

## **FINANCIAL INFORMATION**

*You should note that the Source Photonics began consolidating its results into our consolidated financial statements from October 2025. As a result, the historical operating results and financial condition of our Group for the years ended December 31, 2023 and 2024 do not reflect the financial information of Source Photonics, while those for the year ended December 31, 2025 reflect the financial information of Source Photonics only for the period from October 2025 onwards. Please see “History, Development and Corporate Structure” for more information on the acquisition of Source Photonics. To follow applicable regulations and disclosure requirements and for the purpose of presenting necessary key data to assess the financial impacts of the Source Photonics, this document includes the audited historical financial information of Source Photonics for the years ended December 31, 2023, 2024 and nine months ended September 30, 2025, and unaudited historical financial information of Source Photonics for the nine months ended September 30, 2024 (see “Appendix IB— Accountants’ Report of the Source Photonics Group”) and the discussion and analysis on the historical financial information of Source Photonics for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2024 and 2025 in this section.*

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in Appendix IA, and IB to this document. Our consolidated financial statements have been prepared in accordance with IFRS.*

*The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Forward-Looking Statements” and elsewhere in this document.*

*For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refer to the years ended December 31, 2023, 2024 and 2025, respectively.*

### **OVERVIEW**

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, precision components, touch panels and LCMs, and optical transceivers that we design, manufacture and sell across the globe.

During the Track Record Period, we generated revenue from five operating segments, including electronic circuits (PCBs), precision components, touch panels and LCMs, optical transceivers and others. 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.

In 2023, 2024 and 2025, our revenue amounted to RMB33,651.2 million, RMB36,770.4 million and RMB40,124.9 million, respectively. In 2023, 2024 and 2025, our profit for the year amounted to RMB1,965.1 million, RMB1,085.1 million and RMB1,393.0 million, respectively.

### **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business, results of operations and financial condition are affected by a number of general factors influencing the overall performance of the industry where we operate. These factors include macroeconomic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations.

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### End-Market Dynamics and Product Applications

Our products are used in a broad range of end applications, including AI computing, consumer electronics, automotive, telecommunications and other industrial applications. Demand for our products stems from the performance of these markets for these applications and the commercial success of our customers’ products. These markets are highly competitive, evolve rapidly and are influenced by changes in the macroeconomic environment and end users’ preferences, which could impact our business and results of operations.

Ongoing innovation in these end products increases the technical requirements for our PCBs, precision components, touch panels and LCMs and optical transceivers. For example, the growing popularity of edge AI devices and ultra-slim or foldable smartphones is driving greater demand for high-density and thin FPCs with tighter routing and higher process precision. Meanwhile, the rise of AI computing has created a significant demand for RPCBs supporting high-speed, low-latency data transmission. Similar trends in automotive and telecommunications equipment require components with stricter reliability, signal integrity and thermal performance standards. In response, we have developed advanced FPCs, high-layer-count PCBs, high-build-up HDIs and other products to meet these needs and invested in product development and process upgrades to address these requirements. However, the timing and pace of customer end product ramps may materially affect our revenue and margins.

Our performance is also sensitive to broader macroeconomic conditions. Changes in regional and global economic conditions and consumer spending could affect the demand for consumer electronics and automobiles, which would in turn impact the sales of our PCBs, precision components, touch panels and LCMs and optical transceivers. Data center spending is also influenced by cloud and hyper-scale capital expenditure cycles, and telecommunications demand depends on carrier rollout plans and, in some cases, regulatory or policy factors. The pace and trajectory of these cycles could significantly impact our operating results.

### Product Mix

Our revenue and profitability are affected by the mix of products we sell across various applications. We currently offer (i) PCBs, including FPC, RPCB and Rigid-Flex, (ii) precision components, including automotive components and telecommunications equipment components, (iii) touch panels and LCMs, including touch panels and LCD and OLED modules and (iv) optical transceivers, including data center transceivers and telecommunications transceivers. Our product mix changes over time with market conditions, customer preferences and technology developments in end products that incorporate our products.

These categories carry different selling prices and margin profiles, reflecting variations in technical complexity, production processes, customer specifications, competitive intensity, raw material exposure and product positioning. For example, in 2025, our PCB products recorded a gross margin of 16.7% and Source Photonics’ data center transceivers recorded a gross margin of 39.5%, while our touch panel and LCM products recorded a gross margin of 4.5% in the same year, which is below our overall gross margin due to stronger pricing pressure in the end markets. Furthermore, different products within the same category may have different selling prices and profit margins as well. In 2025, within precision components, our automotive components recorded a gross margin of 9.5%, while our telecommunications equipment components recorded a gross loss margin of 7.0% in the same year. In addition, the gross profit margin of optical transceivers increased from 29.8% for the nine months ended September 30, 2025 to 36.8% for the fourth quarter of 2025, primarily due to a shift in product mix toward higher-end products. As a result, the mix of our products sold in a given year significantly impacts our financial condition and profitability.

We aim to optimize our product mix toward higher-margin, value-added offerings. As we strengthen relationships with existing customers and solidify our position in target markets, we seek to increase the

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proportion of higher-margin products supplied to them. As such, our ability to effectively manage our product portfolio, respond to changing customer requirements or appropriately price our products is expected to continue to impact our profitability.

### **Customer Base**

We serve the AI computing, consumer electronics, automotive and telecommunications markets through our PCBs, precision components, touch panels and LCMs and optical transceivers, where rapid product cycles require customers to launch or upgrade offerings quickly. These industries are characterized by intense competition and sometimes price reduction pressures in recent years. Consequently, our customers are under constant pressure to introduce new products at competitive prices. This trend requires us to continuously upgrade our production processes to support our customers' evolving specifications and our ability to consistently deliver high-quality products on schedule directly affects our success in deepening existing relationships and securing design-ins for subsequent collaborations.

Moreover, the global production of PCBs, precision components, touch panels and LCMs is concentrated in China, but an increasing number of manufacturers are establishing facilities outside of China to enhance supply chain resilience and meet localization requirements. In order to maintain and grow our business, we plan to continue meeting the delivery and localization requirements of leading global customers as we plan new production lines and facilities worldwide.

In addition to strengthening relationships with existing customers, our performance also depends on our ability to win new customers. We seek to expand our customer base by offering solutions tailored to customized technical requirements across our product lines and by demonstrating reliable execution through qualification and ramp-up. Our ability to attract new customers is influenced by our technical capabilities, pricing and service levels, our marketing activities and the broader competitive dynamics of the global PCB, precision manufacturing, optoelectronic display and optical transceiver markets.

### **Raw Material and Supply Chain Volatility**

Our results of operations are affected by the availability and pricing of key raw materials, such as copper foil, high-grade aluminum alloys and copper alloys, which together account for a significant portion of our product costs. At the same time, each product category relies on different raw materials and therefore has a different raw material cost structure. For example, in 2023, 2024 and 2025, direct raw material costs represented approximately 56.4%, 56.0% and 56.0% of our revenue for PCBs, respectively; in contrast, for the same year, direct raw material costs represented approximately 84.0%, 81.5% and 82.2% of our revenue for touch panels and LCMs. As a result, these differences in cost structure also affect the margin profile of different products. Our selling prices do not always follow raw material costs or on the same timeline, which can also lead to fluctuations in margins and results.

The prices and supply of these materials are closely linked to international commodity markets and global supply and demand. If we encounter tight supply or sharp price increases and cannot offset them through technological improvements, process efficiencies, procurement initiatives or timely price adjustments, we may experience supply constraints or margin compression. While we seek to mitigate these risks through multi-sourcing, longer term supply arrangements, inventory planning and commodity hedging, sustained volatility could negatively impact our production efficiency, profitability and overall financial performance.

### **Research and Development Capabilities**

Research and development are critical to our long-term competitiveness and sustainable growth. We work closely with customers to co-develop products tailored to their requirements and the competitive market dynamic drives our customers, and by extension, us, to continuously enhance our research and

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development capabilities to deliver innovative products that meet their ever-changing requirements. Therefore, the ability to meet these needs depends on developing and the research, development and implementation of new technologies. We have been investing and expect to continue investing, in R&D. In 2023, 2024 and 2025, our R&D expenses were RMB1,161.2 million, RMB1,266.8 million and RMB1,417.2 million, representing 3.5%, 3.4% and 3.5% of total revenue for the same years, respectively.

Our R&D efforts are aligned with strategic priorities to reinforce our market position in advanced PCB technologies, with a focus on emerging industries and high-growth applications such as AI servers, data centers, optical transceivers, automotive and telecommunications. R&D outcomes affect our business in multiple ways, including whether we can maintain and deepen relationships with existing customers and win new customers, whether we can broaden our portfolio of products and services and whether we can improve production efficiency through process optimization and greater automation. R&D timing and commercialization outcomes can also affect margins and cash flows as yield and cycle-time improvements may be realized over time.

### **Foreign Exchange Fluctuations**

Our reporting currency is the RMB. However, a substantial portion of our sales are quoted in USD, and a portion of our procurement is also settled in USD. Certain subsidiaries of ours also conduct transactions in foreign currencies and have cash and bank balances, trade receivables, other receivables, trade payables, other payables and borrowings denominated in foreign currencies, exposing us primarily to USD exchange rate risk. As such, the USD to RMB exchange rate not only has an impact on our revenues but also our profit margins.

In 2023, 2024 and 2025, we recorded financial assets denominated in USD of RMB10,111.6 million, RMB9,886.0 million and RMB8,658.3 million, respectively. During the same years, we recorded financial liabilities denominated in USD of RMB3,650.1 million, RMB3,308.4 million and RMB3,288.2 million, respectively. As a result, changes in exchange rates also have an impact on our consolidated financial information through both realized and unrealized gains or losses.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. In 2023 and 2024, we recorded net foreign exchange gain of RMB129.9 million and RMB294.7 million. In 2025, we recorded net foreign losses of RMB27.4 million. See Note 3.1(a) to “Appendix IA — Accountants’ Report of the Group” for further details regarding the carrying amounts of our monetary assets and liabilities denominated in foreign currencies and the effect of foreign currency fluctuations on our results of operations.

### **THE ACQUISITION OF SOURCE PHOTONICS HOLDINGS (CAYMAN) LIMITED**

We began consolidating Source Photonics’ results into our consolidated financial statements from October 2025. For details of the transaction, see “History, Development and Corporate Structure.”

### **BASIS OF PRESENTATION**

Our and Source Photonics’ historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through

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profit or loss and financial assets measured at other comprehensive income. See Note 2 to “Appendix IA — Accountants’ Report of the Group,” and “Appendix IB — Accountants’ Report of the Source Photonics Group” for further details.

To comply with the requirements of Rules 4.04 and 4.05A of the Listing Rules, as well as to present material information necessary for investors to assess our business, this document includes (i) audited historical financial information of the Group for the years ended December 31, 2023, 2024, and 2025 (see “Appendix IA — Accountants’ Report of the Group”); (ii) audited historical financial information of Source Photonics for the years ended December 31, 2023 and 2024 and nine months ended September 30, 2025, and unaudited historical financial information of Source Photonics for the nine months ended September 30, 2024 (see “Appendix IB — Accountants’ Report of the Source Photonics Group”); (iii) a discussion and analysis of the historical financial information of Source Photonics for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2025 (see “— Financial Information of Source Photonics”).

### MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Notes 4 “Appendix IA — Accountants’ Report of the Group” and “Appendix IB — Accountants’ Report of the Source Photonics Group” to this document sets forth critical accounting estimates and key judgments, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

#### *Impairment Tests for Goodwill*

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amounts of goodwill allocated to the cash generating units or group of cash generating units (“CGU” or “CGUs”) are as follows:

	<b>Opening</b>	<b>Addition</b>	<b>Impairment</b>	<b>Closing</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended December 31, 2023				
MFLEX <sup>(i)</sup> . . . . .	1,770,753	—	—	1,770,753
Multek <sup>(ii)</sup> . . . . .	179,329	—	—	179,329
Mutto Optronics <sup>(iii)</sup> . . . . .	115,725	—	(29,243)	86,482
Suzhou RF <sup>(iv)</sup> . . . . .	126,133	—	—	126,133
	<b>2,191,940</b>	<b>—</b>	<b>(29,243)</b>	<b>2,162,697</b>

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	<u>Opening</u>	<u>Addition</u>	<u>Impairment</u>	<u>Closing</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2024				
MFLEX .....	1,770,753	–	–	1,770,753
Multek .....	179,329	–	–	179,329
Mutto Optronics .....	86,482	–	(48,393)	38,089
Suzhou RF .....	126,133	–	(36,830)	89,303
	<u>2,162,697</u>	<u>–</u>	<u>(85,223)</u>	<u>2,077,474</u>
Year ended December 31, 2025				
MFLEX .....	1,770,753	–	–	1,770,753
Multek .....	179,329	–	–	179,329
Mutto Optronics .....	38,089	–	(38,089)	–
Suzhou RF .....	89,303	–	(69,156)	20,147
Source Photonics <sup>(v)</sup> .....	–	2,799,029	–	2,799,029
	<u>2,077,474</u>	<u>2,799,029</u>	<u>(107,245)</u>	<u>4,769,258</u>

- (i) The goodwill is generated from business combination of MFLEX Delaware, Inc (“MFLEX”). Management regards MFLEX as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (ii) The goodwill is generated from business combination of Multek Hong Kong Limited (“Multek”). Management regards Multek as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (iii) The goodwill is generated from business combination of Mutto Optronics Technology Co., Ltd. (“Mutto Optronics”). Management regards Mutto Optronics as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (iv) The goodwill is generated from business combination of Suzhou RF Top Electric Communications Co., Ltd (“Suzhou RF”). Management regards Suzhou RF as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (v) The goodwill is generated from business combination of Source Photonics Holdings (Cayman) Limited (“Source Photonics”). Management regards Source Photonics as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

The following table sets out the key assumptions for these CGUs that have goodwill allocated to them, where the group used five-year period as the projection period for the cash flow forecast.

Year ended December 31, 2023

	<u>MFLEX</u>	<u>Multek</u>	<u>Mutto Optronics</u>	<u>Suzhou RF</u>
Revenue annual growth rates .....			1.50%	
	0.10% to 1.19%	-0.76% to 4.06%	to 8.73%	-1.34% to 24.14%
Operating profit margin .....			6.42%	
	16.19% to 17.30%	16.49% to 17.45%	to 7.12%	18.00% to 24.69%
Perpetual annual growth rates .....	0.00%	0.00%	0.00%	0.00%
Pre-tax discount rates .....	11.68%	10.99%	10.84%	12.46%

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	<u>MFLEX</u>	<u>Multek</u>	<u>Mutto Optronics</u>	<u>Suzhou RF</u>	
Year ended December 31, 2024					
Revenue annual growth rates . . . . .	0.13% to 1.00%	0.99% to 2.09%	-19.66% to 2%	-1.34% to 27.80%	
Operating profit margin . . . . .	16.23% to 17.57%	17.22% to 18.00%	7.38% to 7.62%	7.54% to 19.23%	
Perpetual annual growth rates . . . . .	0.00%	0.00%	0.00%	0.00%	
Pre-tax discount rates . . . . .	13.83%	11.55%	9.49%	12.40%	
Year ended December 31, 2025					
	<u>MFLEX</u>	<u>Multek</u>	<u>Mutto Optronics</u>	<u>Suzhou RF</u>	<u>Source Photonics</u>
Revenue annual growth rates . . . . .	0.00% to 0.40%	0.32% to 7.73%	6.00% to 6.00%	5.03% to 71.83%	1.85% to 16.03%
Operating profit margin . . . . .	9.24% to 10.44%	9.74% to 11.63%	5.51% to 7.02%	12.79% to 17.48%	26.02% to 28.39%
Perpetual annual growth rates . . . . .	0.00	0.00%	0.00%	0.00%	0.00%
Pre-tax discount rates . . . . .	12.73%	12.50%	9.30%	14.20%	16.70%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Operating profit margin	Based on past performance and management’s expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

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### 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	–	–	–	–
<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>

### PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, we generated revenue from the following operating segments:

- Electronic circuits (PCBs), including FPCs, RPCBs and Rigid-Flexes;
- Precision components, including automotive components and telecommunications equipment components;
- Touch panels and LCMs, including touch panels and LCD and OLED modules;
- Optical transceiver, including data center transceiver and telecommunications transceiver; and
- Others, which primarily include the sales of LED display products, raw and scrap materials and other ancillary businesses.

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	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

- (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.

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### *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)<sup>(1)</sup></b>	5,704,619	17.0	6,078,549	16.5	7,443,932	18.6
<b>Outside Chinese Mainland</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>(’000 sq. m./unit)</i>	<i>(RMB / sq. m./unit)</i>	<i>(’000 sq. m./unit)</i>	<i>(RMB / sq. m./unit)</i>	<i>(’000 sq. m./unit)</i>	<i>(RMB / 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

Notes:

- (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.
- (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.

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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.

### 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	
	RMB	%	RMB	%	RMB	%
	<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	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<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)
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>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>

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 with higher gross margins and margin improvement in touch panels and LCMs.

