

## **SUMMARY**

*This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED].*

*There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].*

### **OVERVIEW**

#### **Who We Are**

We are a company specializing in intelligent manufacturing with a global mindset and presence. We provide advanced products and solutions to leading technology companies worldwide, ultimately enabling the connection of people, devices and infrastructure. Our strong technical capabilities underpin the development of PCBs, optical transceivers, precision components and touch panels and LCMs that we design, manufacture and sell across the globe. The global PCB market is highly competitive and fragmented, with the top 10 players accounting for 37.4% of the total market share. We are the world’s largest PCB supplier for edge AI devices, primarily smartphones, PCs, automotive and industrial and IoT equipment where AI models are run locally at or near the point of data generation rather than relying primarily on cloud-based processing. We had a 26.9% share of the PCB for edge AI devices market in 2025, according to CIC. We are also rapidly expanding our capabilities into the data center end market, strengthening our capabilities to support deployment of AI across data center and the edge and thereby advancing the transformation towards an intelligent and connected era.

Our dedication to innovation, continuous improvement and operational excellence since the beginning of our journey has enabled us to achieve leadership in our core product areas. According to CIC, we are the largest PCB supplier for edge AI devices with a market share of 26.9%, the second-largest FPC supplier with a market share of 24.5% and a top three PCB supplier globally by revenue with a market share of 4.2% in 2025.

We have a diversified portfolio built around our core customers. Our PCBs, optical transceivers, precision components, and touch panels and LCMs are widely used in consumer electronics, automobiles, data centers, telecommunications equipment and industrial control devices. We leverage synergies across R&D, engineering, supply chain and operations to deliver comprehensive solutions for our customers, and we are offer an extensive multi-product portfolio to leading global technology companies. Moreover, according to CIC, we are the only supplier in the world with capabilities across PCBs, optical chips and optical transceivers, which together represent approximately 9-14% of an AI server’s bill of material cost, second only to GPUs in most AI servers, enhancing our competitive position into the high-growth data center end market.

Within our diversified product portfolio, our products with long-standing track record, including PCBs, precision components, touch panels and LCMs, serve the consumer electronics, automotive and telecommunications end markets and provide a stable and resilient revenue and cashflow. These businesses form the foundation of our operations and support the sustainability of our overall performance. In parallel, our optical transceivers and AI PCBs targeting the AI and data-center end-markets, represent our primary growth engine, with the demand driven by the accelerating global built-out of AI-related infrastructure.

The increasing penetration of AI-enabled devices at the edge, together with the ongoing electrification of vehicles and the upgrade of in-vehicle infotainment systems, is expected to support continued growth in content value and demand across our products with long-standing track record. Meanwhile, according to CIC, major hyperscalers in the United States and China are expected to materially increase their capital expenditure, by approximately 60% to 70%, in 2026, driving the demand for our optical transceiver and AI PCB products.

Our strategies have translated into deep, long-term relationships with leading global brands. We are a long-standing partner to four of the world’s top five consumer electronics brands, as well as the top five EV manufacturers and four of the top five cloud service providers. We work closely with customers in the early stages of their product design processes, which enables us to build long-term trusted customer relationships and gains insight into latest industry developments and technological trends. Together with our intelligent manufacturing capabilities and global footprint, this approach is critical to meeting our customers’ stringent requirements to ensure product quality, delivery efficiency and supply chain resilience.

We have been focusing on expanding our global manufacturing presence whilst enhancing regionalized operations and service capabilities that address our customers’ evolving needs. Our recent acquisition of GMD, a European automotive components supplier, further exemplifies this strategy, where we will apply our manufacturing expertise to localized operations to deliver best-in-class service to an expanded customer

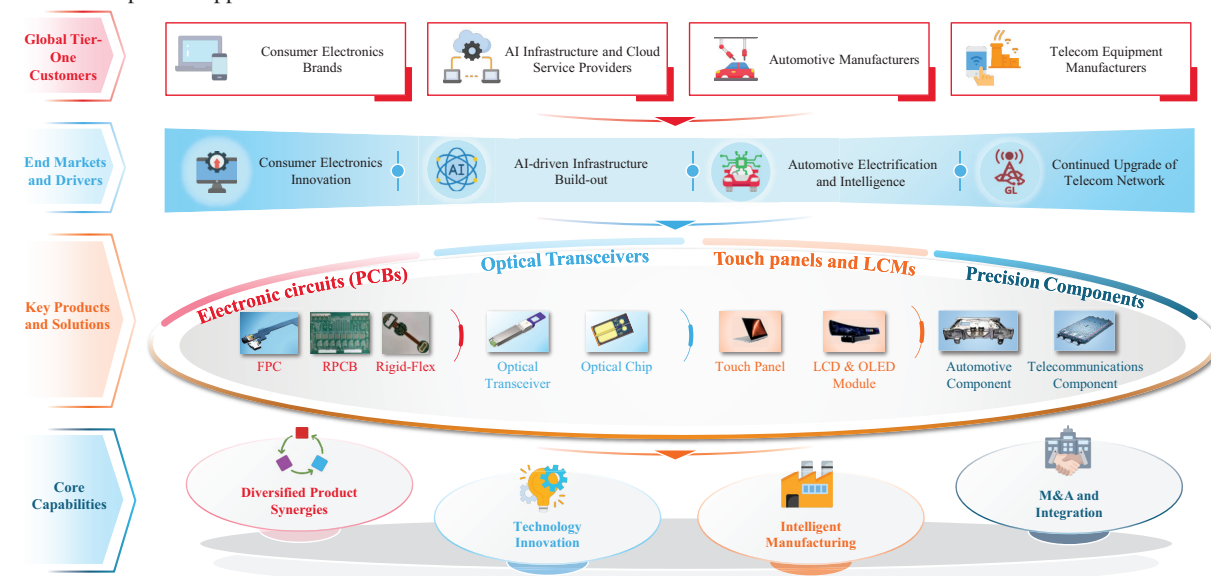
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base. In 2025, 81.4% of our revenue came from outside the Chinese mainland. As of the Latest Practicable Date, we had production facilities across 14 countries and regions in Asia, North America, Europe and Africa, with overseas employees representing approximately 20% of our total headcount.

At the same time, through investment in R&D and strategic M&A, we have built substantial know-how and capabilities in key technologies, including deep-via micro-drilling and ultra-fine line processing for FPC, high-layer-count PCB and high-build-up HDI used in GPUs, AI accelerator cards and data center switches, metal-mesh touch, automotive LCMs, brazing of die-cast components and design and manufacturing of optical chips and optical transceivers. As of December 31, 2025, our R&D personnel accounted for approximately 12.9% of our total workforce, placing us in a competitive position in the global PCB industry and reflecting our strong focus on innovation. We continuously digitalize and automate our facilities to push the limits of advanced processes in intelligent manufacturing.

### Our Products

Our products include PCBs, optical transceivers, precision components, and touch panels and LCMs. We provide distinctive and comprehensive solutions by leveraging technological innovation and advanced manufacturing and creating synergies across product, R&D, technology, supply chain and sales. The following highlights our main products and solutions and their respective applications.



