an additional duty of 7.5% imposed on products falling within List 4A under Section 301 of the U.S. Trade Act of 1974, as amended, which allows the U.S. government to impose trade measures in response to certain unfair trade practices, and (ii) additional reciprocal tariffs imposed pursuant to certain executive orders issued under the Trump administration which were in effect at the relevant time. As of the Latest Practicable Date, following the opinion of the Supreme Court of the United States that the International Emergency Economic Powers Act did not authorize the President of the United States to impose such reciprocal tariffs, no such reciprocal tariffs remained in effect, and the applicable tariff rate for the relevant products was 7.5%. Under our ordinary commercial arrangements, a portion of the relevant tariff costs may be passed on to customers through adjustments to the total purchase price payable by customers. Accordingly, based on the current applicable tariff rate and our existing commercial arrangements with U.S. customers, we do not expect such tariffs to have a material adverse impact on our pricing, profitability or market competitiveness going forward.

Our imports into the PRC are subject to the applicable import tariff rates under the Customs Import and Export Tariff of the PRC. According to our PRC Legal Advisor, on the basis that, during the Track Record Period, substantially all of our purchases were sourced from outside the U.S. and only a limited amount of U.S.-origin raw materials were procured for testing purposes, with de minimis purchase amounts and corresponding tariffs, the relevant PRC tariffs on U.S.-origin goods did not have a material impact on our operations. Given that substantially all of our purchases were sourced from suppliers outside the U.S. during the Track Record Period, we believe that alternative suppliers in other jurisdictions are generally available and are able to provide products of comparable quality at similar prices. Accordingly, we do not expect PRC tariffs on U.S.-origin goods to materially affect our procurement, production or supply chain stability.

***Outbound investment rule***

Our business involves the design of silicon photonic chips, which falls within sectors identified in the Outbound Investment Rule. Our design activities focus on integrated circuits for optical communication applications and do not involve advanced semiconductor manufacturing or design activities referred to in the definition of "prohibited transactions" for the semiconductors and microelectronics sector under the Outbound Investment Rule. However, under the Outbound Investment Rule, the activity of "designing any integrated circuit" is itself identified as a "covered activity" giving rise to a "notifiable transaction" if conducted by a "covered foreign person." After consultation with Paul Hastings LLP, our legal advisor as to the Outbound Investment Rule, our Directors are of the view that we are a "covered foreign person" and the activity in which we are engaged may be subject to notification requirement. Neither we nor the **[REDACTED]** for this **[REDACTED]** are advising **[REDACTED]** on compliance with the Outbound Investment Rule, and any **[REDACTED]** that is uncertain about the Outbound Investment Rule's application to their purchase of Shares in this **[REDACTED]** or the need to file a notification with Treasury, should consult their own counsel. Pursuant to the Outbound Investment Rule, U.S. persons' purchases of certain publicly traded securities

are neither prohibited nor subject to notification to Treasury under an exception in the Outbound Investment Rule that applies to U.S. persons' purchase of "any publicly traded security, with "security" as defined in the U.S. Exchange Act, denominated in any currency, and that trades on a securities exchange in any jurisdiction" (the "**Publicly Traded Securities Exception**"), provided that such U.S. persons or their non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections with respect to us.

In addition, pursuant to Treasury's Outbound Investment Rule-related Frequently Asked Questions updated on December 23, 2025 (the "**FAQ**"), absent additional facts, when a U.S. person acquires an equity interest in a covered foreign person, and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security," regardless of when an agreement is entered into. In cases of doubt (including as to whether "additional facts" that are relevant under the FAQ are present), U.S. persons (and non-U.S. subsidiaries of U.S. persons) that acquire Shares from us in the **[REDACTED]** should consult their legal counsel regarding availability of the Publicly Traded Securities Exception. Whether **[REDACTED]** or **[REDACTED]** in this **[REDACTED]** decide to make such a notification will be based on their own assessment of the implication of the Outbound Investment Rule. Our Directors are of the view that the Outbound Investment Rule will not have a material adverse impact on our Group, the **[REDACTED]** and post-**[REDACTED]** trading.

## 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 Prospectuses 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 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 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.

### 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**

| | | Year Ended December 31, | | |
|---|---|---|---|---|
| | **Unit** | **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**

| | | Year Ended December 31, | | |
|---|---|---|---|---|
| | **Unit** | **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.

**Environmental Compliance Investment**

| | | Year Ended December 31, | | |
|---|---|---|---|---|
| | **Unit** | **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. | — We plan to develop internal emergency response plans to address physical risks.<br>— We are establishing diversified logistics to reduce reliance on single logistics providers or mode of transportation. |
| 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.<br>— 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.

***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.

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.

| Award/Recognition | Award Year | Awarding Institution/Authority |
|---|---|---|
| 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 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 **[REDACTED]** 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.