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Our gross profit and gross profit margin decreased from 2023 to 2024, primarily due to a decline in gross profit from electronic circuits, mainly driven by higher manufacturing costs associated with the ramp-up of certain new product types and higher raw material prices, as well as higher losses in others that mainly attributable to LED display products.

### General and Administrative Expenses

Our administrative expenses primarily include (i) employee benefit expenses, including salaries and other compensations for personnel engaging in the general and administrative function, (ii) tax and surcharges, (iii) depreciation and amortization and (iv) office expenses and business development fees.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses	467,680	41.6	588,115	44.8	687,298	44.0
Depreciation and amortization	162,587	14.5	169,669	12.9	173,484	11.1
Consulting services fee <sup>(1)</sup>	79,811	7.1	79,760	6.1	161,221	10.3
Office expenses and business development fees	154,297	13.7	158,947	12.1	168,427	10.8
Tax and surcharges	168,404	15.0	202,082	15.4	149,466	9.6
Auditor’s services	2,264	0.2	2,264	0.2	2,264	0.1
Others	89,686	8.0	111,696	8.5	220,397	14.1
<b>Total</b>	<b>1,124,729</b>	<b>100.0</b>	<b>1,312,533</b>	<b>100.0</b>	<b>1,562,557</b>	<b>100.0</b>
<i>as % of total revenue</i>		3.3		3.6		3.9

Note:

(1) Consulting services fees mainly include fees paid to third-party professional service providers in connection with our corporate and administrative matters.

### Selling and Marketing Expenses

Our selling and marketing expenses primarily include (i) employee benefit expenses, including salaries and other compensations for personnel engaging in the sales and marketing function, (ii) sales service fees and (iii) travel and business development expenses. Our sales service fees increased from 2023 to 2024, primarily due to higher sample-related costs incurred in providing products to customers for evaluation and testing.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses	203,488	56.2	237,489	52.3	245,857	55.2
Sales service fees <sup>(1)</sup>	63,214	17.5	109,217	24.1	93,859	21.1
Travel and business development expenses	35,608	9.8	43,647	9.6	45,210	10.2
Export charges	17,421	4.8	18,462	4.1	15,160	3.4
Depreciation and amortization	3,075	0.8	3,849	0.8	4,570	1.0
Others	39,288	10.9	41,354	9.1	40,490	9.1
<b>Total</b>	<b>362,094</b>	<b>100.0</b>	<b>454,018</b>	<b>100.0</b>	<b>445,146</b>	<b>100.0</b>
<i>as % of total revenue</i>		1.1		1.2		1.1

Notes:

(1) Sales service fees mainly include expenses incurred to promote our product sales.

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### Research and Development Expenses

Our research and development expenses primarily comprise (i) employee benefit expenses, including salaries and other compensations for personnel engaging in the research and development function and (ii) raw material costs.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses .....	499,167	43.0	510,712	40.3	630,024	44.5
Raw material costs .....	476,991	41.1	548,168	43.3	557,090	39.3
Depreciation and amortization .....	86,545	7.5	98,436	7.8	124,534	8.8
Others .....	98,487	8.4	109,497	8.6	105,579	7.5
<b>Total</b> .....	<b>1,161,190</b>	<b>100.0</b>	<b>1,266,813</b>	<b>100.0</b>	<b>1,417,227</b>	<b>100.0</b>
<i>as % of total revenue</i> .....		3.5		3.4		3.5

### Net Impairment Losses on Financial Assets

Our impairment losses under expected credit loss model, net of reversal, represent net impairment losses recognized on trade receivables, notes receivables and other receivables. In 2023, 2024 and 2025, our provision of impairment loss amounted to RMB39.4 million, RMB44.1 million and RMB63.7 million, respectively.

### Other Income

Our other income consists of (i) government grants, (ii) additional deduction for VAT and tax refund and (iii) others. The Group’s government grants mainly comprise (i) asset-related grants, primarily local investment-incentive subsidies and (ii) income-related grants, primarily one-off policy incentive subsidies such as for technical upgrades and local economic contributions.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Government grants .....	236,941	94.8	489,587	93.6	359,263	99.0
Additional deduction for VAT and tax refund .....	11,138	4.5	32,688	6.2	1,399	0.4
Others .....	1,803	0.7	981	0.2	2,106	0.6
<b>Total</b> .....	<b>249,882</b>	<b>100.0</b>	<b>523,256</b>	<b>100.0</b>	<b>362,768</b>	<b>100.0</b>
<i>as % of total revenue</i> .....		0.7		1.4		0.9

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### Other Gains, Net

Our other gains primarily consist of (i) net gains/(losses) on disposal and holding of financial instruments, (ii) net fair value losses on financial assets and liabilities at FVTPL, (iii) net foreign exchange differences and (iv) net losses on disposal of property, plant and equipment and other long-term assets.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Net gains/(losses) on disposal and holding of financial instruments	14,979	6.2	4,232	49.9	(3,357)	(4.4)
Net fair value gains/(losses) on financial assets and liabilities at FVTPL	(9,741)	(4.0)	(17,898)	(211.0)	62,022	81.2
Net foreign exchange differences	129,905	53.4	294,655	3,475.1	(27,373)	(35.9)
Net losses on disposal of property, plant and equipment and other long-term assets	(26,368)	(10.8)	(243,093)	(2,867.0)	(379,287)	(496.7)
Net losses on disposal of subsidiaries and associates	–	–	(25,868)	(305.1)	(5,003)	(6.6)
Gains on business combination	134,813	55.4	–	–	470,698	616.5
Others	(398)	(0.2)	(3,549)	(41.9)	(41,354)	(54.1)
<b>Total</b>	<b>243,190</b>	<b>100.0</b>	<b>8,479</b>	<b>100.0</b>	<b>76,346</b>	<b>100.0</b>
<i>as % of total revenue</i>		<i>0.7</i>		<i>0.0</i>		<i>0.2</i>

### Finance Costs, Net

Our finance cost, net primarily consists of (i) interest expenses on borrowings, (ii) interest expenses on lease liabilities and (iii) net exchange losses on foreign currency borrowings. Our finance income primarily derives from interest income from financial assets held for cash management purposes.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
<b>Finance Income</b>						
Interest income from financial assets held for cash management purposes	225,594	82.2	243,072	119.8	200,834	89.9
<b>Finance Cost</b>						
Interest expenses on lease liabilities	93,255	(34.0)	69,674	(34.4)	111,289	(49.8)
Interest expenses on borrowings	370,434	(134.9)	392,560	(193.5)	336,332	(150.6)
Net exchange losses/(gains) on foreign currency borrowings	36,506	(13.3)	7,676	(3.8)	(19,251)	8.6
Less: capitalized finance costs	–	–	24,008	11.8	4,145	1.9
<b>Finance costs total</b>	<b>500,195</b>	<b>(182.2)</b>	<b>445,902</b>	<b>(219.8)</b>	<b>424,225</b>	<b>(189.9)</b>
<b>Finance costs, net</b>	<b>274,601</b>	<b>(100.0)</b>	<b>202,830</b>	<b>(100.0)</b>	<b>223,391</b>	<b>(100.0)</b>
<i>as % of total revenue</i>		<i>0.8</i>		<i>0.6</i>		<i>0.6</i>

### Income Tax Expense

Our income tax expenses comprise current tax and deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Company are domiciled and operate. Entities established in the PRC were subject to the PRC corporate income tax rate of 25% during the Track Record Period. Certain subsidiaries of ours have obtained High and New Technology Enterprises certification and thus they are entitled to a preferential corporate income tax rate of 15% for certain years during the Track Record Period. The provision for Hong Kong Profits Tax for the Track Record Period was calculated at 16.5% of the estimated assessable profits for the periods. The provision for Singapore Profits Tax for the Track Record Period was calculated at 17.0% of the estimated

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assessable profits for the periods; a certain subsidiary of ours in Singapore is eligible for concessionary corporate income tax rate under the Development and Expansion Incentive administered by Singapore’s Economic Development Board. France profits tax has been provided for at the rate of 25.825% on the estimated assessable profits for the two months during the November 1, 2025 to December 31, 2025. See Note 12 to “Appendix IA — Accountants’ Report of the Group” for tax rates in other jurisdictions in which we operate.

We recorded income tax expenses of RMB226.0 million, RMB382.7 million and RMB297.4 million in 2023, 2024 and 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

### PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

##### *Revenue*

	<u>Year Ended December 31,</u>		
	<u>2024</u>	<u>2025</u>	<u>% Change</u>
	<i>(in RMB thousands, except for percentages)</i>		
Electronic circuits (PCBs) . . . . .	24,800,814	25,620,293	3.3
FPC . . . . .	21,589,392	21,875,481	1.3
RPCB . . . . .	2,842,974	3,228,771	13.6
Rigid-Flex . . . . .	368,448	516,041	40.1
Precision components . . . . .	4,540,319	5,930,242	30.6
Automotive component . . . . .	3,289,989	5,166,701	57.0
Telecommunications equipment component . . . . .	1,250,330	763,541	(38.9)
Touch panels and LCMs . . . . .	6,369,925	5,985,629	(6.0)
Touch panel . . . . .	2,211,679	2,445,030	10.6
LCD & OLED module . . . . .	4,158,246	3,540,599	(14.9)
Optical transceiver . . . . .	—	1,435,535	N/A
Data center transceiver . . . . .	—	1,207,623	N/A
Telecommunications transceiver . . . . .	—	227,912	N/A
Others* . . . . .	1,059,316	1,153,160	8.9
<b>Total . . . . .</b>	<b><u>36,770,374</u></b>	<b><u>40,124,859</u></b>	<b>9.1</b>

*Note:*

\* Mainly attributable to the sales of LED display products, raw and scrap materials and other ancillary businesses.

\* “N/A” indicates not applicable, as Source Photonics was consolidated into the Group since October 1, 2025.

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### *Sales Volume and Average Selling Price*

	Year Ended December 31,			
	2024		2025	
	Sales volume (’000 sq. m./unit)	Average selling price (RMB / sq. m./unit)	Sales volume (’000 sq. m./unit)	Average selling price (RMB / sq. m./unit)
Electronic circuits (PCBs) . . . .	5,544.3	4,473.2	6,693.5	3,827.6
FPC . . . . .	4,314.1	5,004.4	5,128.8	4,265.2
RPCB . . . . .	1,163.9	2,442.6	1,481.4	2,179.5
Rigid-Flex . . . . .	66.3	5,553.9	83.3	6,195.0
Precision components . . . . .	142,829.0	31.8	183,720.2	32.3
Automotive component . . . .	137,125.2	24.0	180,230.0	28.7
Telecommunications equipment component . . . . .	5,703.8	219.2	3,490.2	218.8
Touch panels and LCMs . . . . .	31,785.4	200.4	27,445.6	218.1
Touch panel . . . . .	4,877.8	453.4	5,395.2	453.2
LCD & OLED module . . . . .	26,907.6	154.5	22,050.4	160.6
Optical transceiver . . . . .	N/A	N/A	2,793.3	513.9
Data center transceiver . . . .	N/A	N/A	896.8	1,346.6
Telecommunications transceiver . . . . .	N/A	N/A	1,896.5	120.2

*Note:*

\* “N/A” indicates not applicable, as Source Photonics was consolidated into the Group since October 1, 2025.

### *Electronic Circuits (PCBs)*

Our electronic circuit revenue increased by 3.3% from RMB24,800.8 million in 2024 to RMB25,620.3 million in 2025, mainly due to increases in revenue from the sales of RPCBs and Rigid-Flexes attributable to strong downstream demand.

#### FPC

Our revenue from the sales of FPCs increased by 1.3% from RMB21,589.4 million in 2024 to RMB21,875.5 million in 2025, primarily due to an increase in sales volume from 4,314.1 thousand square meters in 2024 to 5,128.8 thousand square meters in 2025, driven by strong demand in automotive and consumer electronics. The effect of such increase was partially offset by a decrease in average selling price from RMB5,004.4 per square meter in 2024 to RMB4,265.2 per square meter in 2025, primarily attributable to increased orders for automotive products, which generally have lower unit prices due to fewer components per unit and lower circuit density per unit area, as well as adjustments in product specifications in response to our customers’ needs in consumer electronics.

#### RPCB

Our revenue from the sales of RPCBs increased by 13.6% from RMB2,843.0 million in 2024 to RMB3,228.8 million in 2025, primarily due to an increase in sales volume from 1,163.9 thousand square meters in 2024 to 1,481.4 thousand square meters in 2025, driven by increased customer demand in AI computing and consumer electronics sectors. The effect of such increase was partially offset by a decrease in average selling price from RMB2,442.6 per square meter in 2024 to RMB2,179.5 per square meter in 2025, driven by overall market price reductions.

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### Rigid-Flex

Our revenue from the sales of Rigid-Flexes increased by 40.1% from RMB368.4 million in 2024 to RMB516.0 million in 2025, primarily due to an increase in sales volume from 66.3 thousand square meters in 2024 to 83.3 thousand square meters in 2025, driven by strong downstream demand from the consumer electronics as well as the increase in average selling price.

### Precision Components

Our precision components revenue increased by 30.6% from RMB4,540.3 million in 2024 to RMB5,930.2 million in 2025, primarily due to increases in revenue from the sales of automotive components driven by volume growth and the GMD acquisition, partially offset by lower sales of telecommunications equipment components as we scaled back this business.

### Automotive Component

Our revenue from the sales of automotive components increased by 57.0% from RMB3,290.0 million in 2024 to RMB5,166.7 million in 2025, primarily due to the GMD acquisition, which expanded into the European market and further strengthened our market position in the global automotive components sector and an increase in sales volume from 137.1 million units in 2024 to 180.2 million units in 2025.

### Telecommunications Equipment Component

Our revenue from the sales of telecommunications equipment components decreased by 38.9% from RMB1,250.3 million in 2024 to RMB763.5 million in 2025, primarily due to a decrease in sales volume from 5.7 million units in 2024 to 3.5 million units in 2025, primarily attributable to our strategic scaling back of the business driven by a slowdown in global 5G infrastructure investments due to supply chain considerations. The average selling price of our telecommunications equipment components remained relatively stable.

### Touch Panels and LCMs

Our touch panels and LCMs revenue decreased by 6.0% from RMB6,369.9 million in 2024 to RMB5,985.6 million in 2025, primarily due to a decrease in revenue from the sales of LCD & OLED modules driven by reduced overall volumes as we shifted focus toward higher-priced products, partially offset by an increase in revenue from the sales of touch panels driven by the recovery in consumer electronics demand.

### Touch Panel

Our revenue from the sales of touch panels increased by 10.6% from RMB2,211.7 million in 2024 to RMB2,445.0 million in 2025, primarily due to an increase in sales volume from 4.9 million units in 2024 to 5.4 million units in 2025, primarily driven by increasing penetration of touch-enabled laptops, which led to increased deliveries. The average selling price of our touch panel remained relatively stable.

### LCD & OLED Module

Our revenue from the sales of LCD & OLED modules decreased by 14.9% from RMB4,158.2 million in 2024 to RMB3,540.6 million in 2025, primarily due to a decrease in sales volume from 26.9 million units in 2024 to 22.1 million units in 2025, as we scaled back our small form factor display modules and shifted towards large form factor OLED modules. For the same reason, our average selling price increased from RMB154.5 per unit in 2024 to RMB160.6 per unit in 2025.

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### Others

Our revenue from sales of other products increased by 8.9% from RMB1,059.3 million in 2024 to RMB1,153.2 million in 2025, mainly attributable to higher sales of scrap materials as a result of increased overall production volumes.

### Cost of Sales

	Year ended December 31,		
	2024	2025	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Raw material costs	24,609,326	26,073,628	6.0
Labor costs	3,066,899	3,699,332	20.6
Depreciation and amortization	1,750,630	2,216,798	26.6
Utility costs	447,675	541,117	20.9
Others	2,679,166	2,629,696	(1.8)
<b>Total</b>	<b><u>32,553,696</u></b>	<b><u>35,160,571</u></b>	<b>8.0</b>
<i>as % of total revenue</i>	88.5	87.6	

Our cost of sales increased by 8.0% from RMB32,553.7 million in 2024 to RMB35,160.6 million in 2025, largely in line with our revenue growth. In particular, our depreciation and amortization costs increased by 26.6% primarily due to certain of our new production lines were in ramp-up stage.

### Gross Profit and Gross Profit Margin

	Year ended December 31,			
	2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Electronic circuits (PCBs)	4,440,360	17.9	4,268,623	16.7
FPC	3,830,957	17.7	3,536,560	16.2
RPCB	520,832	18.3	592,636	18.4
Rigid-Flex	88,571	24.0	139,427	27.0
Precision components	482,259	10.6	435,758	7.3
Automotive component	451,520	13.7	489,108	9.5
Telecommunications equipment component	30,739	2.5	(53,350)	(7.0)
Touch panels and LCMs	143,094	2.2	271,913	4.5
Touch panel	53,957	2.4	86,979	3.6
LCD & OLED module	89,137	2.1	184,934	5.2
Optical transceiver	–	–	527,621	36.8
Data center transceiver	–	–	476,617	39.5
Telecommunications transceiver	–	–	51,004	22.4
Others	(849,035)	(80.1)	(539,627)	(46.8)
<b>Total/Overall</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>

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### *Electronic Circuits (PCBs)*

Our electronic circuit gross profit decreased by 3.9% from RMB4,440.4 million in 2024 to RMB4,268.6 million in 2025, primarily due to a decrease in gross profit for FPC given change of product mix, partially offset by an increase in gross profit for RPCB and Rigid-Flex. The gross profit margin of our electronic circuits decreased from 17.9% in 2024 to 16.7% in 2025, primarily due to the decrease in gross profit margin from FPC.