- PCBs:** Our PCB products include FPC, RPCB and Rigid-Flex for consumer electronics, automotive, data centers and AI servers and telecommunications equipment. According to CIC, we have been the second-largest global FPC supplier and a top-three PCB supplier by revenue for five consecutive years since 2021. We serve leading global consumer electronics manufacturers, automakers and cloud service providers. Through these partnerships, we have built deep technical and process capabilities that reinforce our competitive advantage.
- Optical Transceivers:** Through Source Photonics, a leading global provider of optical transceivers, we have built in-house optical chip capabilities centered on high-speed EML chips with transmission rates from 2.5G to 200G. We currently focus on commercializing high-end 100G and 200G PAM4 EML chips, while advancing the development of next-generation technologies such as 400G EML chips and high-power CW light sources. In addition, We offer optical transceivers from 10G to 1.6T and are developing next-generation transceivers of 3.2T or higher. According to CIC, Source Photonics is one of the only three companies across the globe with vertically integrated in-house capabilities that extend from the design to the manufacturing and packaging of optical chips and transceivers, and is also among the few companies in the Chinese mainland with mass production capabilities for 100G and 200G optical chips. Its products serve a wide range of data center and telecommunications applications, creating a unique advantage that combines AI PCB with optical transceiver, positioning us as an integrated supplier of critical enabling technologies in the AI ecosystem.
- Precision Components:** Our precision components primarily include automotive components and telecommunications equipment components. We have leading capabilities in precision components for the automotive and telecommunications industries. Over the past decade, we have extended our R&D and manufacturing capabilities developed in telecommunications components into automotive, broadening downstream applications and establishing long-term partnerships with major automakers worldwide and laying a solid foundation for further growth.

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- *Touch Panels and LCMs:* We offer touch panels and LCD and OLED modules used in automobiles, smartphones, tablets, laptops, industrial control devices and smart home applications. Building on years of experience in consumer touch displays, we have expanded into in-vehicle displays in 2023, where our proven technology and commercial execution continue to provide a strong platform for growth.

### **RESEARCH AND DEVELOPMENT**

We consistently invest in research and development to expand our product portfolio, seize new market opportunities and strengthen our competitive edge in meeting the demands of leading global brands.

Due to the customized nature of our products, our R&D is often carried out in close collaboration with customers based on their customization requirements and end product designs. We have enhanced our R&D efforts by advancing new materials, design innovations and process technologies. These advancements have resulted in a series of significant breakthroughs, earning us the trust of leading global companies as a reliable and innovative supplier.

#### **Our Customers**

Our customers are mainly global brands in the consumer electronics, telecommunications and automotive industries. In 2023, 2024 and 2025, sales to our five largest customers amounted to RMB24,734.5 million, RMB26,122.3 million and RMB25,814.1 million, accounting for 73.5%, 71.0% and 64.4% of our total revenue in the respective years. Customer A, our top customer in each year during the Track Record Period, contributed to 55.8%, 51.3% and 46.5% of our revenue respectively in 2023, 2024 and 2025, respectively.

#### **Relationship with Customer A**

During the Track Record Period, Customer A, our top customer in each year during the Track Record Period, contributed to 55.8%, 51.3% and 46.5% of our revenue respectively in 2023, 2024 and 2025, respectively. Our strategic and mutually beneficial relationship with Customer A began over 10 years ago and has grown significantly since our acquisition of MFLEX in 2016, which established us as a leading global supplier of FPCs. Customer A, a global leader in consumer electronics, uses our FPC products to support the development of their high-performance devices, such as smartphones, tablets and wearables.

According to CIC, the consumer electronics market is highly concentrated, particularly among top-tier brands. As a result, suppliers to premium consumer electronics brands often have a concentrated customer base. Over the years, we have been actively involved in the product development of Customer A’s signature products, providing critical technological solutions that align with their innovation and functionality requirements. Our proven ability to consistently meet Customer A’s stringent standards for quality, performance and timely delivery has established us as a trusted partner in their supply chain.

Going forward, we believe the likelihood of any material adverse change in or termination of our business relationship with Customer A is low because of the long-term, mutually beneficial nature of our

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relationship and the extensive and rigorous supplier approval and qualification process that Customer A requires, covering aspects such as ESG compliance, corporate governance, and operational standards. This remains the case notwithstanding reports that Customer A would shift the production of certain products from the Chinese Mainland to other countries. We believe this trend is unlikely to result in a material adverse change to our relationship with Customer A, primarily because our sales are driven by Customer A’s product demand and our ability to meet its specifications and delivery requirements, rather than the geographical location of final assembly.

During the Track Record Period, the proportion of our shipments to Customer A by revenue delivered to manufacturing locations outside the Chinese Mainland has been increased steadily, demonstrating our ability to support Customer A’s evolving supply chain footprint, and we have not incurred material additional costs or experienced material disruption in fulfilling Customer A’s orders as a result of changes in production location. During the Track Record Period and up to the Latest Practicable Date, there were no material incidents of failure to renew the relevant sales agreements with Customer A, or any material reduction, delay or cancellation of orders from Customer A. See “Business — Our Customers — Relationship with Certain Top Customers” for further detail.

### **Our Suppliers**

Our suppliers are mainly suppliers of raw materials and equipment. We have established and maintain stable and long-term relationships with these major suppliers. In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB5,975.4 million, RMB6,214.4 million and RMB5,737.5 million, accounting for 25.8%, 26.1% and 21.9% of our total purchases in the respective years. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB2,034.5 million, RMB1,674.4 million and RMB1,463.8 million, accounting for 8.8%, 7.0% and 5.6% of our total purchases in the respective years. See “Business — Sales and Marketing — Our Suppliers” for further details.

## **PRODUCTION AND MANUFACTURING**

As of the Latest Practicable Date, we operate production facilities across 14 countries and regions in Asia, North America, Europe and Africa. We are actively expanding new production lines and facilities globally. Source Photonics has production facilities in Taiwan, Changzhou and Chengdu. We have successfully integrated intelligent manufacturing across multiple aspects of our production processes for different products, leading to significant improvements in efficiency, product yields and overall operational performance.

## **COMPETITIVE STRENGTHS**

We believe the following competitive strengths have contributed to our success and will continue to drive our future growth including our leadership in high-growth markets supported by our strategic focus on AI from the edge to data center, our partnerships with tier-one customers that enable broader coverage and greater value creation, our globalization strategy combining global scale with local execution, our market-driven technology and R&D capabilities with a proven track record, our AI-powered and data-driven intelligent manufacturing processes, our proven playbook for strategic M&A and step-change growth, and our visionary management team with a global perspective.

## **OUR GROWTH STRATEGIES**

We will pursue the following strategies to drive further growth including staying close to customer demand and accelerating time to market, expanding regionalized capacity to serve a dynamic global market, pursuing strategic M&A supported by integration capabilities and industry insight, continuing to invest in technology R&D and intelligent manufacturing to scale AI-driven operations, and strengthening our global talent pipeline through the attraction, development and integration of talent.

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### COMPETITION

According to CIC, the markets in which we operate in are highly competitive, especially for PCB, precision component and optoelectronic display. To maintain and grow our business, we must continue to meet our customers’ requirements and deliver differentiated, high-performance products that meet their evolving needs. If we are unable to keep pace with such advancements or fail to differentiate our products in terms of quality or cost, we risk losing market share to our competitors.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of financial data from our consolidated financial information during the Track Record Period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements as set out in the Accountants’ Report in Appendix IA and IB to this Document, including the related notes. Our consolidated financial information was prepared in accordance with the IFRS Accounting Standards.