#### FPC

Our gross profit from the sales of FPCs decreased by 7.7% from RMB3,831.0 million in 2024 to RMB3,536.6 million in 2025, primarily due to a decrease in gross profit margin from 17.7% in 2024 to 16.2% in 2025, mainly attributable to the change of product mix.

#### RPCB

Our gross profit from the sales of RPCBs increased by 13.8% from RMB520.8 million in 2024 to RMB592.6 million in 2025, primarily due to a 13.6% increase in revenue from sales of RPCBs driven by strong downstream demand. The gross profit margin of our RPCBs remained stable.

#### Rigid-Flex

Our gross profit from the sales of Rigid-Flexes increased by 57.4% from RMB88.6 million in 2024 to RMB139.4 million in the 2025, primarily due to (i) a 40.1% increase in revenue from sales of Rigid-Flexes and (ii) an increase in gross profit margin from 24.0% in 2024 to 27.0% in 2025, mainly attributable to higher capacity utilization.

### *Precision Components*

Our precision components gross profit decreased by 9.6% from RMB482.3 million in 2024 to RMB435.8 million in 2025, primarily due to a decrease in gross profit from telecommunications equipment components. The gross profit margin of our precision components decreased from 10.6% in 2024 to 7.3% in 2025, primarily due to lower capacity utilization.

#### Automotive Component

Our gross profit from the sales of automotive components increased by 8.3% from RMB451.5 million in 2024 to RMB489.1 million in 2025, primarily due to a 57.0% increase in revenue from sales of automotive components, partially offset by a decrease in gross profit margin from 13.7% in 2024 to 9.5% in 2025, mainly due to lower capacity utilization during the ramp-up phase following our capacity expansion.

#### Telecommunications Equipment Component

We recorded a gross profit from the sales of telecommunications equipment components of RMB30.7 million in 2024 and a gross loss of RMB53.4 million in 2025, primarily due to (i) a 38.9% decrease in revenue from sales of telecommunications equipment components and (ii) the swing from a gross profit margin of 2.5% in 2024 to a gross loss margin of 7.0% in 2025, mainly attributable to lower capacity utilization resulting from our strategic scaling back of the business.

### *Touch Panels and LCMs*

Our touch panels and LCMs gross profit increased by 90.0% from RMB143.1 million in 2024 to RMB271.9 million in 2025, primarily due to increases in gross profits from the sales of LCD & OLED modules. The gross profit margin of our touch panel and LCM products increased from 2.2% in 2024 to 4.5% in 2025, primarily due to an increase in gross profit margin in LCD & OLED modules.

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## FINANCIAL INFORMATION

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### Touch Panel

Our gross profit from the sales of the touch panels increased by 61.2% from RMB54.0 million in 2024 to RMB87.0 million in 2025, primarily due to (i) an increase in gross profit margin from 2.4% for 2024 to 3.6% for 2025, and (ii) a 10.6% increase in revenue from the sales of touch panels. These are the result of stronger demand of touch-enabled laptops, which drove higher sales volumes, improved capacity utilization and reduced unit costs.

### LCD & OLED Module

Our gross profit from the sales of LCD & OLED modules increased by 107.5% from RMB89.1 million in 2024 to RMB184.9 million in 2025, primarily due to an increase in gross profit margin from 2.1% in 2024 to 5.2% in 2025, as we scaled back our small form factor display modules and shifted towards large form factor OLED modules, partially offset by a 14.9% decrease in revenue from sales of LCD & OLED modules.

### *Others*

The gross loss from the sales of other products improved by 36.4% from a loss of RMB849.0 million in 2024 to a loss of RMB539.6 million in 2025, mainly attributable to an increase in the gross profit margin of the scrap material and a one-off write off in 2024.

### ***General and Administrative Expenses***

Our general and administrative expenses increased by 19.1% from RMB1,312.5 million in 2024 and RMB1,562.6 million in 2025, primarily due to (i) an increase of RMB99.2 million in employee benefit expenses, (ii) an increase of RMB81.5 million in consulting service fees and (iii) an increase of RMB108.7 million in others, partially offset by a decrease of RMB52.6 million in tax and surcharges. As a percentage of our total revenue, our general and administrative expenses increased from 3.6% in 2024 to 3.9% in 2025.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses decreased by 2.0% from RMB454.0 million in 2024 to RMB445.1 million in 2025, primarily due to a decrease of RMB15.4 million in sales service fees. As a percentage of our total revenue, our selling and marketing expenses remained relatively stable at 1.2% in 2024 and 1.1% in 2025.

### ***Research and Development Expenses***

Our research and development expenses increased by 11.9% from RMB1,266.8 million in 2024 to RMB1,417.2 million in 2025, primarily due to (i) an increase of RMB119.3 million in employee benefit expenses and (ii) an increase of RMB26.1 million in depreciation and amortization. As a percentage of our total revenue, our research and development expenses remained stable at 3.4% in 2024 and 3.5% in 2025 for the same reasons.

### ***Net Impairment Losses on Financial Assets***

Our impairment losses under expected credit loss model, net of reversal, increased from a loss of RMB44.1 million in 2024 to a loss of RMB63.7 million in 2025, primarily due to higher impairment losses on trade receivables, mainly driven by specific provisions made for certain receivables in the LED segment following strategic adjustments and additional impairment provisions arising from the consolidation of GMD and Source Photonics.

## FINANCIAL INFORMATION

### *Other Income*

Our other income decreased by 30.7% from RMB523.3 million in 2024 to RMB362.8 million in 2025, due to (i) a decrease of RMB31.3 million in additional deduction for VAT and tax refund, (ii) a decrease of RMB130.3 million in government grants partially offset by an increase of RMB1.1 million in others.

### *Other Gains, Net*

Our other gains, net increased by 800.4% from RMB8.5 million in 2024 to RMB76.3 million in 2025, primarily due to (i) an increase of RMB470.7 million in gains on business combination and (ii) a decrease of RMB20.9 million in net losses on disposal of subsidiaries and associates, partially offset by (i) an increase of RMB136.2 million in net losses on disposal of property, plant and equipment and other long-term assets, and (ii) a decrease of RMB322.0 million in net foreign exchange differences.

### *Finance Costs, net*

Our net finance costs increased by 10.1% from RMB202.8 million in 2024 to RMB223.4 million in 2025, primarily due to (i) a decrease of RMB42.2 million in interest income from financial assets held for cash management purposes and (ii) an increase of RMB41.6 million in interest expenses on lease liabilities, partially offset by a decrease of RMB56.2 million in interest expenses on borrowings.

### *Income Tax Expense*

Our income tax expenses decreased by 22.3% from RMB382.7 million in 2024 to RMB297.4 million in 2025, primarily due to the negative goodwill arising from the acquisition of GMD in 2025, which was income not subject to tax. In addition, the consolidation of Source Photonics contributed to a reduction in the overall effective tax rate at the subsidiary level.

### *Profit for the Year*

As a result of the foregoing, our profit for the year increased by 28.4% from RMB1,085.1 million in 2024 to RMB1,393.0 million in 2025 and our net profit margin increased from 3.0% in 2024 to 3.5% in 2025.

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

### *Revenue*

	<u>Year Ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>% Change</u>
	<i>(in RMB thousands, except for percentages)</i>		
Electronic circuits (PCBs) . . . . .	23,261,396	24,800,814	6.6
FPC . . . . .	20,103,622	21,589,392	7.4
RPCB . . . . .	2,845,766	2,842,974	(0.1)
Rigid-Flex . . . . .	312,008	368,448	18.1
Precision components . . . . .	4,162,217	4,540,319	9.1
Automotive component . . . . .	2,942,208	3,289,989	11.8
Telecommunications equipment component . . . . .	1,220,009	1,250,330	2.5
Touch panels and LCMs . . . . .	4,861,904	6,369,925	31.0
Touch panel . . . . .	1,646,294	2,211,679	34.3
LCD & OLED module . . . . .	3,215,610	4,158,246	29.3
Others* . . . . .	1,365,688	1,059,316	(22.4)
<b>Total</b>	<b><u>33,651,205</u></b>	<b><u>36,770,374</u></b>	<b>9.3</b>

*Note:*

\* Mainly attributable to the sales of LED display products, raw and scrap materials and other ancillary businesses.

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### *Sales Volume and Average Selling Price*

	Year Ended December 31,			
	2023		2024	
	Sales volume (’000 sq. m./unit)	Average selling price (RMB/sq. m./unit)	Sales volume (’000 sq. m./unit)	Average selling price (RMB/sq. m./unit)
Electronic circuits				
(PCBs) .....	3,978.9	5,846.1	5,544.3	4,473.2
FPC .....	2,877.3	6,987.0	4,314.1	5,004.4
RPCB .....	1,032.9	2,755.1	1,163.9	2,442.6
Rigid-Flex .....	68.7	4,537.6	66.3	5,553.9
Precision				
components .....	106,339.8	39.1	142,829.0	31.8
Automotive				
component .....	101,821.9	28.9	137,125.2	24.0
Telecommunications				
equipment				
component .....	4,517.9	270.0	5,703.8	219.2
Touch panels and				
LCMs .....	26,663.7	182.3	31,785.4	200.4
Touch panel .....	4,110.4	400.5	4,877.8	453.4
LCD & OLED				
module .....	22,553.3	142.6	26,907.6	154.5

### *Electronic Circuits (PCBs)*

Our electronic circuit revenue increased by 6.6% from RMB23,261.4 million in 2023 to RMB24,800.8 million in 2024, mainly due to increases in revenue from the sales of FPCs attributable to consistent demand in automotive and consumer electronics.

#### FPC

Our revenue from the sales of FPCs increased by 7.4% from RMB20,103.6 million in 2023 to RMB21,589.4 million in 2024, due to an increase in sales volume from 2.9 million square meters in 2023 to 4.3 million square meters in 2024, primarily as a result of increased orders from both new customers in the automotive sector and existing customers in the consumer electronics, partially offset by a decrease in average selling price from RMB6,987.0 per square meter in 2023 to RMB5,004.4 per square meter in 2024, primarily as a result of increased orders in automotive products, which generally have lower unit prices due to fewer components and lower circuit density per unit area, as well as adjustments in product specifications in response to our customers’ needs.

#### RPCB

Our revenue from the sales of RPCBs decreased by 0.1% from RMB2,845.8 million in 2023 to RMB2,843.0 million in 2024, due to a decrease in average selling price from RMB2,755.1 per square meter in 2023 to RMB2,442.6 per square meter in 2024, primarily driven by market-driven price reductions, partially offset by an increase in sales volume from 1.0 million square meters in 2023 to 1.2 million square meters in 2024, primarily driven by consistent demand from consumer electronics.

#### Rigid-Flex

Our revenue from the sales of Rigid-Flexes increased by 18.1% from RMB312.0 million in 2023 to RMB368.4 million in 2024, due to an increase in average selling price from RMB4,537.6 per square meter in 2023 to RMB5,553.9 per square meter in 2024, primarily attributable to adjustments in product

## FINANCIAL INFORMATION

specifications that increased the number of components and interconnections per unit area, resulting in higher design complexity and processing requirements, which enabled us to command higher pricing per square meter. It is partially offset by a decrease in sales volume from 68.7 thousand square meters in 2023 to 66.3 thousand square meters in 2024.

### *Precision Components*

Our precision components revenue increased by 9.1% from RMB4,162.2 million in 2023 to RMB4,540.3 million in 2024, mainly due to increases in revenue from the sale of automotive components attributable to increased production capacity and shipments to leading customers.

#### Automotive Component

Our revenue from the sales of automotive components increased by 11.8% from RMB2,942.2 million in 2023 to RMB3,290.0 million in 2024, due to an increase in sales volume from 101.8 million units in 2023 to 137.1 million units in 2024, primarily as a result of the ramp-up to mass production of our structural components for EV with higher shipments to leading customers, partially offset by a decrease in average selling price from RMB28.9 per unit in 2023 to RMB24.0 per unit in 2024, primarily as a result of a shift in product mix toward structural parts for batteries, which have lower unit prices.

#### Telecommunications Equipment Component

Our revenue from the sales of telecommunications equipment components increased by 2.5% from RMB1,220.0 million in 2023 to RMB1,250.3 million in 2024, due to an increase in sales volume from 4.5 million units in 2023 to 5.7 million units in 2024, primarily driven by slightly higher shipments in response to customer needs, partially offset by a decrease in average selling price from RMB270.0 per unit in 2023 to RMB219.2 per units in 2024, primarily due to pricing pressure driven by a slowdown in global 5G infrastructure spending.

### *Touch Panels and LCMs*

Our touch panels and LCMs revenue increased by 31.0% from RMB4,861.9 million in 2023 to RMB6,369.9 million in 2024, due to higher sales of both touch panel and LCD and OLED modules, attributable to increased demand in automotive and consumer electronics.

#### Touch Panel

Our revenue from the sales of touch panels increased by 34.3% from RMB1,646.3 million in 2023 to RMB2,211.7 million in 2024, due to an increase in sales volume from 4.1 million units in 2023 to 4.9 million units in 2024 and an increase in average selling price from RMB400.5 per unit in 2023 to RMB453.4 per unit in 2024, primarily as a result of stronger demand from the consumer electronics sector.

#### LCD & OLED Module

Our revenue from the sales of LCD & OLED modules increased by 29.3% from RMB3,215.6 million in 2023 to RMB4,158.2 million in 2024, due to an increase in sales volume from 22.6 million units in 2023 to 26.9 million units in 2024 and an increase in average selling price from RMB142.6 per units in 2023 to RMB154.5 per units in 2024, primarily as a result of increased orders and shipments driven by stronger demand for automotive cockpits with larger screens and flexible display.

### *Others*

The revenue of other products decreased by 22.4% from RMB1,365.7 million in 2023 to RMB1,059.3 million in 2024, mainly attributable to significant price reduction in LED display products driven by intensified industry competition.

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### Cost of Sales

	Year Ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Raw material costs	22,000,279	24,609,326	11.9
Labor costs	2,781,864	3,066,899	10.2
Depreciation and amortization	1,464,854	1,750,630	19.5
Utility costs	430,961	447,675	3.9
Others	2,293,040	2,679,166	16.8
<b>Total</b>	<b>28,970,998</b>	<b>32,553,696</b>	<b>12.4</b>
<i>as % of total revenue</i>	<i>86.1</i>	<i>88.5</i>	

Our cost of sales increased by 12.4% from RMB28,971.0 million in 2023 to RMB32,553.7 million in 2024, primarily due to (i) an 11.9% increase in raw material costs, (ii) a 19.5% increase in depreciation and amortization, (iii) a 10.2% increase in labor costs and (iv) a 16.8% increase in others. Such increases were mainly driven by ramp up for new capacity, as well as costs associated with LED display business.

### Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2023		2024	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	Margin	Margin	Margin	Margin
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
Electronic circuits (PCBs)	4,715,951	20.3	4,440,360	17.9
FPC	4,079,160	20.3	3,830,957	17.7
RPCB	565,371	19.9	520,832	18.3
Rigid-Flex	71,420	22.9	88,571	24.0
Precision components	394,086	9.5	482,259	10.6
Automotive component	322,405	11.0	451,520	13.7
Telecommunications equipment component	71,681	5.9	30,739	2.5
Touch panels and LCMs	(116,538)	(2.4)	143,094	2.2
Touch panel	(130,853)	(7.9)	53,957	2.4
LCD & OLED module	14,315	0.4	89,137	2.1
Others	(313,292)	(22.9)	(849,035)	(80.1)
<b>Total/Overall</b>	<b>4,680,207</b>	<b>13.9</b>	<b>4,216,678</b>	<b>11.5</b>

#### Electronic Circuits (PCBs)

Our electronic circuit gross profit decreased by 5.8% from RMB4,716.0 million in 2023 to RMB4,440.4 million in 2024, primarily due to a decrease in gross profit from FPCs and RPCBs. The gross profit margin of our electronic circuit decreased from 20.3% in 2023 to 17.9% in 2024 due to a decrease in gross profit margin of FPCs and RPCBs.

#### FPC

Our gross profit from the sale of FPCs decreased by 6.1% from RMB4,079.2 million in 2023 to RMB3,831.0 million in 2024, primarily due to a decrease in gross profit margin from 20.3% in 2023 to 17.7% in 2024, mainly attributable to the ramp-up of certain new type of products for consumer electronics leading to yield variability and higher manufacturing costs, partially offset by a 7.4% increase in revenue from FPCs.

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### RPCB

Our gross profit from the sale of RPCBs decreased by 7.9% from RMB565.4 million in 2023 to RMB520.8 million in 2024, primarily due to a decrease in gross profit margin from 19.9% in 2023 to 18.3% in 2024, mainly attributable to higher commodity prices.

### Rigid-Flex

Our gross profit from the sale of Rigid-Flexes increased by 24.0% from RMB71.4 million in 2023 to RMB88.6 million in 2024, primarily due to (i) an 18.1% increase in revenue from Rigid-Flexes and (ii) an increase in gross profit margin from 22.9% in 2023 to 24.0% in 2024, driven by a higher proportion of high-end Rigid-Flexes in our product mix.

### Precision Components

Our precision components gross profit increased by 22.4% from RMB394.1 million in 2023 to RMB482.3 million in 2024, primarily due to increases in gross profits from automotive components. The gross profit margin of our precision components remained relatively stable.

### Automotive Component

Our gross profit from the sale of automotive components increased by 40.0% from RMB322.4 million in 2023 to RMB451.5 million in 2024, primarily due to (i) a 11.8% increase in revenue from sales of automotive components and (ii) an increase in gross profit margin from 11.0% in 2023 to 13.7% in 2024, mainly attributable to improved capacity utilization and manufacturing efficiency, which lowered unit costs.

### Telecommunications Equipment Component

Our gross profit from the sale of telecommunications equipment components decreased by 57.1% from RMB71.7 million in 2023 to RMB30.7 million in 2024, primarily due to a decrease in gross profit margin from 5.9% in 2023 to 2.5% in 2024, mainly attributable to pricing pressure, partially offset by a 2.5% increase in revenue from telecommunications equipment components.

### Touch Panels and LCMs

We recorded a gross profit of RMB143.1 million in touch panels and LCMs in 2024 and a gross loss of RMB116.5 million in 2023, primarily due to increase in gross profit we recorded from the sales of both LCD & OLED modules and touch panels, which in turn was attributable to increased demand in automotive and consumer electronics. This resulted in a gross profit margin of 2.2% in 2024, compared with a gross loss margin of 2.4% in 2023.

### Touch Panel

We recorded a gross loss of RMB130.9 million from the sales of touch panels in 2023 and a gross profit of RMB54.0 million in 2024, primarily due to (i) an change in gross margin from a gross loss margin of 7.9% in 2023 from a gross profit margin of 2.4% in 2024 and (ii) a 34.3% increase in revenue from sales of touch panel, mainly due to higher volumes that improved capacity utilization and reduced unit costs attributable to the recovery in consumer electronics demand and increased sales to new customers.

### LCD & OLED Module

Our gross profit from the sales of LCD & OLED modules increased by 522.7% from RMB14.3 million in 2023 to RMB89.1 million in 2024, primarily due to (i) a 29.3% increase in revenue from sales of LCD & OLED modules and (ii) an increase in gross profit margin from 0.4% in 2023 to 2.1% in 2024, mainly attributable to synergies following our acquisition of Suzhou Display and a higher proportion of high-end products in our product mix.

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### *Others*

Our gross loss from other products increased by 171.0% from RMB313.3 million in 2023 to RMB849.0 million in 2024, primarily due to weaker demand in the LED display product industry, which led to lower capacity utilization and higher fixed cost per unit, as well as one-off write-downs.

### *General and Administrative Expenses*

Our general and administrative expenses increased by 16.7% from RMB1,124.7 million in 2023 to RMB1,312.5 million in 2024, primarily due to (i) an increase of RMB120.4 million in employee benefit expenses, mainly as a result of a one-off charge related to the consolidation of production facilities, (ii) an increase of RMB33.7 million in tax and surcharges and (iii) an increase of RMB22.0 million in others. Our general and administrative expenses as a percentage of our total revenue increased from 3.3% in 2023 to 3.6% in 2024.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by 25.4% from RMB362.1 million in 2023 to RMB454.0 million in 2024, primarily due to (i) an increase of RMB46.0 million in sales service fees, (ii) an increase of RMB34.0 million in employee benefit expenses and (iii) an increase of RMB8.0 million in travel and business development expenses, in line with our business growth. As a percentage of our revenue, our selling and marketing expenses have remained relatively stable at 1.1% in 2023 and 1.2% in 2024.

### *Research and Development Expenses*

Our research and development expenses increased by 9.1% from RMB1,161.2 million in 2023 to RMB1,266.8 million in 2024, due to (i) an increase of RMB71.2 million in raw material costs, (ii) an increase of RMB11.9 million in depreciation and amortization, (iii) an increase of RMB11.5 million in employee benefit expenses and (iv) an increase of RMB11.0 million in others, in line with our business growth and sustained commitment in R&D. Our research and development expenses as a percentage of our total revenue remained relatively stable at 3.5% in 2023 and 3.4% in 2024.

### *Net Impairment Losses on Financial Assets*

Our impairment losses under expected credit loss model, net of reversal, increased from RMB39.4 million in 2023 to RMB44.1 million in 2024, primarily due to an increased balance of trade receivables as of December 31, 2024 compared to December 31, 2023.

### *Other Income*

Our other income increased by 109.4% from RMB249.9 million in 2023 to RMB523.3 million in 2024, primarily due to (i) an increase in government grants amounting to RMB252.6 million and (ii) an increase of RMB21.6 million in additional deduction for VAT and tax refund, partially offset by a decrease of RMB0.8 million in others.

### *Other Gains, Net*

Our other gains, net decreased by 96.5% from RMB243.2 million in 2023 to RMB8.5 million in 2024, primarily due to (i) an increase of RMB216.7 million in net losses on disposal of property, plant and equipment and other long-term assets, (ii) a decrease of RMB134.8 million in gains on business combination relating to our acquisition of Suzhou Display and (iii) an increase of RMB25.9 million in net losses on disposal of subsidiaries, partially offset by an increase of RMB164.8 million in net foreign exchange gains.

### *Finance Costs, net*

Our finance costs decreased by 26.1% from RMB274.6 million in 2023 to RMB202.8 million in 2024, primarily due to (i) a decrease of RMB28.8 million in net exchange losses on foreign currency borrowings

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and (ii) a decrease of RMB23.6 million in interest expenses on lease liabilities due to lease expiries, partially offset by an increase of RMB22.1 million in interest expenses on borrowings driven by expanded borrowings.

### *Income Tax Expense*

Our income tax expenses increased by 69.3% from RMB226.0 million in 2023 to RMB382.7 million in 2024, primarily due to (i) a decrease from a deferred income tax benefit of RMB241.2 million in 2023 to a deferred income tax expense of RMB181.0 million in 2024, due to unused tax losses were not recognized as deferred tax assets, and (ii) a decrease in deduction effect of RMB 257.7 million to RMB 121.3 million, mainly attributable to variations between the statutory tax rates applicable to certain subsidiaries and the parent company’s tax rate.

### *Profit for the Year*

As a result of the foregoing, our profit for the year decreased by 44.8% from RMB1,965.1 million in 2023 to RMB1,085.1 million in 2024, and our net margin decreased from 5.8% in 2023 to 3.2% in 2024.

## DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15,309,501	17,272,871	20,160,205
Investment properties	1,039	781	142,555
Right-of-use assets	1,588,132	1,772,723	2,495,668
Deferred tax assets	586,003	465,911	829,763
Trade receivables	–	–	280,287
Intangible assets	2,473,057	2,344,753	5,602,244
Investments in associates	155,407	155,009	126,566
Equity investments at fair value through other comprehensive income	278,157	333,657	442,976
Prepayments and other receivables	945,051	530,838	1,533,489
Other non-current assets	26,662	19,414	9,268
<b>Total non-current assets</b>	<b>21,363,009</b>	<b>22,895,957</b>	<b>31,623,021</b>
<b>Current assets</b>			
Inventories	6,293,879	6,152,656	8,928,944
Prepayments and other receivables	438,493	578,312	939,991
Trade and notes receivables	7,716,572	7,672,495	9,792,745
Financial assets at fair value through profit or loss	128,752	63,212	136,428
Notes receivables at fair value through other comprehensive income	290,477	252,612	285,278
Restricted cash and term deposits	1,545,549	1,828,731	1,545,561
Cash and cash equivalents	5,644,487	5,343,600	6,104,723
Derivative financial assets	17,389	14,932	65,126
Other current assets	370,146	771,242	828,721
<b>Total current assets</b>	<b>22,445,744</b>	<b>22,677,792</b>	<b>28,627,517</b>

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	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
<b>Current liabilities</b>			
Borrowings	7,623,119	7,138,100	10,970,771
Trade and notes payables	8,948,278	10,594,850	14,045,950
Contract liabilities	28,983	122,562	474,661
Lease liabilities	29,698	131,842	500,891
Current income tax liabilities	425,307	342,390	513,181
Accruals and other payables	931,924	772,104	1,856,840
Derivative financial liabilities	33,347	11,038	46,546
Provisions	–	–	17,813
Other current liabilities	6,556	5,191	26,025
<b>Total current liabilities</b>	<b>18,027,212</b>	<b>19,118,077</b>	<b>28,452,678</b>
<b>Net current assets</b>	<b>4,418,532</b>	<b>3,559,715</b>	<b>174,839</b>
<b>Total assets less current liabilities</b>	<b>25,781,541</b>	<b>26,455,672</b>	<b>31,797,860</b>
<b>Non-current liabilities</b>			
Borrowings	4,706,280	5,289,188	6,375,079
Lease liabilities	1,842,799	1,351,519	1,790,065
Deferred tax liabilities	199,155	262,220	634,807
Deferred income	733,457	585,934	889,843
Accruals and other payables	48,708	22,449	142,470
Provisions	60,785	58,259	263,757
<b>Total non-current liabilities</b>	<b>7,591,184</b>	<b>7,569,569</b>	<b>10,096,021</b>
<b>Net assets</b>	<b>18,190,357</b>	<b>18,886,103</b>	<b>21,701,839</b>
<b>EQUITY</b>			
<b>Equity attributable to owner of the Company</b>			
Share capital	1,709,867	1,705,914	1,831,608
Treasury shares	(125,907)	(74,992)	(175,076)
Other reserves	7,533,971	7,907,421	9,266,211
Retained earnings	9,025,096	9,288,044	10,538,406
Non-controlling interests	47,330	59,716	240,690
<b>Total equity</b>	<b>18,190,357</b>	<b>18,886,103</b>	<b>21,701,839</b>

### Property, Plant and Equipment

Property, plant, and equipment primarily consisted of property and buildings, land, machinery, transportation vehicle, electronic equipment, construction in progress and leasehold improvement. The following table sets forth the breakdown of our property, plant, and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
Buildings	2,907,307	3,560,257	4,810,546
Machinery equipment	9,182,196	9,753,385	11,422,734
Motor vehicles	27,402	37,821	25,880
Other equipment	298,346	243,728	327,601
Freehold land	193,543	206,623	243,464
Construction in progress	1,842,525	2,575,154	2,345,985
Leasehold improvement	858,182	895,903	983,995
<b>Total</b>	<b>15,309,501</b>	<b>17,272,871</b>	<b>20,160,205</b>

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Property, plant, and equipment increased from RMB15,309.5 million as of December 31, 2023 to RMB17,272.9 million as of December 31, 2024 primarily due to increase in construction in progress and buildings, which reflected the further expansion of our production capacity to meet the increasing demand. It further increased to RMB20,160.2 million as of December 31, 2025, primarily due to an increase in machinery equipment and buildings resulting from the acquisition of Source Photonics and GMD. For details on our production facilities, see “Business — Production and Manufacturing — Production Facilities.”

### Inventories

Our inventories include raw materials, finished goods, and work in progress. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
Raw materials .....	1,137,853	1,654,515	2,758,783
Work in progress .....	891,175	1,003,085	2,333,780
Finished goods .....	4,974,174	4,503,261	4,985,685
Consumable materials .....	9,967	2,516	100,292
Less: provision for impairment .....	(719,290)	(1,010,721)	(1,249,596)
<b>Total</b> .....	<b>6,293,879</b>	<b>6,152,656</b>	<b>8,928,944</b>

Our inventories decreased from RMB6,293.9 million as of December 31, 2023 to RMB6,152.7 million as of December 31, 2024, primarily due to (i) a decrease in finished goods from RMB4,974.2 million as of December 31, 2023 to RMB4,503.3 million as of December 31, 2024, (ii) an increase in provision for impairment from RMB719.3 million as of December 31, 2023 to RMB1,010.7 million as of December 31, 2024 and (iii) a decrease of consumable materials from RMB10.0 million as of December 31, 2023 to RMB2.5 million as of December 31, 2024, partially offset by (i) an increase in raw materials from RMB1,137.9 million as of December 31, 2023 to RMB1,654.5 million as of December 31, 2024 as our operational scale continued to grow and the unit prices of certain finished goods rose and (ii) an increase in work in progress from RMB891.2 million as of December 31, 2023 to RMB1,003.1 million as of December 31, 2024, driven by higher production.

Our inventories increased from RMB6,152.7 million as of December 31, 2024 to RMB8,928.9 million as of December 31, 2025, primarily due to (i) an increase in work in progress from RMB1,003.1 million as of December 31, 2024 to RMB2,333.8 million as of December 31, 2025 and (ii) an increase in raw materials from RMB1,654.5 million as of December 31, 2024 to RMB2,758.8 million as of December 31, 2025. These increases were primarily driven by higher production resulting from the acquisition of Source Photonics and GMD, partially offset by an increase in provision for impairment from RMB1,010.7 million as of December 31, 2024 to RMB1,249.6 million as of December 31, 2025.

The table below sets forth an aging analysis of our inventory as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
Within one year .....	6,607,641	6,711,719	9,407,505
Over one year .....	405,529	451,658	771,035
<b>Total</b> .....	<b>7,013,170</b>	<b>7,163,377</b>	<b>10,178,540</b>

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The table below sets forth the turnover days of our inventories for the years indicated.

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
Inventory turnover days* .....	77	69	70

*Note:*

\* Inventory turnover days for each year equals the average of the beginning and weighted average ending balances of inventory for that year divided by cost of sales for that year and multiplied by 360 days for 2023, 2024, and 2025.

During the Track Record Period, our inventory turnover days decreased from 2023 to 2024, in line with our growth. Our inventory turnover days relatively stable from 69 to 70 from 2024 to 2025.

As of March 31, 2026, 84.0% of our total inventories as of December 31, 2025, or RMB8,545.1 million, were utilized or sold. Based on our assessments during the Track Record Period, we have made adequate provisions for our inventories to account for potential uncertainties.

### Trade and Notes Receivables

Trade and notes receivables mainly arise from sales of our products on credit. We periodically conduct credit evaluations of customers who trade on credit. We usually grant credit periods based on their credit risk characteristics, which is consistent with industry practice.

The table below sets forth the breakdown of our trade and notes receivables as of the dates indicated.

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
Trade receivables .....	8,194,146	7,960,638	10,482,511
Notes receivables .....	3,425	9,083	–
<i>Less: credit loss allowance</i> .....	<i>(480,999)</i>	<i>(297,226)</i>	<i>(409,479)</i>
<b>Total</b> .....	<b>7,716,572</b>	<b>7,672,495</b>	<b>10,073,032</b>

Our trade and notes receivables decreased from RMB7,716.6 million as of December 31, 2023 to RMB7,672.5 million as of December 31, 2024, mainly due to improved customer collections and the write-off of receivables assessed as uncollectible. It increased to RMB10,073.0 million as of December 31, 2025, resulting from the acquisition of Source Photonics and GMD.

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
Within 6 months .....	7,444,151	7,558,742	9,816,164
7 to 12 months .....	78,620	111,118	145,140
1 to 2 years .....	285,296	30,428	230,589
2 to 3 years .....	16,989	42,084	26,777
Over 3 years .....	369,090	218,266	263,841
<b>Total</b> .....	<b>8,194,146</b>	<b>7,960,638</b>	<b>10,482,511</b>

For further details, see Note 24 to “Appendix IA — Accountants’ Report of the Group.”

## FINANCIAL INFORMATION

The table below sets forth the turnover days of our trade and notes receivables for the years indicated.

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
Trade and notes receivables turnover days <sup>(1)</sup> .....	79	75	71

*Note:*

(1) Trade and notes receivables turnover days for each year equals the average of the beginning and weighted average ending balances of trade and notes receivables for that year divided by revenue for that year and multiplied by 360 days for 2023, 2024, and 2025.

During the Track Record Period, our trade and notes receivables turnover days continued to decrease, primarily due to the short collection cycle of customers receivables.

As of March 31, 2026, 86.9% of our total trade and notes receivables as of December 31, 2025, or RMB9,111.7 million, were settled.

### Trade and Notes Payables

Our trade and notes payables primarily represent outstanding amounts owed to third parties, including payables for raw materials and equipment. Our suppliers usually grant us a credit period ranging from 30 to 90 days from invoice date.

The table below sets forth the breakdown of our trade and notes payables as of the dates indicated.

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
Trade payables .....	8,039,107	9,659,269	13,043,137
Notes payables .....	909,171	935,581	1,002,813
<b>Total</b> .....	<b>8,948,278</b>	<b>10,594,850</b>	<b>14,045,950</b>

During the Track Record Period, our trade and notes payables increased by 18.4% from RMB8,948.3 million as of December 31, 2023 to RMB10,594.9 million as of December 31, 2024, as result of increased purchases, in line with our business expansion. Our trade and notes payables increased by 32.6% from RMB10,594.9 million as of December 31, 2024 to RMB14,046.0 million as of December 31, 2025 resulting from the acquisition of Source Photonics and GMD.