#### Results of Operations

|                                                          | Year Ended December 31,                       |              |                   |              |                   |              |
|----------------------------------------------------------|-----------------------------------------------|--------------|-------------------|--------------|-------------------|--------------|
|                                                          | 2023                                          |              | 2024              |              | 2025              |              |
|                                                          | <i>RMB</i>                                    | <i>%</i>     | <i>RMB</i>        | <i>%</i>     | <i>RMB</i>        | <i>%</i>     |
|                                                          | <i>(in thousands, except for percentages)</i> |              |                   |              |                   |              |
| <b>Revenue</b> .....                                     | <b>33,651,205</b>                             | <b>100.0</b> | <b>36,770,374</b> | <b>100.0</b> | <b>40,124,859</b> | <b>100.0</b> |
| Cost of sales .....                                      | (28,970,998)                                  | (86.1)       | (32,553,696)      | (88.5)       | (35,160,571)      | (87.6)       |
| <b>Gross profit</b> .....                                | <b>4,680,207</b>                              | <b>13.9</b>  | <b>4,216,678</b>  | <b>11.5</b>  | <b>4,964,288</b>  | <b>12.4</b>  |
| General and administrative expenses .....                | (1,124,729)                                   | (3.3)        | (1,312,533)       | (3.6)        | (1,562,557)       | (3.9)        |
| Selling and marketing expenses .....                     | (362,094)                                     | (1.1)        | (454,018)         | (1.2)        | (445,146)         | (1.1)        |
| Research and development expenses .....                  | (1,161,190)                                   | (3.5)        | (1,266,813)       | (3.4)        | (1,417,227)       | (3.5)        |
| Net impairment losses on financial assets .....          | (39,437)                                      | (0.1)        | (44,110)          | (0.1)        | (63,743)          | (0.2)        |
| Other income .....                                       | 249,882                                       | 0.7          | 523,256           | 1.4          | 362,768           | 0.9          |
| Other gains, net .....                                   | 243,190                                       | 0.7          | 8,479             | 0.0          | 76,346            | 0.2          |
| <b>Operating profit</b> .....                            | <b>2,485,829</b>                              | <b>7.4</b>   | <b>1,670,939</b>  | <b>4.5</b>   | <b>1,914,729</b>  | <b>4.8</b>   |
| Finance income .....                                     | 225,594                                       | 0.7          | 243,072           | 0.7          | 200,834           | 0.5          |
| Finance costs .....                                      | (500,195)                                     | (1.5)        | (445,902)         | (1.2)        | (424,225)         | (1.1)        |
| Finance costs, net .....                                 | (274,601)                                     | (0.8)        | (202,830)         | (0.6)        | (223,391)         | (0.6)        |
| Share of net losses of investments in associates .....   | (10,821)                                      | 0.0          | (398)             | 0.0          | (922)             | 0.0          |
| Impairment provision for investments in associates ..... | (9,319)                                       | 0.0          | –                 | –            | 0.0               | 0.0          |
| <b>Profit before income tax</b> .....                    | <b>2,191,088</b>                              | <b>6.5</b>   | <b>1,467,711</b>  | <b>4.0</b>   | <b>1,690,416</b>  | <b>4.2</b>   |
| Income tax expense .....                                 | (226,038)                                     | (0.7)        | (382,651)         | (1.0)        | (297,449)         | (0.7)        |
| <b>Profit for the year</b> .....                         | <b>1,965,050</b>                              | <b>5.8</b>   | <b>1,085,060</b>  | <b>3.0</b>   | <b>1,392,967</b>  | <b>3.5</b>   |

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### Revenue

During the Track Record Period, we generated revenue from the following operating segments: (i) electronic circuits (PCBs), including FPCs, RPCBs and Rigid-Flexes; (ii) precision components, including automotive components and telecommunications equipment components; (iii) touch panels and LCMs, including touch panels and LCD and OLED modules; (iv) optical transceiver, including data center transceiver and telecommunications transceiver and (v) others, which primarily include the sales of LED display products, raw and scrap materials and other ancillary businesses.

|                                                  | Year Ended December 31,                       |              |                   |              |                   |              |
|--------------------------------------------------|-----------------------------------------------|--------------|-------------------|--------------|-------------------|--------------|
|                                                  | 2023                                          |              | 2024              |              | 2025              |              |
|                                                  | RMB                                           | %            | RMB               | %            | RMB               | %            |
|                                                  | <i>(in thousands, except for percentages)</i> |              |                   |              |                   |              |
| Electronic circuits (PCBs) . . . . .             | 23,261,396                                    | 69.1         | 24,800,814        | 67.4         | 25,620,293        | 63.9         |
| FPC . . . . .                                    | 20,103,622                                    | 59.7         | 21,589,392        | 58.7         | 21,875,481        | 54.5         |
| RPCB . . . . .                                   | 2,845,766                                     | 8.5          | 2,842,974         | 7.7          | 3,228,771         | 8.0          |
| Rigid-Flex . . . . .                             | 312,008                                       | 0.9          | 368,448           | 1.0          | 516,041           | 1.4          |
| Precision components . . . . .                   | 4,162,217                                     | 12.4         | 4,540,319         | 12.3         | 5,930,242         | 14.8         |
| Automotive component . . . . .                   | 2,942,208                                     | 8.7          | 3,289,989         | 8.9          | 5,166,701         | 12.9         |
| Telecommunications equipment component . . . . . | 1,220,009                                     | 3.7          | 1,250,330         | 3.4          | 763,541           | 1.9          |
| Touch panels and LCMs . . . . .                  | 4,861,904                                     | 14.4         | 6,369,925         | 17.3         | 5,985,629         | 14.9         |
| Touch panel . . . . .                            | 1,646,294                                     | 4.8          | 2,211,679         | 6.0          | 2,445,030         | 6.1          |
| LCD & OLED module . . . . .                      | 3,215,610                                     | 9.6          | 4,158,246         | 11.3         | 3,540,599         | 8.8          |
| Optical transceiver <sup>(1)</sup> . . . . .     | –                                             | –            | –                 | –            | 1,435,535         | 3.6          |
| Data center transceiver . . . . .                | –                                             | –            | –                 | –            | 1,207,623         | 3.0          |
| Telecommunications transceiver . . . . .         | –                                             | –            | –                 | –            | 227,912           | 0.6          |
| Others . . . . .                                 | 1,365,688                                     | 4.1          | 1,059,316         | 3.0          | 1,153,160         | 2.8          |
| <b>Total</b> . . . . .                           | <b>33,651,205</b>                             | <b>100.0</b> | <b>36,770,374</b> | <b>100.0</b> | <b>40,124,859</b> | <b>100.0</b> |

Note:

(1) Revenue of the optical transceiver operating segment for 2025 represents the period from October 1, 2025 to December 31, 2025, as Source Photonics was consolidated into our financial statements in October, 2025.

During the Track Record Period, electronic circuits were our largest revenue contributor. As we continue to capitalize on our unique capability in providing PCBs for end-to-cloud AI applications from data centers to the edge, we expect the sales of PCBs will continue to grow and remain a key revenue contributor. We also provide precision components, touch panels and LCMs and optical transceiver to address customers’ diverse needs and have maintained strong relationships with our key customers.