The table below sets forth the aging analysis of the trade and notes payables.

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
Within 1 year .....	7,691,012	9,271,713	12,455,037
1 to 2 years .....	254,469	282,433	351,898
2 to 3 years .....	34,364	50,757	102,999
Over 3 years .....	59,262	54,366	133,203
<b>Total</b> .....	<b>8,039,107</b>	<b>9,659,269</b>	<b>13,043,137</b>

## FINANCIAL INFORMATION

The table below sets forth the turnover days for the trade and notes payables for the years indicated.

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
Trade and notes payables turnover days* . . . . .	105	108	117

*Note:*

\* Trade and notes payables turnover days for each year equals the average of the beginning and weighted average ending balances of trade and notes payables for that year divided by cost of sales for that year and multiplied by 360 days for 2023, 2024, and 2025.

During the Track Record Period, our trade and notes payable turnover days remained stable from 2023 to 2024. Our trade and notes payable turnover days increased to 117 days as of December 31, 2025, primarily due to the a higher balance of payables for Source Photonics, which carry longer credit terms.

As of March 31, 2026, 77.3% of our trade and notes payables outstanding as of December 31, 2025, or RMB10,854.6 million, were settled.

### Goodwill

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
<b>Carrying values</b> . . . . .	2,162,697	2,077,474	4,769,258

Goodwill acquired in a business combination of MFLEX, Multek, Mutto Optronics, Suzhou RF Top Electric Communications Co., Ltd (“**Suzhou RF**”) and Source Photonics is tested for impairment annually. For the purposes of impairment testing, goodwill has been allocated to cash-generated unit (“**CGU**”) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

Our management conducted an impairment testing on the goodwill according to IAS 36 Impairment of assets, which requires the Company to allocate the goodwill to the CGU and compare the unit’s carrying amount with its recoverable amount. The goodwill represented to the CGU attributed from MFLEX is RMB1,770.8 million, RMB1,770.8 million and RMB1,770.8 million as of December 31, 2023, 2024 and 2025, respectively. The goodwill represented to the CGU attributed from Multek is RMB179.3 million and RMB179.3 million and RMB179.3 million as of December 31, 2023, 2024 and 2025, respectively. The goodwill represented to the CGU attributed from Mutto Optronics is RMB86.5 million, RMB38.1 million and nil as of December 31, 2023, 2024 and 2025 respectively. The goodwill represented to the CGU attributed from Suzhou RF is RMB126.1 million, RMB89.3 million and RMB20.1 million as of December 31, 2023, 2024 and 2025, respectively. The goodwill represented to the CGU attributed from Source Photonics is RMB2,799.0 million in 2025.

### Restricted Cash and Term Deposits

We had restricted bank deposits of RMB1,545.5 million, RMB1,828.7 million and RMB1,545.6 million as of December 31, 2023, 2024 and 2025, primarily related to term deposits and security deposits for bank’s acceptance.

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from operations and borrowings. As of December 31, 2025, we had cash and cash equivalents of RMB6,104.7 million. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operations and net [REDACTED] from the [REDACTED].

Taking into account the financial resources available to us, including anticipated cash flows from our operating activities, existing cash and cash equivalents, new borrowings and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Document.

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### Cash Flows

The table below sets forth our cash flows for the years indicated.

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<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>5,040,668</b>	<b>4,978,649</b>	<b>4,902,330</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>90,969</b>	<b>(427,035)</b>	<b>773,345</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>5,644,487</b>	<b>5,343,600</b>	<b>6,104,723</b>

### Operating Activities

In 2025, we had net cash generated from operating activities 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) finance cost of RMB443.5 million, and (ii) changes in working capital, primarily comprising (a) an increase 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.

### Investing Activities

In 2025, we had net cash used in investing activities of RMB7,878.4 million, primarily consisting of payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB4,383.3 million, and net outflow of cash from the acquisition of subsidiaries. Partially offset by (i) withdraw of term deposits and wealth management products of RMB1,330.1 million and (ii) proceeds of deposits for purchase of investments of RMB505.3 million, and (iii) government grant received in relation to assets of RMB404.8 million.

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In 2024, we had net cash used in investing activities of RMB4,086.3 million, primarily consisting of (i) payments for purchase of property, plant and equipment, intangible assets of RMB3,792.1 million and (ii) placement of term deposits and wealth management products of RMB1,593.0 million, partially offset by (i) withdraw of term deposits and wealth management products of RMB986.2 million and (ii) proceeds of deposits for purchase of investments of RMB230.2 million.

In 2023, we had net cash used in investing activities of RMB4,707.2 million, primarily consisting (i) payments for purchase of property, plant and equipment, intangible assets of RMB3,466.9 million and (ii) placement of term deposits and wealth management products of RMB1,182.2 million, partially offset by withdraw of term deposits and wealth management products of RMB1,003.2 million.

### *Financing Activities*

In 2025, we had net cash generated from financing activities of RMB3,749.4 million, primarily consisting of (i) proceeds from borrowings of RMB12,749.1 million and (ii) capital contributions from the Company’s shareholders of RMB1,391.6 million, partially offset by repayments of borrowings of RMB9,508.2 million.

In 2024, we had net cash used in financing activities of RMB1,319.4 million, primarily consisting of (i) repayment of borrowings of RMB10,035.3 million and (ii) principal elements of lease payments of RMB644.3 million, partially offset by proceeds from borrowings of RMB10,128.6 million.

In 2023, we had net cash used in financing activities of RMB242.5 million, primarily consisting of (i) repayment of borrowings of RMB13,925.4 million and (ii) interest paid of RMB379.6 million, partially offset by proceeds from borrowings of RMB14,094.9 million.

### **Net Current Assets**

The table below sets forth our current assets and liabilities as of the dates indicated.

	<u>As of December 31,</u>			<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>March 31,</u>
	<i>(in RMB thousands)</i>			<u>2026</u>
				<i>(unaudited)</i>
<b>Current assets:</b>				
Inventories . . . . .	6,293,879	6,152,656	8,928,944	9,653,590
Prepayments and other receivables . . . . .	438,493	578,312	939,991	1,199,611
Trade and notes receivables . . . . .	7,716,572	7,672,495	9,792,745	9,516,141
Financial assets at fair value through profit or loss . . .	128,752	63,212	136,428	73,573
Other financial assets at fair value through other comprehensive income . . . . .	290,477	252,612	285,278	405,271
Restricted cash and term deposits . . . . .	1,545,549	1,828,731	1,545,561	1,936,744
Cash and cash equivalents . . . . .	5,644,487	5,343,600	6,104,723	7,008,426
Derivative financial assets . . . . .	17,389	14,932	65,126	75,843
Other current assets . . . . .	370,146	771,242	828,721	891,778
<b>Total current assets . . . . .</b>	<b><u>22,445,744</u></b>	<b><u>22,677,792</u></b>	<b><u>28,627,517</u></b>	<b><u>30,760,977</u></b>
<b>Current liabilities:</b>				
Borrowings . . . . .	7,623,119	7,138,100	10,970,771	12,085,682
Trade and notes payables . . . . .	8,948,278	10,594,850	14,045,950	13,412,374
Contract liabilities . . . . .	28,983	122,562	474,661	468,039
Lease liabilities . . . . .	29,698	131,842	500,891	268,897
Current income tax liabilities . . . . .	425,307	342,390	513,181	704,434
Accruals and other payables . . . . .	931,924	772,104	1,856,840	1,170,454
Derivative financial liabilities . . . . .	33,347	11,038	46,546	87,533

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	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(in RMB thousands)</i>			<i>(unaudited)</i>
Provisions .....	–	–	17,813	15,293
Other current liabilities .....	6,556	5,191	26,025	26,198
<b>Total current liabilities .....</b>	<b>18,027,212</b>	<b>19,118,077</b>	<b>28,452,678</b>	<b>28,238,904</b>
<b>Net current assets .....</b>	<b>4,418,532</b>	<b>3,559,715</b>	<b>174,839</b>	<b>2,522,073</b>

### *Comparison between December 31, 2025 and December 31, 2024*

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 (i) an increase in trade and notes payables from RMB10,594.9 million to RMB14,046.0 million, (ii) an increase in borrowings from RMB7,138.1 million to RMB10,970.8 million, partially offset by (i) an increase in trade and notes receivables from RMB7,672.5 million to RMB9,792.7 million, (ii) an increase in accruals and other payables from RMB772.1 million to RMB1,856.8 million and (iii) an increase in inventories from RMB6,152.7 million to RMB8,928.9 million arising from the acquisition of Source Photonics and GMD.

### *Comparison between December 31, 2024 and December 31, 2023*

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 (i) an increase in trade and note payables from RMB8,948.3 million to RMB10,594.9 million and (ii) a decrease in accruals and other payables from RMB931.9 million to RMB772.1 million, mainly attributable to the settlement of most of the equity consideration primarily in connection with the acquisition of Suzhou Display, partially offset by (i) a decrease in borrowings from RMB7,623.1 million to RMB7,138.1 million and (ii) an increase in other current assets from RMB370.1 million to RMB771.2 million.

## INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(in RMB thousands)</i>			<i>(unaudited)</i>
<b>Current</b>				
Borrowings .....	7,623,119	7,138,100	10,970,771	12,085,682
Lease liabilities .....	29,698	131,842	500,891	268,897
<i>Subtotal .....</i>	<i>7,652,817</i>	<i>7,269,942</i>	<i>11,471,662</i>	<i>12,354,579</i>
<b>Non-current</b>				
Borrowings .....	4,706,280	5,289,188	6,375,079	8,230,897
Lease liabilities .....	1,842,799	1,351,519	1,790,065	1,919,869
<i>Subtotal .....</i>	<i>6,549,079</i>	<i>6,640,707</i>	<i>8,165,144</i>	<i>10,150,766</i>
<b>Total .....</b>	<b>14,201,896</b>	<b>13,910,649</b>	<b>19,636,806</b>	<b>22,505,345</b>

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### Borrowings

As of December 31, 2023, 2024 and 2025 and March 31, 2026 we had borrowings of RMB12,329.4 million, RMB12,427.3 million, RMB17,345.9 million and RMB20,316.6 million, respectively. The table below sets for the categories of our borrowings as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(in RMB thousands)</i>			<i>(unaudited)</i>
Current Portion				
Bank borrowings				
– Secured .....	2,881,081	2,517,842	5,728,534	5,746,128
– Unsecured .....	4,733,516	4,612,100	5,221,349	6,315,106
Interest payables .....	8,522	8,158	20,888	24,448
<i>Subtotal</i> .....	<u>7,623,119</u>	<u>7,138,100</u>	<u>10,970,771</u>	<u>12,085,682</u>
Non-current Portion				
Bank borrowings				
– Secured .....	2,472,169	2,193,607	3,354,405	4,201,960
– Unsecured .....	2,230,996	3,091,448	3,019,025	4,025,693
Interest payables .....	3,115	4,133	1,649	3,244
<i>Subtotal</i> .....	<u>4,706,280</u>	<u>5,289,188</u>	<u>6,375,079</u>	<u>8,230,897</u>
<b>Total</b> .....	<u><b>12,329,399</b></u>	<u><b>12,427,288</b></u>	<u><b>17,345,850</b></u>	<u><b>20,316,579</b></u>

During the Track Record Period, our borrowings were obtained from commercial banks and financial institutions, with the effective interest rates ranging from 0.01% to 6.10%, 0.01% to 6.00% and 1.33% to 5.10%, respectively. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For details, see Note 30 to “Appendix IA — Accountants’ Report of the Group.”

As of March 31, 2026, our total banking facilities amounted to RMB35,341.0 million, of which RMB20,309.2 million had been utilized.

### Lease Liabilities

Our lease liabilities, including current and non-current portions, were primarily in relation to our lease of land use rights and buildings used in its operations.

As of December 31, 2023, 2024, and 2025, the balance of our lease liabilities, including both current and non-current portions, was RMB1,872.5 million, RMB1,483.4 million and RMB2,291.0 million, respectively. These increases primarily reflect the expansion of our facilities in line with business growth, as well as adjustments to our leasing portfolio over time, including the termination or renewal of certain leases, addition of new leased spaces, and modifications to lease terms.

### CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities. During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

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Our Directors confirm that there has not been any material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

### CAPITAL COMMITMENTS

#### Capital Expenditure

The table below sets forth the capital expenditure for the years indicated.

	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
Payments for purchase of property, plant and equipment, intangible assets .....	3,466,866	3,792,145	4,383,255
<b>Total</b> .....	<b>3,466,866</b>	<b>3,792,145</b>	<b>4,383,255</b>

During the Track Record Period, our capital expenditure was primarily for purchase of property, plant and equipment used in our production.

We plan to continue capital expenditures to support our business growth and expansion strategy. See “Future Plans and Use of [REDACTED] — Use of [REDACTED].” We intend to fund these expenditures with available financial resources, including cash generated from operations, net [REDACTED] from the [REDACTED] and potential future equity or debt financing.

#### Capital Commitments

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
Property, plant and equipment and intangible assets commitments:			
-Contracted, but not provided for .....	259,478	246,858	2,974,064
<b>Total</b> .....	<b>259,478</b>	<b>246,858</b>	<b>2,974,064</b>

### KEY FINANCIAL RATIOS

	Year Ended/As of December 31,		
	2023	2024	2025
	<i>%</i>	<i>%</i>	<i>%</i>
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%.

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## FINANCIAL INFORMATION

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### QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are foreign currency risk, interest rate risk, price risk. See Note 3 to “Appendix IA — Accountants’ Report of the Group.”

#### Currency Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of a company and its subsidiaries. We have certain cash and bank balances, trade receivables, other receivables, trade payables, other payables and borrowings denominated in foreign currencies, which exposes us to currency risk. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

#### Interest Rate Risk

Interest rate risk primarily arises from interest-bearing borrowings. We are exposed to cash flow interest rate risk in relation to borrowings issued at floating rates and fair value interest rate risk in relation to borrowings issued at fixed rates. We determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring. We monitor the level of interest rates and regularly review our strategy on interest rate risk management in the light of the prevailing market condition.

#### Price Risk

Price risk refers to the risk of fluctuations in the fair value of financial instruments due to changes in market prices, whether caused by factors specific to individual instruments or general market movements. We are mainly exposed to equity price risk arising from investments held by the us that are classified either as FVTPL or FVOCI. Specifically, if prices of the respective instruments held by us had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, profit before tax for the year would have been approximately RMB2,098,000, RMB(239,000) and RMB4,494,000 higher/lower as a result of gains/losses on financial instruments classified as at FVTPL, other comprehensive income before tax would have been approximately RMB28,432,000 and RMB29,313,000 and RMB36,413,000 higher/lower as a result of fair value changes on financial instruments classified as at FVOCI. Sensitivity analysis is performed by the management to assess the exposure of our financial results to equity price risk of FVTPL and FVOCI at the end of each Track Record Period.

#### Credit Risk

Credit risk refers to the risk that our counterparties may default on their contractual obligations resulting in financial losses to us. It arises from cash and cash equivalents, restricted cash and term deposits, as well as trade and notes receivables, other receivables and FVOCI. Our maximum exposure to credit risk in relation to the corresponding class of financial assets is the carrying amount of the respective recognized assets as stated in the consolidated statements of financial position.

#### Liquidity Risk

Liquidity risk is the risk that we may encounter difficulty in meeting financial obligations due to shortage of funds. To manage our liquidity risk, we maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Company’s liquidity requirements.

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### Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders’ value. Our overall strategy remains unchanged throughout the Track Record Period.

We manage our capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during 2023, 2024 and 2025. See Note 3 to “Appendix IA — Accountants’ Report of the Group.”

### OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

### FINANCIAL INFORMATION OF SOURCE PHOTONICS

The financial information contained and discussed in this subsection presents the historical financial information of Source Photonics for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2025.

### RESULTS OF OPERATIONS

	Year Ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
<b>Revenue</b> .....	<b>1,305,145</b>	<b>100.0</b>	<b>2,945,332</b>	<b>100.0</b>	<b>1,890,076</b>	<b>100.0</b>	<b>3,627,515</b>	<b>100.0</b>
Cost of revenue .....	(1,056,746)	(81.0)	(2,066,249)	(70.2)	(1,400,986)	(74.1)	(2,617,681)	(72.2)
<b>Gross profit</b> .....	<b>248,399</b>	<b>19.0</b>	<b>879,083</b>	<b>29.8</b>	<b>489,090</b>	<b>25.9</b>	<b>1,009,834</b>	<b>27.8</b>
General and administrative expenses .....	(112,924)	(8.7)	(168,201)	(5.7)	(71,345)	(3.8)	(122,297)	(3.4)
Selling and marketing expenses .....	(29,762)	(2.3)	(41,027)	(1.4)	(27,525)	(1.5)	(32,556)	(0.9)
Research and development expenses .....	(108,930)	(8.3)	(159,686)	(5.4)	(80,560)	(4.3)	(156,072)	(4.3)
Net impairment losses on financial assets ..	(891)	(0.1)	(1,284)	0.0	(198)	0.0	(1,364)	0.0
Other income .....	20,437	1.6	17,168	0.6	7,401	0.4	14,240	0.4
Other gains/(loss), net .....	(50,195)	(3.8)	634,848	21.6	616,616	32.6	(129,571)	(3.6)
<b>Operating profit</b> .....	<b>(33,866)</b>	<b>(2.6)</b>	<b>1,160,901</b>	<b>39.4</b>	<b>933,479</b>	<b>49.4</b>	<b>582,214</b>	<b>16.0</b>
Finance income .....	863	0.1	710	0.0	824	0.0	5,469	0.2
Finance costs .....	(52,948)	(4.1)	(28,389)	(1.0)	(20,002)	(1.1)	(26,888)	(0.7)
Finance costs, net .....	(52,085)	(4.0)	(27,679)	(0.9)	(19,178)	(1.0)	(21,419)	(0.6)
<b>Profit/loss before income tax</b> .....	<b>(85,951)</b>	<b>(6.6)</b>	<b>1,133,222</b>	<b>38.5</b>	<b>914,301</b>	<b>48.4</b>	<b>560,795</b>	<b>15.5</b>
Income tax expense .....	(4,418)	(0.3)	(82,768)	(2.8)	(33,992)	(1.8)	(85,539)	(2.4)
<b>Profit/(loss) for the year</b> .....	<b>(90,369)</b>	<b>(6.9)</b>	<b>1,050,454</b>	<b>35.7</b>	<b>880,309</b>	<b>46.6</b>	<b>475,256</b>	<b>13.1</b>

The net loss in 2023 for Source Photonics was primarily attributable to lower revenue from the sales of telecommunications transceivers. This was primarily due to a slowdown in global 5G infrastructure

## FINANCIAL INFORMATION

investment, which reduced market demand and intensified competition, resulting in significant pricing pressure in telecommunications transceiver product and a considerable decline in average selling prices during the year.

### PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, Source Photonics mainly generated revenue from the sales of (i) data center transceiver and (ii) telecommunications transceiver. The following table sets forth a breakdown of Source Photonics’ revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
Data center transceiver	460,061	35.2	1,940,435	65.9	1,194,932	63.2	3,007,239	82.9
Telecommunications transceiver	826,037	63.3	971,225	33.0	673,315	35.6	599,577	16.5
Others*	19,047	1.5	33,672	1.1	21,829	1.2	20,699	0.6
<b>Total</b>	<b>1,305,145</b>	<b>100.0</b>	<b>2,945,332</b>	<b>100.0</b>	<b>1,890,076</b>	<b>100.0</b>	<b>3,627,515</b>	<b>100.0</b>

Note:

\* Others mainly consist of income from the sale of materials.

During the Track Record Period, telecommunications transceiver was Source Photonics’ largest revenue contributor in 2023. Driven by robust downstream demand, Source Photonics started to derive increasingly significant revenue from the sales of data center transceiver in 2024 and for the nine months ended September 30, 2025. Going forward, with the proliferation of AI computing and data center needs, data center transceivers are expected to continue to be a major contributor to Source Photonics’ total revenue.

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

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
Chinese Mainland	505,583	38.7	985,992	33.5	716,495	37.9	1,228,207	33.9
Outside Chinese mainland	799,562	61.3	1,959,340	66.5	1,173,581	62.1	2,399,308	66.1
<b>Total</b>	<b>1,305,145</b>	<b>100.0</b>	<b>2,945,332</b>	<b>100.0</b>	<b>1,890,076</b>	<b>100.0</b>	<b>3,627,515</b>	<b>100.0</b>

Note:

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

During the Track Record Period, a majority of revenue of Source Photonics was from customers outside the Chinese mainland. Customers outside the Chinese mainland primarily included customers in the United States. We expect sales to customers outside the Chinese mainland to remain a key revenue contributor going forward.

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### Sales Volume and Average Selling Prices

	Year Ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(Units'000)	(RMB)	(Units'000)	(RMB)	(Units'000)	(RMB)	(Units'000)	(RMB)
Data center transceiver	1,158	397.3	1,609	1,206.0	1,072	1,115.0	2,411	1,247.0
Telecommunications transceiver	5,693	145.1	9,698	100.1	7,154	94.0	5,469	110.0

Note:

- (1) Sales volume is measured in units, representing the total number of finished components or assemblies.
- (2) Average selling price is calculated by dividing the revenue in a given product category by the corresponding sales volume.

Throughout the Track Record Period, the sales volume and average selling price of data center transceiver has consistently increased, primarily due to strong downstream demand from AI and data center applications.

### Cost of Sales

Cost of sales of Source Photonics primarily consists of (i) raw material costs, (ii) labor costs and (iii) depreciation and amortization. During the Track Record Period, raw materials constituted the largest component of the cost of sales.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages) (unaudited)							
Raw material costs	758,583	71.8	1,679,562	81.3	1,117,170	79.7	2,147,591	82.0
Labor costs	171,997	16.3	222,977	10.8	166,228	11.9	283,698	10.8
Depreciation and amortization	71,757	6.8	79,314	3.8	53,973	3.9	80,698	3.1
Utility costs	16,232	1.5	20,479	1.0	14,533	1.0	20,373	0.8
Others	38,177	3.6	63,917	3.1	49,082	3.5	85,321	3.3
<b>Total</b>	<b>1,056,746</b>	<b>100.0</b>	<b>2,066,249</b>	<b>100.0</b>	<b>1,400,986</b>	<b>100.0</b>	<b>2,617,681</b>	<b>100.0</b>

### Gross Profit and Gross Margin

#### By product category

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages) (unaudited)							
Data center transceiver	70,269	15.3	629,723	32.5	336,528	28.2	890,907	29.6
Telecommunications transceiver	162,452	19.7	227,572	23.4	138,643	20.6	107,713	18.0
Others	15,678	82.3	21,788	64.7	13,919	63.8	11,214	54.2
<b>Total/Overall<sup>(1)</sup></b>	<b>248,399</b>	<b>19.0</b>	<b>879,083</b>	<b>29.8</b>	<b>489,090</b>	<b>25.9</b>	<b>1,009,834</b>	<b>27.8</b>

Note:

- (1) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

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### General and Administrative Expenses

General and administrative expenses of Source Photonics primarily include (i) employee benefit expenses engaging in the general and administrative function, (ii) depreciation and amortization, (iii) consulting service fees, (iv) office expenses, (v) tax and surcharges, (vi) auditor’s services and (vii) others.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
Employee benefit expenses . . . . .	51,591	45.7	109,047	64.8	37,441	52.5	51,014	41.7
Depreciation and amortization . . . . .	20,321	18.0	24,197	14.4	15,151	21.2	22,782	18.6
Consulting service fees . . . . .	23,876	21.1	7,354	4.4	6,842	9.6	12,597	10.3
Office expenses . . . . .	2,516	2.3	4,543	2.7	2,152	3.0	2,893	2.4
Tax and surcharges . . . . .	2,653	2.3	3,969	2.4	2,692	3.8	4,107	3.4
Auditor’s services . . . . .	814	0.7	814	0.5	814	1.1	814	0.7
Others . . . . .	11,153	9.9	18,277	10.8	6,253	8.8	28,090	23.0
<b>Total</b> . . . . .	<b>112,924</b>	<b>100.0</b>	<b>168,201</b>	<b>100.0</b>	<b>71,345</b>	<b>100.0</b>	<b>122,297</b>	<b>100.0</b>
<i>as % of total revenue</i> . . . . .		8.7		5.7		3.8		3.4

### Selling and Marketing Expenses

Selling and marketing expenses of Source Photonics primarily include (i) employee benefit expenses for personnel engaging in the sales and marketing function, (ii) sales service fees, (iii) travel and business development expenses, (iv) advertising expenses, (v) depreciation and amortization and (vi) others.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
Employee benefit expenses . . . . .	21,947	73.7	30,495	74.3	19,189	69.7	24,675	75.8
Travel and business development expenses . . . . .	3,078	10.3	3,964	9.7	2,578	9.4	2,019	6.2
Advertising expense . . . . .	2,307	7.9	3,210	7.8	2,639	9.6	2,922	9.0
Depreciation and amortization . . . . .	277	0.9	256	0.6	193	0.7	207	0.6
Others . . . . .	2,153	7.2	3,102	7.6	2,926	10.6	2,733	8.4
<b>Total</b> . . . . .	<b>29,762</b>	<b>100.0</b>	<b>41,027</b>	<b>100.0</b>	<b>27,525</b>	<b>100.0</b>	<b>32,556</b>	<b>100.0</b>
<i>as % of total revenue</i> . . . . .		2.3		1.4		1.5		0.9

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### Research and Development Expenses

Research and development expenses of Source Photonics primarily include (i) employee benefit expenses for personnel engaging in the research and development function, (ii) raw material costs, (iii) depreciation and amortization and (iv) others.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
Employee benefit expenses	55,844	51.3	71,619	44.8	39,710	49.3	50,762	32.5
Raw material costs	25,728	23.6	63,852	40.0	19,255	23.9	64,516	41.3
Depreciation and amortization	13,939	12.8	11,360	7.1	10,090	12.5	15,691	10.1
Others	13,419	12.3	12,855	8.1	11,505	14.3	25,103	16.1
<b>Total</b>	<b>108,930</b>	<b>100.0</b>	<b>159,686</b>	<b>100.0</b>	<b>80,560</b>	<b>100.0</b>	<b>156,072</b>	<b>100.0</b>
<i>as % of total revenue</i>		8.3		5.4		4.3		4.3

### Net Impairment Losses on Financial Assets

Net impairment losses under expected credit loss model, net of reversal of Source Photonics represent net impairment losses recognized on trade receivables and other receivables. In 2023, 2024 and the nine months ended September 30, 2025, provision of impairment loss of Source Photonics amounted to RMB0.9 million, RMB1.3 million and RMB1.4 million, respectively.

### Other Income

Other income of Source Photonics consists of (i) government grants and (ii) others.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>							
	<i>(unaudited)</i>							
Government grants	18,726	91.6	15,383	89.6	6,534	88.3	12,962	91.0
Others	1,711	8.4	1,785	10.4	867	11.7	1,278	9.0
<b>Total</b>	<b>20,437</b>	<b>100.0</b>	<b>17,168</b>	<b>100.0</b>	<b>7,401</b>	<b>100.0</b>	<b>14,240</b>	<b>100.0</b>
<i>as % of total revenue</i>		1.6		0.6		0.4		0.4

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### Other Gains/(Losses), Net

Other gains/(losses) of Source Photonics primarily consist of (i) net foreign exchange gains, (ii) fair value changes on financial liabilities at FVTPL (iii) gain on modification of terms in Preferred Shares, (iv) fair value changes on financial assets at FVTPL, (v) net losses on disposal of property, plant and equipment and other long-term assets, (vi) gains from financial assets at FVTPL during holding period and (vii) other items, which mainly include non-operating income and expenses.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i> <i>(unaudited)</i>							
Net foreign exchange gains/(losses) . . . . .	18,791	(37.4)	20,603	3.2	(11,841)	(1.9)	(9,903)	7.6
Fair value losses on financial liabilities at FVTPL . . . . .	(70,112)	139.7	(21,032)	(3.3)	(15,650)	(2.5)	(73,691)	56.9
Fair value gains on financial assets at FVTPL . . . . .	1,420	(2.8)	20	–	–	–	35	–
Gain on modification of terms in Preferred Shares . . . . .	–	–	648,126	102.1	648,126	105.1	–	–
Net losses on disposal of property, plant and equipment and other long-term assets . . . . .	(432)	0.9	(10,757)	(1.7)	(4,857)	(0.8)	(4,552)	3.5
Gains from financial assets at FVTPL during holding period . . . . .	194	(0.4)	610	0.1	154	0.0	84	(0.1)
Other items . . . . .	(56)	0.1	(2,722)	(0.4)	684	0.1	14	–
Compensation expense in connection with convertible bond . . . . .	–	–	–	–	–	–	(41,558)	32.1
<b>Total</b> . . . . .	<b>(50,195)</b>	<b>100.0</b>	<b>634,848</b>	<b>100.0</b>	<b>616,616</b>	<b>100.0</b>	<b>(129,571)</b>	<b>100.0</b>
<i>as % of total revenue</i> . . . . .		<i>(3.8)</i>		<i>21.6</i>		<i>32.6</i>		<i>(3.6)</i>

### Finance Cost, net

Finance cost of Source Photonics primarily consists of (i) interest expenses on borrowings, (ii) net exchange losses on foreign currency borrowings and (iii) interest expenses on lease liabilities. Finance income of Source Photonics primarily derives from interest income.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i> <i>(unaudited)</i>							
<b>Finance Income</b>								
Interest income . . . . .	863	1.7	710	2.6	824	4.3	5,469	25.5
<b>Finance Cost</b>								
Interest expenses on lease liabilities . . . . .	4,836	(9.3)	4,821	(17.4)	4,073	(21.2)	4,472	(20.9)
Interest expenses on borrowings . . . . .	41,924	(80.5)	20,411	(73.7)	14,719	(76.8)	22,112	(103.2)
Net exchange losses on foreign currency borrowings . . . . .	6,188	(11.9)	3,157	(11.4)	1,210	(6.3)	304	(1.4)
Subtotal . . . . .	52,948	(101.7)	28,389	(102.6)	20,002	(104.3)	26,888	(125.5)
<b>Net finance cost</b> . . . . .	<b>52,085</b>	<b>(100.0)</b>	<b>27,679</b>	<b>(100.0)</b>	<b>19,178</b>	<b>(100.0)</b>	<b>21,419</b>	<b>(100.0)</b>
<i>as % of total revenue</i> . . . . .		<i>4.0</i>		<i>0.9</i>		<i>1.0</i>		<i>0.6</i>

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### Income Tax Expenses

Source Photonics’ tax expenses comprise current tax and deferred tax. It is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of Source Photonics is domiciled and operate. Entities established in the PRC were subject to the PRC corporate income tax rate of 25% during the Track Record Period. Certain subsidiaries have obtained High and New Technology Enterprises certification and thus they are entitled to a preferential corporate income tax rate of 15% for certain years during the Track Record Period. The provision for Taiwan Profits Tax for the Track Record Period was calculated at 20% of the estimated assessable profits for the periods. See Note 12 to “Appendix IB — Accountants’ Report of the Source Photonics Group” for tax rates in other jurisdictions in which Source Photonics operates.

Source Photonics recorded income tax expenses of RMB4.4 million, RMB82.8 million and RMB85.5 million in 2023, 2024 and the nine months ended September 30, 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, Source Photonics had fulfilled all tax obligations and did not have any unresolved tax disputes.

### PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Period Ended September 30, 2025 Compared to Period Ended September 30, 2024

##### Revenue

	Nine months ended September 30,		% Change
	2024	2025	
	<i>(in RMB thousands, except for percentages)</i>		
	<i>(unaudited)</i>		
Data center transceiver .....	1,194,932	3,007,239	151.7
Telecommunications transceiver .....	673,315	599,577	(11.0)
Others* .....	21,829	20,699	(5.2)
<b>Total</b> .....	<b>1,890,076</b>	<b>3,627,515</b>	<b>91.9</b>

*Note:*

\* Others mainly consist of income from the sale of materials.

##### Sales Volume and Average Selling Price

	Nine months ended September 30,			
	2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price
	<i>(Units’000)</i>	<i>(RMB)</i>	<i>(Units’000)</i>	<i>(RMB)</i>
Data center transceiver .....	1,072	1,115.0	2,411	1,247.0
Telecommunications transceiver .....	7,154	94.0	5,469	110.0

##### Data Center Transceiver

Source Photonics’ revenue from the sales of data center transceiver increased by 151.7% from RMB1,194.9 million for the nine months ended September 30, 2024 to RMB3,007.2 million for the nine months ended September 30, 2025, due to (i) an increase in sales volume from 1,072 thousand units for the nine months ended September 30, 2024 to 2,411 thousand units for the nine months ended September 30, 2025, primarily due to strong downstream demand in AI and data centers and (ii) an increase in average

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selling price from RMB1,115.0 per unit for the nine months ended September 30, 2024 to RMB1,247.0 per unit for the nine months ended September 30, 2025, mainly due to a shift in product mix toward high-end data center transceivers, which carry higher selling prices.

### *Telecommunications Transceivers*

Source Photonics’ revenue from the sales of telecommunications transceiver decreased by 11.0% from RMB673.3 million for the nine months ended September 30, 2024 to RMB599.6 million for the nine months ended September 30, 2025, due to a decrease in sales volume from 7,154 thousand units for the nine months ended September 30, 2024 to 5,469 thousand units for the nine months ended September 30, 2025, primarily as a result of a decrease in market demand, partially offset by an increase in average selling price from RMB94.0 per unit for the nine months ended September 30, 2024 to RMB110.0 per unit for the nine months ended September 30, 2025, mainly due to a more favorable product mix in 2025, as Source Photonics sold a relatively large volume of lower-priced products in the nine months ended September 30, 2024, which lowered the overall average selling price for the period.