### By geographical location – incorporation place of customers\*

|                                                                                           | Year Ended December 31,                       |              |                   |              |                   |              |
|-------------------------------------------------------------------------------------------|-----------------------------------------------|--------------|-------------------|--------------|-------------------|--------------|
|                                                                                           | 2023                                          |              | 2024              |              | 2025              |              |
|                                                                                           | RMB                                           | %            | RMB               | %            | RMB               | %            |
|                                                                                           | <i>(in thousands, except for percentages)</i> |              |                   |              |                   |              |
| <b>Chinese Mainland (excluding special supervision territory<sup>(1)</sup>)</b> . . . . . | <b>5,649,268</b>                              | <b>16.8</b>  | <b>6,187,309</b>  | <b>16.8</b>  | <b>7,459,673</b>  | <b>18.6</b>  |
| <b>Outside Chinese Mainland</b> . . . . .                                                 | <b>28,001,937</b>                             | <b>83.2</b>  | <b>30,583,065</b> | <b>83.2</b>  | <b>32,665,186</b> | <b>81.4</b>  |
| Hong Kong, Macao and Taiwan . . . . .                                                     | 2,454,995                                     | 7.3          | 2,789,416         | 7.6          | 3,429,841         | 8.5          |
| United States . . . . .                                                                   | 19,333,742                                    | 57.5         | 18,953,041        | 51.5         | 20,386,493        | 50.8         |
| Special supervision territory in China . . . . .                                          | 1,388,763                                     | 4.1          | 1,683,218         | 4.6          | 1,061,763         | 2.6          |
| Japan . . . . .                                                                           | 2,534,156                                     | 7.5          | 3,283,851         | 8.9          | 2,853,017         | 7.1          |
| Other countries in Asia . . . . .                                                         | 949,949                                       | 2.8          | 1,295,425         | 3.5          | 1,701,994         | 4.2          |
| Europe and Others . . . . .                                                               | 1,340,332                                     | 4.0          | 2,578,114         | 7.1          | 3,232,078         | 8.1          |
| <b>Total</b> . . . . .                                                                    | <b>33,651,205</b>                             | <b>100.0</b> | <b>36,770,374</b> | <b>100.0</b> | <b>40,124,859</b> | <b>100.0</b> |

Note:

\* Information about our revenue from customers is presented based on customers’ place of incorporation

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- (1) Special supervision territory in China refers to a specific geographical area in China, including geographically enclosed areas such as bonded zones and free trade zone. To arrange sales to the Special Supervision Territory lies in leveraging the territory’s preferential customs and tax policies, while the territory is carved out from China for separate disclosure due to its distinct regulatory framework and customs clearance rules that differ from those applicable to other regions of China.

### By geographical location – place of shipments

|                                                                           | Year ended December 31,                       |              |                   |              |                   |              |
|---------------------------------------------------------------------------|-----------------------------------------------|--------------|-------------------|--------------|-------------------|--------------|
|                                                                           | 2023                                          |              | 2024              |              | 2025              |              |
|                                                                           | RMB                                           | %            | RMB               | %            | RMB               | %            |
|                                                                           | <i>(in thousands, except for percentages)</i> |              |                   |              |                   |              |
| <b>Chinese Mainland (excluding special supervision territory)</b> . . . . | 5,704,619                                     | 17.0         | 6,078,549         | 16.5         | 7,443,932         | 18.6         |
| <b>Outside Chinese Mainland<sup>(1)</sup></b> . . . . .                   | 27,946,586                                    | 83.0         | 30,691,825        | 83.5         | 32,680,927        | 81.4         |
| Special supervision territory in China . . . . .                          | 20,064,192                                    | 59.6         | 21,029,810        | 57.2         | 20,129,223        | 50.2         |
| United States . . . . .                                                   | 2,069,909                                     | 6.1          | 2,842,678         | 7.7          | 3,348,867         | 8.3          |
| Hong Kong, Macao and Taiwan . . . . .                                     | 861,552                                       | 2.6          | 1,107,378         | 3.0          | 1,095,205         | 2.7          |
| India . . . . .                                                           | 1,314,755                                     | 3.9          | 1,608,610         | 4.4          | 876,385           | 2.2          |
| Vietnam . . . . .                                                         | 606,782                                       | 1.8          | 1,216,162         | 3.3          | 2,444,661         | 6.1          |
| Other countries in Asia . . . . .                                         | 1,205,350                                     | 3.6          | 1,151,312         | 3.2          | 1,250,750         | 3.1          |
| Europe and others . . . . .                                               | 1,824,046                                     | 5.4          | 1,735,875         | 4.7          | 3,535,836         | 8.8          |
| <b>Total</b> . . . . .                                                    | <b>33,651,205</b>                             | <b>100.0</b> | <b>36,770,374</b> | <b>100.0</b> | <b>40,124,859</b> | <b>100.0</b> |

Note:

- (1) Special supervision territory in China refers to a specific geographical area in China, including geographically enclosed areas such as bonded zones and free trade zone. To arrange sales to the Special Supervision Territory lies in leveraging the territory’s preferential customs and tax policies, while the territory is carved out from China for separate disclosure due to its distinct regulatory framework and customs clearance rules that differ from those applicable to other regions of China.

During the Track Record Period, a majority of our revenue was from customers outside the Chinese mainland. As we continue to serve a global customer base, we expect sales to customers outside the Chinese mainland remain a key revenue contributor going forward.

### Sales Volume and Average Selling Prices

|                                                  | Year Ended December 31,                       |                                      |                             |                                      |                             |                                      |
|--------------------------------------------------|-----------------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|
|                                                  | 2023                                          |                                      | 2024                        |                                      | 2025                        |                                      |
|                                                  | Sales volume <sup>(1)</sup>                   | Average selling price <sup>(2)</sup> | Sales volume <sup>(1)</sup> | Average selling price <sup>(2)</sup> | Sales volume <sup>(1)</sup> | Average selling price <sup>(2)</sup> |
|                                                  | <i>(RMB / ('000 sq. m./unit) sq. m./unit)</i> |                                      |                             |                                      |                             |                                      |
| Electronic circuits (PCBs) . . . . .             | 3,978.9                                       | 5,846.1                              | 5,544.3                     | 4,473.2                              | 6,693.5                     | 3,827.6                              |
| FPC . . . . .                                    | 2,877.3                                       | 6,987.0                              | 4,314.1                     | 5,004.4                              | 5,128.8                     | 4,265.2                              |
| RPCB . . . . .                                   | 1,032.9                                       | 2,755.1                              | 1,163.9                     | 2,442.6                              | 1,481.4                     | 2,179.5                              |
| Rigid-Flex . . . . .                             | 68.7                                          | 4,537.6                              | 66.3                        | 5,553.9                              | 83.3                        | 6,195.0                              |
| Precision components . . . . .                   | 106,339.8                                     | 39.1                                 | 142,829.0                   | 31.8                                 | 183,720.2                   | 32.3                                 |
| Automotive component . . . . .                   | 101,821.9                                     | 28.9                                 | 137,125.2                   | 24.0                                 | 180,230.0                   | 28.7                                 |
| Telecommunications equipment component . . . . . | 4,517.9                                       | 270.0                                | 5,703.8                     | 219.2                                | 3,490.2                     | 218.8                                |
| Touch panels and LCMs . . . . .                  | 26,663.7                                      | 182.3                                | 31,785.4                    | 200.4                                | 27,445.6                    | 218.1                                |
| Touch panel . . . . .                            | 4,110.4                                       | 400.5                                | 4,877.8                     | 453.4                                | 5,395.2                     | 453.2                                |
| LCD & OLED module . . . . .                      | 22,553.3                                      | 142.6                                | 26,907.6                    | 154.5                                | 22,050.4                    | 160.6                                |
| Optical transceiver <sup>(3)</sup> . . . . .     | –                                             | –                                    | –                           | –                                    | 2,793.3                     | 513.9                                |
| Data center transceiver . . . . .                | –                                             | –                                    | –                           | –                                    | 896.8                       | 1,346.6                              |
| Telecommunications transceiver . . . . .         | –                                             | –                                    | –                           | –                                    | 1,896.5                     | 120.2                                |

Note:

- (1) Sales volume are measured using the following units for each product category: electronic circuit products are measured by the aggregate area of specific product types in square meters (m<sup>2</sup>), representing the total area of PCBs produced; precision component, touch panel and LCM and optical transceiver products are measured in units, representing the total number of finished components or assemblies.

## SUMMARY

- (2) Average selling price is calculated by dividing the revenue in a given product category by the corresponding sales volume.  
(3) Sales volume and average selling prices of the optical transceiver operating segment for 2025 represents the period from October 1, 2025 to December 31, 2025, as Source Photonics was consolidated into our financial statements in October, 2025.

The sales volume of electronic circuits increased throughout the Track Record Period, mainly driven by the strong downstream demand in consumer and automotive electronics. The sales volume of precision components increased throughout the Track Record Period, mainly attributable to increased orders and capacity expansion, as well as a broader product portfolio, for automotive components.

During the Track Record Period, the average selling prices of our products fluctuated primarily in response to product mix adjustments, market demand dynamics and customer specification requirements. Our average selling prices for electronic circuits (PCBs) were RMB5,846.1, RMB4,473.2 and RMB3,827.6 per square meter in 2023, 2024 and 2025, respectively. Our average selling prices for precision components were RMB39.1, RMB31.8 and RMB32.3 per unit for the corresponding years. Our average selling prices for optoelectronic display products were RMB182.3, RMB200.4 and RMB218.1 per unit for the corresponding years. The changes in average selling prices were primarily attributable to shifts in market demand and changes in product mix.

For detailed analysis on our results of operations, please see “Financial Information — Period-to-Period Comparison of Results of Operations.”

### Cost of Sales

Our cost of sales primarily consists of (i) raw materials costs, (ii) labor costs and (iii) depreciation and amortization. During the Track Record Period, our cost structure remained stable, with raw material costs constituting the largest component.

|                               | Year Ended December 31,                       |              |                   |              |                   |              |
|-------------------------------|-----------------------------------------------|--------------|-------------------|--------------|-------------------|--------------|
|                               | 2023                                          |              | 2024              |              | 2025              |              |
|                               | <i>RMB</i>                                    | <i>%</i>     | <i>RMB</i>        | <i>%</i>     | <i>RMB</i>        | <i>%</i>     |
|                               | <i>(in thousands, except for percentages)</i> |              |                   |              |                   |              |
| Raw material costs            | 22,000,279                                    | 75.9         | 24,609,326        | 75.6         | 26,073,628        | 74.2         |
| Labor costs                   | 2,781,864                                     | 9.6          | 3,066,899         | 9.4          | 3,699,332         | 10.5         |
| Depreciation and amortization | 1,464,854                                     | 5.1          | 1,750,630         | 5.4          | 2,216,798         | 6.3          |
| Utility costs                 | 430,961                                       | 1.5          | 447,675           | 1.4          | 541,117           | 1.5          |
| Others                        | 2,293,040                                     | 7.9          | 2,679,166         | 8.2          | 2,629,696         | 7.5          |
| <b>Total</b>                  | <b>28,970,998</b>                             | <b>100.0</b> | <b>32,553,696</b> | <b>100.0</b> | <b>35,160,571</b> | <b>100.0</b> |

### Gross Profit and Gross Profit Margin

#### *By product category*

|                                        | Year Ended December 31,                       |                            |                     |                            |                     |                            |
|----------------------------------------|-----------------------------------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
|                                        | 2023                                          |                            | 2024                |                            | 2025                |                            |
|                                        | <b>Gross Profit</b>                           | <b>Gross Profit Margin</b> | <b>Gross Profit</b> | <b>Gross Profit Margin</b> | <b>Gross Profit</b> | <b>Gross Profit Margin</b> |
|                                        | <i>(in thousands, except for percentages)</i> |                            |                     |                            |                     |                            |
| Electronic circuits (PCBs)             | 4,715,951                                     | 20.3                       | 4,440,360           | 17.9                       | 4,268,623           | 16.7                       |
| FPC                                    | 4,079,160                                     | 20.3                       | 3,830,957           | 17.7                       | 3,536,560           | 16.2                       |
| RPCB                                   | 565,371                                       | 19.9                       | 520,832             | 18.3                       | 592,636             | 18.4                       |
| Rigid-Flex                             | 71,420                                        | 22.9                       | 88,571              | 24.0                       | 139,427             | 27.0                       |
| Precision components                   | 394,086                                       | 9.5                        | 482,259             | 10.6                       | 435,758             | 7.3                        |
| Automotive component                   | 322,405                                       | 11.0                       | 451,520             | 13.7                       | 489,108             | 9.5                        |
| Telecommunications equipment component | 71,681                                        | 5.9                        | 30,739              | 2.5                        | (53,350)            | (7.0)                      |

## SUMMARY

|                                               | Year Ended December 31, |                     |                         |                     |                         |                     |
|-----------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                               | 2023                    |                     | 2024                    |                     | 2025                    |                     |
|                                               | Gross Profit            | Gross Profit Margin | Gross Profit            | Gross Profit Margin | Gross Profit            | Gross Profit Margin |
|                                               | RMB                     | %                   | RMB                     | %                   | RMB                     | %                   |
| <i>(in thousands, except for percentages)</i> |                         |                     |                         |                     |                         |                     |
| Touch panels and LCMs                         | (116,538)               | (2.4)               | 143,094                 | 2.2                 | 271,913                 | 4.5                 |
| Touch panel                                   | (130,853)               | (7.9)               | 53,957                  | 2.4                 | 86,979                  | 3.6                 |
| LCD & OLED module                             | 14,315                  | 0.4                 | 89,137                  | 2.1                 | 184,934                 | 5.2                 |
| Optical transceiver <sup>(2)</sup>            | –                       | –                   | –                       | –                   | 527,621                 | 36.8                |
| Data center transceiver                       | –                       | –                   | –                       | –                   | 476,617                 | 39.5                |
| Telecommunications transceiver                | –                       | –                   | –                       | –                   | 51,004                  | 22.4                |
| Others                                        | (313,292)               | (22.9)              | (849,035)               | (80.1)              | (539,627)               | (46.8)              |
| <b>Total/Overall<sup>(1)</sup></b>            | <b><u>4,680,207</u></b> | <b><u>13.9</u></b>  | <b><u>4,216,678</u></b> | <b><u>11.5</u></b>  | <b><u>4,964,288</u></b> | <b><u>12.4</u></b>  |

Notes:

- (1) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.
- (2) Gross profit and gross profit margin of the optical transceiver operating segment for 2025 represents the period from October 1, 2025 to December 31, 2025, as Source Photonics was consolidated into our financial statements in October, 2025.

Our gross profit and gross profit margin increased from 2024 to 2025, primarily due to increases in revenue from acquisition of Source Photonics and sales of RPCBs and Rigid-Flexes and margin improvement in touch panels and LCMs. Our gross profit and gross profit margin decreased from 2023 to 2024, primarily due to lower gross profit in telecommunications equipment components and higher losses in others that mainly attributable to LED display products.

For certain years during the Track Record Period, we experienced a decrease in gross profit and gross profit margin, in our FPC products and incurred a gross loss in the touch panels and LCMs segments. Our gross profit and gross profit margin from the sale of FPCs declined from 2023 to 2024, mainly attributable to yield variability and increased manufacturing costs associated with the ramp-up of new consumer electronics products. Our gross losses recorded in 2023 in the touch panels and LCMs segment were mainly driven by the gross losses in touch panels in 2023 due to significant price declines amid industry-wide destocking driven by weaker demand in consumer electronics and lower capacity utilization, which increased fixed costs per unit.