### *Others*

Source Photonics’ revenue from the sales of other products decreased by 5.2% from RMB21.8 million for the nine months ended September 30, 2024 to RMB20.7 million for the nine months ended September 30, 2025, primarily due to higher resales of raw materials and increased sales of scrap materials.

### *Cost of Sales*

	Nine months ended September 30,		% Change
	2024	2025	
	(in RMB thousands, except for percentages)		
	(unaudited)		
Raw material costs	1,117,170	2,147,591	92.2
Labor costs	166,228	283,698	70.7
Depreciation and amortization	53,973	80,698	49.5
Utility costs	14,533	20,373	40.2
Others	49,082	85,321	73.8
<b>Total</b>	<b>1,400,986</b>	<b>2,617,681</b>	<b>86.8</b>
<i>as % of total revenue</i>	74.1	72.2	

Cost of sales of Source Photonics increased by 86.8% from RMB1,401.0 million for the nine months ended September 30, 2024 to RMB2,617.7 million for the nine months ended September 30, 2025, primarily due to (i) a 92.3% increase in raw material costs, (ii) a 70.7% increase in labor costs and (iii) a 73.8% increase in others, in line with higher production of data center transceivers.

### *Gross Profit and Gross Margin*

	Nine months ended September 30,			
	2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	(in RMB thousands, except for percentages)			
	(unaudited)			
Data center transceiver	336,528	28.2	890,907	29.6
Telecommunications transceiver	138,643	20.6	107,713	18.0
Others	13,919	63.8	11,214	54.2
<b>Total/Overall</b>	<b>489,090</b>	<b>25.9</b>	<b>1,009,834</b>	<b>27.8</b>

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### *Data center Transceiver*

Source Photonics’ gross profit from the sales of data center transceiver increased by 164.7% from RMB336.5 million for the nine months ended September 30, 2024 to RMB890.9 million for the nine months ended September 30, 2025, primarily due to (i) a 151.7% increase in revenue from the sales of data center transceiver and (ii) an increase in gross profit margin from 28.2% for the nine months ended September 30, 2024 to 29.6% for the nine months ended September 30, 2025, mainly attributable to improved capacity utilization and manufacturing efficiency as well as declines in raw material prices, which lowered unit costs.

### *Telecommunications Transceiver*

Source Photonics’ gross profit from the sales of telecommunications transceiver decreased by 22.3% from RMB138.6 million for the nine months ended September 30, 2024 to RMB107.7 million for the nine months ended September 30, 2025, primarily due to (i) a decrease 11.0% in revenue from the sales of telecommunications transceiver and (ii) a decrease in gross profit margin from 20.6% for the nine months ended September 30, 2024 to 18.0% for the nine months ended September 30, 2025, mainly attributable to higher manufacturing costs incurred during the production ramp-up stage of certain products, which temporarily affected production efficiency and gross profit margin during the period.

### *Others*

Source Photonics’ gross profit from other products decreased by 19.4% from RMB13.9 million for the nine months ended September 30, 2024 to RMB11.2 million for the nine months ended September 30, 2025, mainly due to lower resale prices for raw materials and scrap materials.

### ***General and Administrative Expenses***

General and administrative expenses of Source Photonics increased by 71.4% from RMB71.3 million for the nine months ended September 30, 2024 to RMB122.3 million for the nine months ended September 30, 2025, primarily due to (i) an increase of RMB13.6 million in employee benefit expenses, (ii) an increase of RMB7.6 million in depreciation and amortization, (iii) an increase of RMB5.8 million in consulting service fees. As a percentage of total revenue, Source Photonics’ general and administrative expenses decreased from 3.8% for the nine months ended September 30, 2024 to 3.4% for the nine months ended September 30, 2025, mainly attributable to the growth in revenue.

### ***Selling and Marketing Expenses***

Selling and marketing expenses of Source Photonics increased by 18.3% from RMB27.5 million for the nine months ended September 30, 2024 to RMB32.6 million for the nine months ended September 30, 2025, primarily due to (i) an increase of RMB5.5 million in employee benefit expenses and (ii) an increase of RMB0.3 million in advertising expense. As a percentage of total revenue, Source Photonics’ selling and marketing expenses decreased from 1.5% for the nine months ended September 30, 2024 to 0.9% for the nine months ended September 30, 2025, mainly attributable to the growth in revenue.

### ***Research and Development Expenses***

Research and development expenses of Source Photonics increased by 93.7% from RMB80.6 million for the nine months ended September 30, 2024 to RMB156.1 million for the nine months ended September 30, 2025, primarily due to (i) an increase of RMB45.3 million in raw materials costs, (ii) an increase of RMB13.6 million in others and (iii) an increase of RMB11.1 million in employee benefit expenses, in line with our increased investment in R&D in data center transceivers. As a percentage of total revenue, Source Photonics’ research and development expenses remained stable at 4.3% for the nine months ended September 30, 2024 and for the nine months ended September 30, 2025, mainly attributable to the growth in revenue.

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### *Net Impairment Losses on Financial Assets*

Impairment losses of Source Photonics under expected credit loss model, net of reversal, decreased from RMB0.2 million for the nine months ended September 30, 2024 to RMB1.4 million for the nine months ended September 30, 2025, primarily due to an increase trade receivables as of September 30, 2025, compared to September 30, 2024.

### *Other Income*

Other income of Source Photonics increased by 92.4% from RMB7.4 million for the nine months ended September 30, 2024 to RMB14.2 million for the nine months ended September 30, 2025, primarily due to an increase in government grants of RMB6.4 million.

### *Other Gains/(Losses), Net*

Other gains/(losses), net of Source Photonics decreased by 121.0% from RMB616.6 million for the nine months ended September 30, 2024 to a net loss of RMB129.6 million for the nine months ended September 30, 2025. The change was primarily due (i) a decrease of RMB648.1 million in gain on modification of terms in Preferred Shares, (ii) an increase of RMB41.6 million in compensation expense in connection with convertible bond and (iii) an increase of RMB58.0 million in fair value losses on financial liabilities at FVTPL, partially offset by a decrease of RMB1.9 million in net foreign exchange losses.

### *Finance Costs, Net*

Finance costs, net of Source Photonics increased by 11.7% from RMB19.2 million for the nine months ended September 30, 2024 to RMB21.4 million for the nine months ended September 30, 2025, primarily due to an increase of RMB7.4 million in interest expenses on borrowings, partially offset by a decrease of RMB0.9 million in net exchange losses on foreign currency borrowings.

### *Income Tax Expenses*

Income tax expenses of Source Photonics increased by 151.6% from RMB34.0 million for the nine months ended September 30, 2024 to RMB85.5 million for the nine months ended September 30, 2025, primarily due to an increase of RMB50.9 million in current income tax and a increase of RMB0.6 million in deferred income tax.

### *Profit for the Period*

As a result of the foregoing, Source Photonics’ profit for the period decreased by 46.0% from RMB880.3 million for the nine months ended September 30, 2024 to RMB475.3 million for the nine months ended September 30, 2025, and its net margin increased from 25.9% for the nine months ended September 30, 2024 to 27.8% for the nine months ended September 30, 2025.

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

#### *Revenue*

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>% Change</b>
	<i>(in RMB thousands, except for percentages)</i>		
Data center transceiver . . . . .	460,061	1,940,435	321.8
Telecommunications transceiver . . . . .	826,037	971,225	17.6
Others <sup>(1)</sup> . . . . .	19,047	33,672	76.8
<b>Total</b> . . . . .	<b><u>1,305,145</u></b>	<b><u>2,945,332</u></b>	<b><u>125.7</u></b>

Note:

\* Others mainly consist of income from the sale of materials.

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### *Sales Volume and Average Selling Price*

	Year ended December 31,			
	2023		2024	
	Sales volume	Average selling price	Sales volume	Average selling price
	<i>(Units'000)</i>	<i>(RMB)</i>	<i>(Units'000)</i>	<i>(RMB)</i>
Data center transceiver .....	1,158	397.3	1,609	1,206.0
Telecommunications transceiver .....	5,693	145.1	9,698	100.1

### *Data Center Transceiver*

Source Photonics’ revenue from the sales of data center transceiver increased by 321.8% from RMB460.1 million in 2023 to RMB1,940.4 million in 2024, due to (i) an increase in sales volume from 1,158 thousand units in 2023 to 1,609 thousand units in 2024, primarily as a result of strong downstream demand in AI and data centers and (ii) an increase in average selling price from RMB397.3 per unit in 2023 to RMB1,206.0 per unit in 2024, primarily as a result of a shift in product mix toward high-end data center transceivers, which carry higher selling prices.

### *Telecommunications Transceiver*

Source Photonics’ revenue from the sales of telecommunications transceiver increased by 17.6% from RMB826.0 million in 2023 to RMB971.2 million in 2024, due to (i) an increase in sales volume from 5,693 thousand units in 2023 to 9,698 thousand units in 2024, primarily as a result of higher shipments in response to customer needs, partially offset by a decrease in average selling price from RMB145.1 per unit in 2023 to RMB100.1 per unit in 2024, mainly due to a shift in product mix toward lower-priced optical transmission products.

### *Others*

Source Photonics’ revenue from the sales of other products increased by 76.8% from RMB19.0 million in 2023 to RMB33.7 million in 2024, primarily due to higher resales of raw materials and increased sales of scrap materials.

### *Cost of Sales*

	Year ended December 31,		
	2023	2024	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Raw material costs .....	758,583	1,679,562	121.4
Labor costs .....	171,997	222,977	29.6
Depreciation and amortization .....	71,757	79,314	10.5
Utility costs .....	16,232	20,479	26.2
Others .....	38,177	63,917	67.4
<b>Total</b> .....	<b>1,056,746</b>	<b>2,066,249</b>	<b>95.5</b>
<i>as % of total revenue</i> .....	<i>81.0</i>	<i>70.2</i>	

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Cost of sales of Source Photonics increased by 95.5% from RMB1,056.7 million in 2023 to RMB2,066.2 million in 2024, primarily due to (i) a 121.4% increase in raw material costs, (ii) a 29.6% increase in labor costs and (iii) a 67.4% increase in others, in line with higher production of data center transceivers.

### *Gross Profit and Gross Margin*

	Year ended December 31,			
	2023		2024	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Data center transceiver .....	70,269	15.3	629,723	32.5
Telecommunications transceiver .....	162,452	19.7	227,572	23.4
Others <sup>(1)</sup> .....	15,678	82.3	21,788	64.7
<b>Total/Overall</b> .....	<b>248,399</b>	<b>19.0</b>	<b>879,083</b>	<b>29.8</b>

### *Data Center Transceiver*

Source Photonics’ gross profit from data center transceiver increased by 796.2% from RMB70.3 million in 2023 to RMB629.7 million in 2024, primarily due to (i) an increase 321.8% in revenue from the sales of data center transceiver and (ii) an increase in gross profit margin from 15.3% in 2023 to 32.5% in 2024, mainly attributable to larger production scale, ongoing design optimizations and annual price reductions of supplier, which lowered unit costs.

### *Telecommunications Transceiver*

Source Photonics’ gross profit from telecommunications transceiver increased by 40.1% from RMB162.5 million in 2023 to RMB227.6 million in 2024, primarily due to (i) an increase 17.6% in revenue from the sales of telecommunications transceiver and (ii) an increase in gross profit margin from 19.7% in 2023 to 23.4% in 2024, mainly attributable to Source Photonics’ cost optimization measures, including scaling production to capture economies of scale and optimizing the vendor base.

### *Others*

Source Photonics’ gross profit from other products increased by 39.0% from RMB15.7 million in 2023 to RMB21.8 million in 2024, mainly due to higher resale prices for raw materials and scrap materials.

### *General and Administrative Expenses*

General and administrative expenses of Source Photonics increased by 49.0% from RMB112.9 million in 2023 to RMB168.2 million in 2024, primarily due to (i) an increase of RMB57.5 million in employee benefit expenses and (ii) an increase of RMB7.1 million in others, partially offset by (i) a decrease of RMB16.5 million in consulting service. As a percentage of total revenue, Source Photonics’ general and administrative expenses decreased from 8.7% in 2023 to 5.7% in 2024, mainly attributable to the significant growth in revenue.

### *Selling and Marketing Expenses*

Selling and marketing expenses of Source Photonics increased by 37.9% from RMB29.8 million in 2023 to RMB41.0 million in 2024, primarily due to (1) an increase of RMB8.5 million in employee benefit expenses, (ii) an increase of RMB0.9 million in advertising expense and (iii) an increase of RMB0.9 million in others. As a percentage of total revenue, Source Photonics’ selling and marketing expenses decreased from 2.3% in 2023 to 1.4% in 2024, mainly attributable to the significant growth in revenue.

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### *Research and Development Expenses*

Research and development expenses of Source Photonics increased by 46.6% from RMB108.9 million in 2023 to RMB159.7 million in 2024, primarily due to (i) an increase of RMB38.1 million in raw materials costs and (ii) an increase of RMB15.8 million in employee benefit expenses, partially offset by a decrease of RMB2.6 million in depreciation and amortization. As a percentage of total revenue, Source Photonics research and development expenses decreased from 8.3% in 2023 to 5.4% in 2024, mainly attributable to the significant growth in revenue.

### *Net Impairment Losses on Financial Assets*

Impairment losses on Source Photonics under expected credit loss model, net reversal, increased from RMB0.9 million in 2023 to RMB1.3 million in 2024, primarily due to an increased balance of trade receivables.

### *Other Income*

Other income of Source Photonics decreased by 16.0% from RMB20.4 million in 2023 to RMB17.2 million in 2024, primarily due to a decrease in government grants amounting to RMB3.3 million, partially offset by an increase of RMB0.1 million in others.

### *Other Gains/(Losses), Net*

Other gains/(losses), net of Source Photonics shifted from a loss of RMB50.2 million in 2023 to a gain of RMB634.8 million in 2024, primarily due to (i) an increase of RMB648.1 million in gain on modification of terms in Preferred Shares, (ii) a decrease of RMB49.1 million in fair value losses on financial liabilities at FVTPL, and (iii) an increase of RMB1.8 million in net foreign exchange gains, partially offset by a decrease of RMB10.3 million in net losses on disposal of property, plant and equipment and other long-term assets.

### *Finance Costs, Net*

Finance costs, net of Source Photonics decreased by 46.9% from RMB52.1 million in 2023 to RMB27.7 million in 2024, primarily due to a decrease of RMB21.5 million in interest expenses on borrowings that mainly attributable to the repayment of certain loans with higher interest rates during 2023.

### *Income Tax Expenses*

Income tax expenses of Source Photonics increased by 1,773.4% from RMB4.4 million in 2023 to RMB82.8 million in 2024, primarily because the company incurred a loss in 2023.

### *Profit/(loss) for the year*

As a result of the foregoing, Source Photonics recorded a profit of RMB1,050.5 million in 2024, compared with a loss of RMB90.4 million in 2023, and its net margin improved from a net loss margin of 6.9% in 2023 to a net profit margin of 35.7% in 2024.

## FINANCIAL INFORMATION

### DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(in RMB thousands)</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	517,278	700,223	956,486
Right-of-use assets	118,668	105,224	95,382
Intangible assets	133,500	145,969	117,685
Deferred tax assets	37,293	13,002	6,344
Prepayments and other receivables	52,268	18,539	127,662
Other non-current assets	2,199	2,961	3,147
<b>Total non-current assets</b>	<b>861,206</b>	<b>985,918</b>	<b>1,306,706</b>
<b>Current assets</b>			
Inventories	525,622	844,157	1,248,206
Prepayments and other receivables	33,703	62,136	74,504
Trade receivables	478,814	873,915	1,373,810
Financial assets at fair value through profit or loss	81,000	14,020	12,035
Financial assets at fair value through other comprehensive income	28,217	6,022	4,918
Restricted cash and term deposits	50,388	40,344	53,861
Cash and cash equivalents	213,914	252,047	275,731
Other current assets	9,306	22,422	19,837
<b>Total current assets</b>	<b>1,420,964</b>	<b>2,115,063</b>	<b>3,062,902</b>
<b>Current liabilities</b>			
Borrowings	581,045	461,575	558,618
Trade payables	517,025	916,370	1,493,304
Contract liabilities	117	1,232	259
Lease liabilities	20,391	20,722	15,651
Current income tax liabilities	5,583	29,577	151,931
Convertible bonds	321,304	374,483	–
Other financial liabilities at fair value through profit or loss	2,625,085	–	–
Accruals and other payables	63,776	173,100	94,993
Provisions	3,215	2,353	2,776
<b>Total current liabilities</b>	<b>4,137,541</b>	<b>1,979,412</b>	<b>2,317,532</b>
<b>Net current (liabilities)/assets</b>	<b>(2,716,577)</b>	<b>135,651</b>	<b>745,370</b>
<b>Total assets less current liabilities</b>	<b>(1,855,371)</b>	<b>1,121,569</b>	<b>2,052,076</b>
<b>Non-current liabilities</b>			
Borrowings	11,766	–	10,000
Lease liabilities	126,323	107,039	97,738
Deferred tax liabilities	–	5,435	17,559
Convertible bonds	–	–	422,675
Deferred income	28,145	25,848	23,643
<b>Total non-current liabilities</b>	<b>166,234</b>	<b>138,322</b>	<b>571,615</b>
<b>Net assets</b>	<b>(2,021,605)</b>	<b>983,247</b>	<b>1,480,461</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	65	65	65
Other reserves	398,801	2,353,199	2,375,157
Retained profit/ (Accumulated losses)	(2,429,403)	(1,377,586)	(901,381)
Non-controlling interests	8,932	7,569	6,620
<b>Total equity</b>	<b>(2,021,605)</b>	<b>983,247</b>	<b>1,480,461</b>

## FINANCIAL INFORMATION

### Inventories

Source Photonics’ inventories include raw materials, finished goods and work in progress. The table below sets forth the breakdown of its inventories as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(in RMB thousands)</i>		
	<i>(unaudited)</i>		
Raw materials .....	318,934	328,555	556,250
Work in progress .....	261,602	448,821	528,857
Finished goods .....	59,569	60,332	168,064
Materials on consignment .....	11,246	30,422	52,298
Goods in transit .....	22,417	106,432	66,162
Less: provision for impairment .....	(148,146)	(130,405)	(123,425)
<b>Total</b> .....	<b>525,622</b>	<b>844,157</b>	<b>1,248,206</b>

Source Photonics’ inventories increased from RMB525.6 million as of December 31, 2023 to RMB844.2 million as of December 31, 2024, primarily due to (i) an increase in work in progress from RMB261.6 million as of December 31, 2023 to RMB448.8 million as of December 31, 2024 and (ii) an increase in goods in transit from RMB22.4 million as of December 31, 2023 to RMB106.4 million as of December 31, 2024.