As a result of the cumulative effects of the changes in our revenue, cost of sales and various expenses, our profit for the year decreased by 44.8% from RMB1,965.1 million in 2023 to RMB1,085.1 million in 2024. Our profit for the year increased by 28.4% from RMB1,085.1 million in 2024 to RMB1,393.0 million in 2025. For detailed analysis on our results of operations, please see “Financial Information — Period-to-Period Comparison of Results of Operations.”

### Summary of consolidated statements of financial position

|                               | As of December 31, |                   |                   | As of March 31,    |
|-------------------------------|--------------------|-------------------|-------------------|--------------------|
|                               | 2023               | 2024              | 2025              | 2026               |
| <i>(in RMB thousands)</i>     |                    |                   |                   | <i>(unaudited)</i> |
| Total non-current assets      | 21,363,009         | 22,895,957        | 31,623,021        | 32,375,968         |
| Total current assets          | 22,445,744         | 22,677,792        | 28,627,517        | 30,760,977         |
| Total current liabilities     | 18,027,212         | 19,118,077        | 28,452,678        | 28,238,904         |
| Total non-current liabilities | 7,591,184          | 7,569,569         | 10,096,021        | 12,005,391         |
| Net current assets            | <u>4,418,532</u>   | <u>3,559,715</u>  | <u>174,839</u>    | <u>2,522,073</u>   |
| Net assets                    | <u>18,190,357</u>  | <u>18,886,103</u> | <u>21,701,839</u> | <u>22,892,650</u>  |

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## SUMMARY

|                                                    | As of December 31,        |                          |                          | As of March 31,          |
|----------------------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------|
|                                                    | 2023                      | 2024                     | 2025                     | 2026                     |
|                                                    | <i>(in RMB thousands)</i> |                          |                          | <i>(unaudited)</i>       |
| <b>Equity attributable to owner of the Company</b> |                           |                          |                          |                          |
| Share capital                                      | 1,709,867                 | 1,705,914                | 1,831,608                | 1,831,608                |
| Treasury shares                                    | (125,907)                 | (74,992)                 | (175,076)                | (125,085)                |
| Other reserves                                     | 7,533,971                 | 7,907,421                | 9,266,211                | 9,282,879                |
| Retained earnings                                  | 9,025,096                 | 9,288,044                | 10,538,406               | 11,669,995               |
| Non-controlling interests                          | 47,330                    | 59,716                   | 240,690                  | 233,253                  |
| <b>Total equity</b>                                | <b><u>18,190,357</u></b>  | <b><u>18,886,103</u></b> | <b><u>21,701,839</u></b> | <b><u>22,892,650</u></b> |

Our net current assets decreased from RMB4,418.5 million as of December 31, 2023 to RMB3,559.7 million as of December 31, 2024, primarily due to an increase in trade and notes payables, partially offset by a decrease in borrowings and an increase in other current assets. Our net current assets decreased from RMB3,559.7 million as of December 31, 2024 to RMB174.8 million as of December 31, 2025, primarily due to an increase in trade and an increase in notes payables and accruals and other payables, partially offset by an increase in inventories and an increase in trade and notes receivables, arising from the acquisition of Source Photonics and GMD. See “Financial Information — Liquidity and Capital Resources — Indebtedness” for further details.

Our net assets increased to RMB18,190.4 million as of December 31, 2023, primarily due to our profit for the year of RMB1,965.1 million in 2023, partially offset by our dividends paid of RMB187.4 million. Our net assets further increased to RMB18,886.1 million as of December 31, 2024, primarily due to our profit for the year of RMB1,085.1 million in 2024, partially offset by our dividends paid of RMB425.3 million and repurchase of shares of RMB25.0 million. Our net assets further increased to RMB21,701.8 million as of December 31, 2025, primarily due to our net profit for the year of RMB1,393.0 million in 2025, partially offset by our dividend paid of RMB118.8 million and repurchase of shares of RMB100.1 million. For further details, see “Consolidated Statements of Changes in Equity” in “Appendix IA — Accountants’ Report of the Group.”

See “Consolidated Statements of Financial Position” in “Appendix IA — Accountants’ Report of the Group.”

### Summary of consolidated statements of cash flows

|                                                               | Year Ended December 31,   |                         |                         |
|---------------------------------------------------------------|---------------------------|-------------------------|-------------------------|
|                                                               | 2023                      | 2024                    | 2025                    |
|                                                               | <i>(in RMB thousands)</i> |                         |                         |
| <b>Cash flows from operating activities</b>                   |                           |                         |                         |
| Cash generated from operations                                | 5,077,989                 | 4,979,671               | 4,968,075               |
| Interest received                                             | 210,139                   | 243,072                 | 200,834                 |
| Income tax paid                                               | (247,460)                 | (244,094)               | (266,579)               |
| <b>Net cash generated from operating activities</b>           | <b><u>5,040,668</u></b>   | <b><u>4,978,649</u></b> | <b><u>4,902,330</u></b> |
| Net cash used in investing activities                         | (4,707,153)               | (4,086,316)             | (7,878,380)             |
| Net cash generated from/(used in) financing activities        | (242,546)                 | (1,319,368)             | 3,749,395               |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b><u>90,969</u></b>      | <b><u>(427,035)</u></b> | <b><u>773,345</u></b>   |
| Cash and cash equivalents at beginning of the year            | 5,457,027                 | 5,644,487               | 5,343,600               |
| Effects of exchange rate changes on cash and cash equivalents | 96,491                    | 126,148                 | (12,222)                |
| <b>Cash and cash equivalents at end of the year</b>           | <b><u>5,644,487</u></b>   | <b><u>5,343,600</u></b> | <b><u>6,104,723</u></b> |

## **SUMMARY**

In 2023, 2024 and 2025, we recorded net cash from operating activities of RMB5,040.7 million, RMB4,978.6 million and RMB4,902.3 million, respectively, primarily due to the profits we generated in each of the respective years.

In 2025, we had net cash generated from operations of RMB4,902.3 million. This was primarily attributable to our profit before income tax of RMB1,690.4 million, adjusted for items mainly including (i) non-operating and non-cash items, primarily comprising (a) depreciation and amortization of non-current assets of RMB2,519.4 million, (b) impairment provision for inventories of RMB580.7 million and (c) net foreign exchange gains of RMB27.4 million, and (ii) changes in working capital, primarily comprising (a) a decrease in receivables of RMB3,142.8 million, (b) an increase in payables of RMB3,540.7 million and (c) an increase in inventories of RMB504.5 million.

In 2024, we had net cash generated from operating activities of RMB4,978.6 million. This was primarily attributable to our profit before income tax of RMB1,467.7 million, adjusted for items mainly including (i) non-operating and non-cash items, primarily comprising (a) depreciation and amortization of non-current assets of RMB2,558.7 million, (b) impairment provision for inventories of RMB454.7 million and (c) net foreign exchange gains of RMB294.7 million, and (ii) changes in working capital, primarily comprising (a) an increase in receivables of RMB446.0 million, (b) an increase in inventories of RMB463.4 million and (c) an increase in payables of RMB706.3 million.