Source Photonics’ inventories increased from RMB844.2 million as of December 31, 2024 to RMB1,248.2 million as of September 30, 2025, primarily due to (i) an increase in raw materials from RMB328.6 million as of December 31, 2024 to RMB556.3 million as of September 30, 2025 and (ii) an increase in work in progress from RMB448.8 million as of December 31, 2024 to RMB528.9 million as of September 30, 2025, partially offset by a decrease in goods in transit from RMB106.4 million as of December 31, 2024 to RMB66.2 million as of September 30, 2025.

### Aging Analysis

The table below sets forth an aging analysis of inventories of Source Photonics as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(in RMB thousands)</i>		
Within one year .....	534,523	834,383	1,217,037
One to two years .....	31,936	54,049	83,755
Two to three years .....	27,489	11,292	11,934
Over three years .....	79,820	74,838	58,905
<b>Total</b> .....	<b>673,768</b>	<b>974,562</b>	<b>1,371,631</b>

The table below sets forth the turnover days of Source Photonics’ inventories for the years indicated.

	Year Ended December 31,		As of September 30,
	2023	2024	2025
Inventory turnover days <sup>(1)</sup> .....	160	119	108

*Note:*

- (1) Inventory turnover days for each year equals the average of the beginning and ending carrying amount of inventory for that period divided by cost of sales for that year and multiplied by 360 days for 2023, and 2024, and by 270 days for the nine months ended September 30, 2025.

## FINANCIAL INFORMATION

During the Track Record Period, Source Photonics’ inventory turnover days decreased from 2023 to 2024, in line with its business growth. Source Photonics’ inventory turnover days remained stable between 2024 and as of September 30, 2025.

### Trade Receivables

Trade receivables mainly arise from sales of products on credit. Source Photonics periodically conduct credit evaluations of customers who trade on credit. Source Photonics usually grant credit terms to customers ranging from 30 to 120 days from the date of billing.

The table below sets forth the breakdown of Source Photonics’ trade receivables as of the dates indicated.

	<b>As of December 31,</b>		<b>As of September 30,</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
Trade receivables . . . . .	481,384	877,705	1,378,933
Less: credit loss allowance . . . . .	(2,570)	(3,790)	(5,123)
<b>Total</b> . . . . .	<b>478,814</b>	<b>873,915</b>	<b>1,373,810</b>

Source Photonics’ trade receivables continued to increase during the Track Record Period, primarily due to an increase in the sales of its products in line with the business growth.

The table below sets forth an aging analysis of Source Photonics’ trade receivables as of the dates indicated.

	<b>As of December 31,</b>		<b>As of September 30,</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(in RMB thousands)</i>		
Within one year . . . . .	479,737	873,220	1,373,013
One to two years . . . . .	249	3,105	4,543
Over two years . . . . .	1,398	1,380	1,377
<b>Total</b> . . . . .	<b>481,384</b>	<b>877,705</b>	<b>1,378,933</b>

For further details, see Note 21 to “Appendix IB — Accountants’ Report of the Source Photonics Group.”

The table below sets forth the turnover days of Source Photonics’ trade receivables for the years indicated.

	<b>Year Ended December 31,</b>		<b>As of September 30,</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
Trade receivables turnover days <sup>(1)</sup> . . . . .	123	83	84

Note:

(1) Trade receivables turnover days for each year equals the average of the beginning and ending balances of trade receivables for that year divided by revenue for that year and multiplied by 360 days for 2023, and 2024, and by 270 days for the nine months ended September 30, 2025.

## FINANCIAL INFORMATION

During the Track Record Period, Source Photonics’ trade receivables turnover days decreased from 2023 to 2024 and as of September 30, 2025, mainly due to an increase in overseas customers.

### Trade Payables

Source Photonics’ trade payables primarily represent outstanding amounts owed to third parties, including payments for materials, construction and equipment and operating expenses.

The table below sets forth the breakdown of Source Photonics’ trade payables as of the dates indicated.

	<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>		
Payments for materials . . . . .	479,224	854,289	1,300,518
Payments for construction and equipment . . . . .	16,215	43,353	156,035
Payments for operating expenses . . . . .	21,586	18,728	36,751
<b>Total</b> . . . . .	<b><u>517,025</u></b>	<b><u>916,370</u></b>	<b><u>1,493,304</u></b>

Source Photonics’ trade payables increased by 77.2% from RMB517.0 million as of December 31, 2023 to RMB916.4 million as of December 31, 2024, primarily due to increases in (i) an increase in payments for materials from RMB479.2 million as of December 31, 2023 to RMB854.3 million as of December 31, 2024 and (ii) an increase in payments for construction and equipment from RMB16.2 million as of December 31, 2023 to RMB43.4 million as of December 31, 2024. Source Photonics’ trade payables increased from RMB916.4 million as of December 31, 2024 to RMB1,493.3 million as of September 30, 2025, primarily due to (i) an increase in payments for materials from RMB854.3 million as of December 31, 2024 to RMB1,300.5 million as of September 30, 2025 and (ii) an increase in payments for construction and equipment from RMB43.4 million as of December 31, 2024 to RMB156.0 million as of September 30, 2025.

The table below sets forth the aging analysis of the trade payables.

	<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>		
Within 1 year . . . . .	515,157	913,392	1,490,648
Between 1 and 2 years . . . . .	760	1,826	1,537
Between 2 and 3 years . . . . .	241	240	228
Over 3 years . . . . .	867	912	891
<b>Total</b> . . . . .	<b><u>517,025</u></b>	<b><u>916,370</u></b>	<b><u>1,493,304</u></b>

The table below sets forth the turnover days for the trade and other payables for the years indicated.

	<u>Year Ended</u>		<u>As of</u>
	<u>December 31,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Trade payables turnover days <sup>(1)</sup> . . . . .	160	125	124

Note:

(1) Trade payables turnover days for each year equals the average of the beginning and ending balances of trade and bills payables for that year divided by cost of sales for that year and multiplied by 360 days for 2023, and 2024, and by 270 days for the nine months ended September 30, 2025.

## FINANCIAL INFORMATION

During Track Record Period, Source Photonics’ trade payables turnover days decreased in 2023, 2024 and the nine months ended September 30, 2025.

### Restricted Cash and Term Deposits

Source Photonics had restricted bank deposits of RMB50.4 million, RMB40.3 million and RMB53.9 million as of December 31, 2023 and 2024 and as of September 30, 2025, primarily related to international trade financing borrowings, with fluctuations mainly due to the expiration of existing arrangements and the signing of new contracts.

### Cash Flows

The table below sets forth Source Photonics’ cash flows for the years indicated.

	Year Ended December 31,		As of
	2023	2024	September 30, 2025
	<i>(in RMB thousands)</i>		
<b>Cash flows from operating activities</b>			
Cash generated from operations	90,731	351,786	470,441
Interest received	863	710	5,469
Income tax paid	(13,810)	(33,660)	(66,756)
<b>Net cash generated from operating activities</b>	<b>77,784</b>	<b>318,836</b>	<b>409,154</b>
Net cash used in investing activities	(186,335)	(195,376)	(400,188)
Net cash generated from/(used in) financing activities	195,015	(111,579)	43,847
<b>Net increase in cash and cash equivalents</b>	<b>86,464</b>	<b>11,881</b>	<b>52,813</b>
Cash and cash equivalents at beginning of the year	186,812	213,914	252,047
Effects of exchange rate changes on cash and cash equivalents	(59,362)	26,252	(29,129)
<b>Cash and cash equivalents at end of the year</b>	<b>213,914</b>	<b>252,047</b>	<b>275,731</b>

### Operating Activities

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 gains 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

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## FINANCIAL INFORMATION

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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.

### *Investing Activities*

For the nine months ended September 30, 2025, Source Photonics had net cash used in investing activities of RMB400.2 million, primarily comprising (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB400.4 million and (ii) placement of wealth management products of RMB38.0 million, partially offset by withdraw of wealth management products of RMB40.0 million.

In 2024, Source Photonics had net cash used in investing activities of RMB195.4 million, primarily comprising (i) placement of wealth management products of RMB223.5 million and (ii) payments for purchase of property, plant, and equipment, intangible assets and other non-current assets of RMB264.7 million, partially offset by withdraw of wealth management products of RMB290.5 million.

In 2023, Source Photonics had net cash used in investing activities of RMB186.3 million, primarily comprising (i) payments for purchase of property, plant, and equipment, intangible assets and other non-current assets of RMB125.2 million and (ii) placement of wealth management products of RMB81.0 million, partially offset by government grant received in relation to assets of RMB15.4 million.

### *Financing Activities*

For the nine months ended September 30, 2025, Source Photonics had net cash generated from financing activities of RMB43.8 million, primarily comprising proceeds from borrowings of RMB797.2 million, partially offset by repayments of borrowings of RMB687.5 million and payments for repurchase of convertible bonds of RMB357.7 million.

In 2024, Source Photonics had net cash used in financing activities of RMB111.6 million, primarily consisting of (i) repayment of borrowings of RMB833.1 million and (ii) payments for repurchase of convertible bonds of RMB142.2 million, partially offset by (i) proceeds from borrowing of RMB714.5 million and (ii) proceeds from issuance of convertible bonds of RMB177.6 million.

In 2023, Source Photonics had net cash generated from financing activities of RMB195.0 million, primarily consisting of (i) proceeds from borrowings of RMB998.0 million and (ii) proceeds from issuance of convertible bonds of RMB356.1 million, partially offset by (i) repayment of borrowings of RMB1,037.6 million.

## FINANCIAL INFORMATION

### Net Current Assets/Liabilities

The table below sets forth current assets and liabilities of Source Photonics as of the dates indicated.

	<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>		
<b>Current assets:</b>			
Inventories . . . . .	525,622	844,157	1,248,206
Prepayments and other receivables . . . . .	33,703	62,136	74,504
Trade receivables . . . . .	478,814	873,915	1,373,810
Financial assets at fair value through profit or loss . . . . .	81,000	14,020	12,035
Financial assets at fair value through other comprehensive income . . . . .	28,217	6,022	4,918
Restricted cash and term deposits . . . . .	50,388	40,344	53,861
Cash and cash equivalents . . . . .	213,914	252,047	275,731
Other current assets . . . . .	9,306	22,422	19,837
<b>Total current assets</b> . . . . .	<b><u>1,420,964</u></b>	<b><u>2,115,063</u></b>	<b><u>3,062,902</u></b>
<b>Current liabilities:</b>			
Borrowings . . . . .	581,045	461,575	558,618
Trade payables . . . . .	517,025	916,370	1,493,304
Contract liabilities . . . . .	117	1,232	259
Lease liabilities . . . . .	20,391	20,722	15,651
Current income tax liabilities . . . . .	5,583	29,577	151,931
Convertible bonds . . . . .	321,304	374,483	–
Other financial liabilities at fair value through profit or loss . . . . .	2,625,085	–	–
Accruals and other payables . . . . .	63,776	173,100	94,993
Provisions . . . . .	3,215	2,353	2,776
<b>Total current liabilities</b> . . . . .	<b><u>4,137,541</u></b>	<b><u>1,979,412</u></b>	<b><u>2,317,532</u></b>
<b>Net current (liability)/assets</b> . . . . .	<b><u>(2,716,577)</u></b>	<b><u>135,651</u></b>	<b><u>745,370</u></b>

### *Comparison between September 30, 2025 and December 31, 2024*

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 (i) an increase in trade receivables from RMB873.9 million to RMB1,373.8 million, (ii) an increase in inventories from RMB844.2 million to RMB1,248.2 million, (iii) a decrease in lease liabilities from RMB20.7 million to RMB15.7 million and (iv) an increase in prepayments and other receivables from RMB62.1 million to RMB74.5 million, mainly attributable to the increase in the balance of prepayments for goods not yet received, partially offset by an increase in trade payables from RMB916.4 million to RMB1,493.3 million and an increase in current income tax liabilities from RMB29.6 million to RMB151.9 million, mainly attributable to the reclassification of the convertible bonds account to other payables following confirmation that the bonds would not be converted as of September 30, 2025.

### *Comparison between December 31, 2024 and December 31, 2023*

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 (i) a decrease in financial liabilities at fair value through profit or loss from RMB2,625.1 million to nil, (ii) an increase in trade receivables from RMB478.8 million to RMB873.9 million, (iii) an increase in inventories from RMB525.6 million to RMB844.2 million and (iv) a decrease in borrowings from RMB581.0 million to RMB461.6 million, partially offset by an increase in trade payables from RMB517.0 million to RMB916.4 million.

## FINANCIAL INFORMATION

### INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(in RMB thousands)</i>		
<b>Current</b>			
Borrowings .....	581,045	461,575	558,618
Lease liabilities .....	20,391	20,722	15,651
<i>Subtotal</i> .....	<u>601,436</u>	<u>482,297</u>	<u>574,269</u>
<b>Non-current</b>			
Borrowings .....	11,766	–	10,000
Lease liabilities .....	126,323	107,039	97,738
<i>Subtotal</i> .....	<u>138,089</u>	<u>107,039</u>	<u>107,738</u>
<b>Total</b> .....	<u><b>739,525</b></u>	<u><b>589,336</b></u>	<u><b>682,007</b></u>

### Borrowings

As of December 31, 2023 and 2024 and as of September 30, 2025, Source Photonics had borrowings of RMB592.8 million, RMB461.6 million and RMB568.6 million, respectively. The table below sets for the categories of borrowings of Source Photonics as of the dates indicated.

	As of December 31,		As of
	2023	2025	September 30, 2025
	<i>(in RMB thousands)</i>		
Within 1 year .....	581,045	461,575	558,618
Between 1 and 2 years .....	11,766	–	10,000
Between 2 and 5 years .....	–	–	–
<b>Total</b> .....	<u><b>592,811</b></u>	<u><b>461,575</b></u>	<u><b>568,618</b></u>

### Lease Liabilities

Lease liabilities of Source Photonics, including current and non-current portions, were primarily in relation to Source Photonics’ lease of land use rights and buildings used in its operations.

As of December 31, 2023, and 2024, and September 30, 2025, the balance of Source Photonics’ lease liabilities, including both current and non-current portions, was RMB146.7 million, RMB127.8 million and RMB113.4 million, respectively. These decrease primarily reflect the termination of certain leases.

### CONTINGENT LIABILITIES

As of September 30, 2025, Source Photonics did not have any material contingent liabilities. During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, Source Photonics did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

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.

## FINANCIAL INFORMATION

Directors of Source Photonics confirm that there has not been any material change in Source Photonics’ indebtedness since September 30, 2025 and up to the Latest Practicable Date. Directors of Source Photonics confirm that during the Track Record Period and up to the Latest Practicable Date, Source Photonics did not have any material defaults or breaches of covenants in repayment of indebtedness.

### KEY FINANCIAL RATIOS

	Year Ended/As of December 31,		As of September 30
	2023	2024	2025
	%	%	%
Gross margin <sup>(1)</sup>	19.0	29.8	27.8
Net profit margin <sup>(2)</sup>	(6.9)	35.7	13.1
Debt ratio <sup>(3)</sup>	188.6	68.3	66.1

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%.

### 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 December 31,		
	2023	2024	2025
	<i>(in RMB thousands)</i>		
<b>Dividends attributable to the year</b>	187,313	425,319	118,795

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.

### DISTRIBUTABLE RESERVE

As of December 31, 2025, our consolidated retained profit amounted to RMB10,538.4 million, which is available for distribution to our Shareholders.

### DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

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## FINANCIAL INFORMATION

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### UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[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 [REDACTED] 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] expenses and fees of the Joint Sponsors, legal advisors and reporting accountant and approximately HK\$[REDACTED] for other [REDACTED] fees and expenses.

### 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 this document.