In 2023, we had net cash generated from operating activities of RMB5,040.7 million. This was primarily attributable to our profit before income tax of RMB2,191.1 million, adjusted for items mainly including (i) non-operating and non-cash items, primarily comprising (a) depreciation and amortization of non-current assets of RMB2,249.4 million, (b) finance cost of RMB464.9 million and (c) net foreign exchange gains of RMB129.9 million and (ii) changes in working capital, primarily comprising (a) an increase in payables of RMB401.5 million, (b) a decrease in receivables of RMB268.3 million and (c) an increase in inventories of RMB528.2 million.

See “Financial Information — Liquidity and Capital Resources — Cash Flows.”

### **Summary of Financial Information of Source Photonics**

This historical financial information contained and discussed in “Financial Information” presents the historical information of Source Photonics the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025.

### **Selected Results of Operations**

|                                         | <b>Year ended December 31,</b> |             | <b>Nine months ended<br/>September 30,</b> |             |
|-----------------------------------------|--------------------------------|-------------|--------------------------------------------|-------------|
|                                         | <b>2023</b>                    | <b>2024</b> | <b>2024</b>                                | <b>2025</b> |
|                                         | <i>(in RMB thousands)</i>      |             |                                            |             |
|                                         | <i>(unaudited)</i>             |             |                                            |             |
| Revenue .....                           | 1,305,145                      | 2,945,332   | 1,890,076                                  | 3,627,515   |
| Gross profit .....                      | 248,399                        | 879,083     | 489,090                                    | 1,009,834   |
| Profit/(loss) before income tax .....   | (85,951)                       | 1,133,222   | 914,301                                    | 560,795     |
| Profit/(loss) for the year/period ..... | (90,369)                       | 1,050,454   | 880,309                                    | 475,256     |

For detailed analysis on Source Photonics’ results of operations, please see “Financial Information of Source Photonics — Period-to-Period Comparison of Results of Operations.”

## SUMMARY

### Certain consolidated statement of financial position

|                                               | <u>As of December 31,</u> |                         | <u>As of</u>            |
|-----------------------------------------------|---------------------------|-------------------------|-------------------------|
|                                               | <u>2023</u>               | <u>2024</u>             | <u>September 30,</u>    |
|                                               | <u>2025</u>               |                         |                         |
|                                               | <i>(in RMB thousands)</i> |                         |                         |
| Total non-current assets .....                | 861,206                   | 985,918                 | 1,306,706               |
| Total current assets .....                    | 1,420,964                 | 2,115,063               | 3,062,902               |
| <b>Total assets .....</b>                     | <b><u>2,282,170</u></b>   | <b><u>3,100,981</u></b> | <b><u>4,369,608</u></b> |
| Total current liabilities .....               | 4,137,541                 | 1,979,412               | 2,317,532               |
| Total non-current liabilities .....           | 166,234                   | 138,322                 | 571,615                 |
| <b>Total liabilities .....</b>                | <b><u>4,303,775</u></b>   | <b><u>2,117,734</u></b> | <b><u>2,889,147</u></b> |
| <b>Net current (liabilities)/assets .....</b> | <b><u>(2,716,577)</u></b> | <b><u>135,651</u></b>   | <b><u>745,370</u></b>   |
| <b>Total equity .....</b>                     | <b><u>(2,021,605)</u></b> | <b><u>983,247</u></b>   | <b><u>1,480,461</u></b> |

Source Photonics’ net current liabilities increased from RMB2,716.6 million as of December 31, 2023 to net current assets of RMB135.7 million as of December 31, 2024, primarily due to a decrease in financial liabilities at fair value through profit or loss. Source Photonics’ net current assets increased from RMB135.7 million as of December 31, 2024 to RMB745.4 million as of September 30, 2025, primarily due to an increase in inventories and trade receivables and a decrease in convertible bond, partially offset by an increase in trade payables and borrowings.

Source Photonics’ net assets decreased to RMB(2,021.6) million as of December 31, 2023, primarily due to the loss for the year of RMB90.4 million in 2023, partially offset by share-based compensation expenses of RMB26.5 million. Source Photonics’ net assets increased to RMB983.2 million as of December 31, 2024, primarily due to the profit for the year of RMB1,050.5 million in 2024, partially offset by other comprehensive loss of RMB50.5 million. Source Photonics’ net assets increased to RMB1,480.5 million as of September 30, 2025, primarily due to the profit for the period of RMB475.3 million and other comprehensive income of RMB40.1 million in the nine months ended September 30, 2025.

See “Consolidated Statements of Financial Position” in “Appendix IB — Accountants’ Report of the Source Photonics Group.”

### Summary of consolidated statements of cash flows

|                                                                  | <u>Year Ended</u>         |                       | <u>Nine Months Ended</u> |                       |
|------------------------------------------------------------------|---------------------------|-----------------------|--------------------------|-----------------------|
|                                                                  | <u>December 31,</u>       | <u>December 31,</u>   | <u>September 30,</u>     | <u>September 30,</u>  |
|                                                                  | <u>2023</u>               | <u>2024</u>           | <u>2024</u>              | <u>2025</u>           |
|                                                                  | <i>(in RMB thousands)</i> |                       |                          |                       |
|                                                                  | <i>(unaudited)</i>        |                       |                          |                       |
| Net cash generated from operating activities .....               | 77,784                    | 318,836               | 189,723                  | 409,154               |
| Net cash used in investing activities .....                      | (186,335)                 | (195,376)             | (110,182)                | (400,188)             |
| Net cash generated from/(used in) financing activities .....     | 195,015                   | (111,579)             | (145,057)                | 43,847                |
| Net increase in cash and cash equivalents .....                  | 86,464                    | 11,881                | (65,516)                 | 52,813                |
| Cash and cash equivalents at beginning of year .....             | 186,812                   | 213,914               | 213,914                  | 252,047               |
| Effect of foreign exchange rate changes .....                    | (59,362)                  | 26,252                | (6,747)                  | (29,129)              |
| <b>Cash and cash equivalents at the end of year/period .....</b> | <b><u>213,914</u></b>     | <b><u>252,047</u></b> | <b><u>141,651</u></b>    | <b><u>275,731</u></b> |

## **SUMMARY**

In 2023, 2024 and the nine months ended September 30, 2025, Source Photonics recorded net cash from operating activities of RMB77.8 million, RMB318.8 million and RMB409.2 million, respectively, primarily due to the profits we generated in each of the respective periods.

For the nine months ended September 30, 2025, Source Photonics had net cash generated from operating activities of RMB409.2 million, primarily comprising of Source Photonics’ profit before income tax of RMB560.8 million, adjusted for non-operating and non-cash items mainly including (i) depreciation and amortization of non-current assets of RMB119.4 million, (ii) finance costs of RMB26.9 million, partially offset by (iii) net foreign exchange losses of RMB9.9 million. This amount was further affected by changes in working capital, including (i) an increase in inventories of RMB397.1 million and (ii) an increase in receivables of RMB557.6 million, partially offset by an increase in payables of RMB598.9 million.

In 2024, Source Photonics had net cash generated from operating activities of RMB318.8 million, primarily comprising of Source Photonics’ profit before income tax of RMB1,133.2 million, adjusted for non-operating and non-cash items mainly including (i) depreciation and amortization of non-current assets of RMB115.1 million, (ii) finance costs of RMB28.4 million, partially offset by (iii) net foreign exchange gains of RMB20.6 million. This amount was further affected by changes in working capital, including (i) an increase in payables of RMB431.1 million, partially offset by (ii) an increase in receivables of RMB414.2 million and (iii) an increase in inventories of RMB329.1 million.

In 2023, Source Photonics had net cash generated from operating activities of RMB77.8 million, primarily comprising of Source Photonics’ loss before income tax of RMB86.0 million, adjusted for non-operating and non-cash items mainly including (i) depreciation and amortization of non-current assets of RMB106.3 million, (ii) finance costs of RMB52.9 million, partially offset by (iii) net foreign exchange gains of RMB18.8 million. The amount was further affected by changes in working capital, including (i) an increase in payables of RMB142.6 million, partially offset by (ii) an increase in receivables of RMB94.1 million and (iii) an increase in inventories of RMB114.1 million.

See “Financial Information of Source Photonics — Cash Flows.”

### **KEY FINANCIAL RATIOS**

|                                        | <b>Year Ended/As of December 31,</b> |             |             |
|----------------------------------------|--------------------------------------|-------------|-------------|
|                                        | <b>2023</b>                          | <b>2024</b> | <b>2025</b> |
|                                        | %                                    | %           | %           |
| Gross margin <sup>(1)</sup> .....      | 13.9                                 | 11.5        | 12.4        |
| Net profit margin <sup>(2)</sup> ..... | 5.8                                  | 3.0         | 3.5         |
| Debt ratio <sup>(3)</sup> .....        | 58.5                                 | 58.6        | 64.0        |

*Notes:*

- (1) Gross margin was calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.
- (2) Net profit margin was calculated as net profit for the year divided by revenue for the corresponding year and multiplied by 100%.
- (3) Debt ratio was total liabilities divided by total assets as of the relevant date and multiplied by 100%.

### **RELATIONSHIP WITH OUR LARGEST GROUP OF SHAREHOLDERS**

As of the Latest Practicable Date, the equity interest of our Company was controlled directly as to approximately 16.53% by Mr. Yuan Yonggang (袁永剛), approximately 13.51% by Mr. Yuan Yongfeng (袁永峰, the elder brother of Mr. Yuan Yonggang) and approximately 3.21% by Mr. Yuan Fugen (袁富根, the father of Mr. Yuan Yonggang and Mr. Yuan Yongfeng), which were collectively entitled to exercise approximately 33.26% of the voting rights at general meetings of the Company as of the Latest Practicable Date.

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## SUMMARY

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Accordingly, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Yuan Yonggang, Mr. Yuan Yongfeng and Mr. Yuan Fugen will control in aggregate approximately [REDACTED]% of the total issued share capital of our Company. As such, Mr. Yuan Yonggang, Mr. Yuan Yongfeng and Mr. Yuan Fugen will together constitute the Largest Group of Shareholders upon [REDACTED] under the Listing Rules. For more details, see “Relationship with Our Largest Group of Shareholders.”

### RISK FACTORS

We face risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of risks, you should read the “Risk Factors” section in its entirety before you decide to invest in our [REDACTED]. Some of the major risks that we face include: (i) our future growth depends on maintaining and building relationships with customers and developing products that meet their evolving needs; (ii) if we fail to develop new or enhanced products on a timely basis, our ability to attract and retain customers could be impaired, and our competitive position could be harmed; (iii) if our production capacity fails to meet customer demand, or if our capacity expansion plans are delayed or unsuccessful, our business, financial condition and results of operations could be materially and adversely affected; (iv) we generate the majority of our revenue from a limited number of key customers; (v) we are exposed to risks associated with our global operations and will continue to be subject to such risks as we continue to expand our business overseas; and (vi) we may fail to effectively integrate acquisition targets into our Company’s operations and culture and realize expected benefits from our acquisitions, which could have an adverse effect on our financial condition and results of operations.

### LISTING ON THE MAIN BOARD OF THE SHENZHEN STOCK EXCHANGE

In April 2010, the A Shares of the Company were listed on the main board of the Shenzhen Stock Exchange (stock code: 002384.SZ) (the “A-Share Listing”). The Company offered a total of 40,000,000 A Shares under the A-Share Listing, representing 25% of the Company’s enlarged share capital immediately following the completion of the A-Share Listing.

### FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the midpoint of the range of the [REDACTED] stated in this document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expense paid and payable by us in connection with the [REDACTED] (assuming the [REDACTED] Option is not exercised). In line with our strategies, we intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used to construct new facilities and upgrade our existing production facilities and line.
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used for potential strategic investments or acquisitions to strengthen our technological leadership and leading market position in our core businesses. We may selectively pursue equity investments or acquisitions across the value chain in the PCB, precision manufacturing and optical transceiver industries, focusing on targets with strong technical moats, clear product-market fit and demonstrable customer demand that supports cross-selling.
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used for repayment of a portion of our existing indebtedness.

## SUMMARY

- Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

### [REDACTED] STATISTICS

|                                                                                                  | Based on an [REDACTED]<br>Price of<br>HK\$[REDACTED] per<br>H Share | Based on an [REDACTED]<br>Price of<br>HK\$[REDACTED] per<br>H Share |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| [REDACTED] of our H Shares <sup>(1)(2)</sup> .....                                               | HK\$[REDACTED]                                                      | HK\$[REDACTED]                                                      |
| [REDACTED] of our Shares upon the completion of the<br>[REDACTED] <sup>(1)(3)</sup> .....        | HK\$[REDACTED]                                                      | HK\$[REDACTED]                                                      |
| Unaudited [REDACTED] adjusted consolidated net tangible<br>assets per Share <sup>(4)</sup> ..... | HK\$[REDACTED]                                                      | HK\$[REDACTED]                                                      |

*Notes:*

- All statistics in the table are based on the assumption that the [REDACTED] is not exercised.
- The calculation of [REDACTED] is based on the assumption that [REDACTED] H Shares expected to be in issue immediately after completion of the [REDACTED].
- The calculation of [REDACTED] is based on the assumption that [REDACTED] H Shares will be in issue immediately after completion of the [REDACTED] and [REDACTED] A Shares will be in issue immediately after completion of the [REDACTED] with an average closing price of RMB[REDACTED] for the five business days immediately preceding the Latest Practicable Date (assuming the [REDACTED] is not exercised).
- The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed “Appendix II – Unaudited [REDACTED] Financial Information” in this document.

### [REDACTED]

Our [REDACTED] are estimated to be approximately HK\$[REDACTED] (including [REDACTED]), accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the Offer Price range stated in this document, and no exercise of the [REDACTED]). Among our [REDACTED], approximately HK\$[REDACTED] million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK\$[REDACTED] has been or will be charged to our consolidated statements of profit or loss and other comprehensive income of which HK\$[1.2] million has been charged to our consolidated statements of profit or loss and other comprehensive income during the Track Record Period. The [REDACTED] we expect to incur would consist of approximately HK\$[REDACTED] related expenses and fees (including but not limited to [REDACTED] and fees), approximately HK\$[REDACTED] fees of the Joint Sponsors, legal advisors and reporting accountant and approximately HK\$[REDACTED] for other [REDACTED] fees and expenses.

### DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 – 上市公司現金分紅(2025年修訂)》), and the Articles of Association, we are required to pay cash dividends of no less than 10% of the distributable profits recorded in the fiscal year.

During the Track Record Period, we declared dividends as follows:

|                                                 | For the Year Ended<br>December 31, |         |         |
|-------------------------------------------------|------------------------------------|---------|---------|
|                                                 | 2023                               | 2024    | 2025    |
|                                                 | <i>(in RMB thousands)</i>          |         |         |
| <b>Dividends attributable to the year</b> ..... | 187,313                            | 425,319 | 118,795 |

**THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.**

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## **SUMMARY**

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Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

### **NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS**

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix IA and IB to this document.