

Ligent Technologies, Inc.

Transfer Pricing Review
(2022.1.1-2026.06.30)



Company statement

Ligent Technologies, Inc. (“Ligent Technologies” or “the Company”) has engaged Ernst & Young (China) Advisory Limited Beijing Branch (“EY” or “we”) to analyse and document related party transfer pricing arrangements with respect to specified transactions undertaken by Hisense Broadband Multimedia Technologies Co., Ltd. (hereinafter referred to as “Qingdao Hisense Broadband”) with its related parties during 2022/01/01 to 2026/06/30 from the standpoint of China’s transfer pricing laws, regulations and administrative rulings as well as OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (“the OECD Guidelines”).

Ligent Technologies has represented, on behalf of itself and its affiliates, that such facts, assumptions and representations are true, correct and complete. However, we have not independently audited or otherwise verified any of these facts, assumptions or representations. A misstatement or omission of any fact or a change or amendment in any of the facts, assumptions or representations we have relied upon may require a modification of all or a part of this advice. In addition, our advice is based on such facts, assumptions and representations as represented to us as of the date of our report. Any changes in the facts, assumptions or representations upon which we have relied may require a modification of all or part of this advice.

Our advice assumes that all related party agreements and other legal documents reviewed are valid and enforceable according to their terms. We have no responsibility to update our advice for events, circumstances or changes in any of the facts, assumptions or representations occurring after the date of this report.

Please note that this report has been prepared in accordance with the OECD Guidelines. Generally, the analysis prepared in accordance with the OECD Guidelines will be accepted by the tax jurisdictions involved in the covered transactions. However, it is not binding on any local tax authorities when conducting transfer pricing reviews, audits, or investigations. The profit levels of relevant entities within each tax jurisdiction may be adjusted as a result of such reviews, audits, or investigations.

When conducting the transfer pricing analysis and work relating to this report, we will not consider the specific tax and transfer pricing regulations of other tax jurisdictions outside of China. Providing recommendations related to the overseas tax jurisdictions is not within the scope of transfer pricing analysis in this report.

While we believe that the conclusions in this report are supportable, there can be no guarantee that tax authorities will agree. This report is not intended to provide assurance that Hisense Broadband or its affiliates’ transfer prices over the tested period will withstand scrutiny by any tax authority. In the event of a transfer pricing adjustment by a tax authority, we can provide no guarantee that penalties will not be assessed.

Moreover, this report contains information obtained from third party sources such as information databases, filed annual accounts and industry relevant publications. Although we use our experience to assess, as far as is reasonably possible, the reliability and suitability of such third party data, we cannot guarantee its accuracy.

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Abbreviations and definitions

Qingdao Hisense Broadband	Hisense Broadband Multimedia Technologies Co., Ltd.
Ligent Technologies	Ligent Technologies, Inc.
Hisense Broadband Group	The multinational group headed by Ligent Technologies
Guangdong Hisense Broadband	Guangdong Hisense Broadband Technology Co., Ltd
Thailand Hisense Broadband	LigentComm Co., Ltd.
HK Hisense Broadband	Hisense Broadband Multimedia Technologies (HK) Co., Limited
LigentCom Photonics	LigentCom Photonics, Inc.
Ligent Tech	Ligent Tech, Inc.
Qingdao Lianzhi Optical Communication	Qingdao Lianzhi Optical Communication Technology Co., Ltd.
CPLM	Cost plus method
CUP Method	Comparable uncontrolled price method
EY	Ernst & Young (China) Advisory Limited
MTC	Markup on total cost
OECD Guidelines	Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, Organisation for Economic Co-operation and Development (January 2022)
OM	Operating margin
PLI	Profit level indicator
PSM	Profit split method
RPM	Resale price method

I. Executive Summary

Overview

Ligent Technologies has engaged Ernst & Young (China) Advisory Limited Beijing Branch (“EY” or “we”) to analyse and document the related party transfer pricing arrangements with respect to the transactions within Hisense Broadband Group during the period 2022/01/01 to 2026/06/30 (“the period under review”), from the standpoint of China’s transfer pricing laws, regulations and administrative rulings as well as OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (“the OECD Guidelines”).

The covered entities are as follows:

- ▶ Qingdao Hisense Broadband
- ▶ Ligent Technologies
- ▶ Guangdong Hisense Broadband Technology Co., Ltd. (“Guangdong Hisense Broadband”)
- ▶ LigentComm Co., Ltd. (“Thailand Hisense Broadband”)
- ▶ Hisense Broadband Multimedia Technologies (HK) Co., Limited. (“HK Hisense Broadband”)
- ▶ LigentCom Photonics, Inc. (“LigentCom Photonics”)
- ▶ Ligent Tech, Inc. (“Ligent Tech”)
- ▶ Qingdao Lianzhi Optical Communication Technology Co., Ltd. (“Qingdao Lianzhi Optical Communication”)
- ▶ Xiamen Lianzhi Optical Communication Technology Co., Ltd (“Xiamen Lianzhi Optical Communication”)¹

Our review primarily comprises the undertaking of a transfer pricing analysis for the following identified transactions (“Covered Transactions”) undertaken during the period under review:

- ▶ Transaction 1: Sales of raw materials and products;
- ▶ Transaction 2: Purchase of raw materials and products;
- ▶ Transaction 3: Service transactions;
- ▶ Transaction 4: Financing transactions;

For the purpose of this report, we test the arm’s length nature of Covered Transaction 1 and 2 by adopting an aggregate approach to test the entity-level profit margin, and verify the arm’s length nature of Transaction 3 and 4 by reviewing its transfer pricing policy.

Conclusion

1. LigentCom Photonics

- ▶ LigentCom Photonics operates as a manufacturer

During the period under review, LigentCom Photonics purchased raw materials from related parties and sold the products to related parties for further sales or manufacturing. Based on the functional and risk characterization of LigentCom Photonics, as well as in accordance with relevant transfer pricing principles, LigentCom Photonics serves as the principal entity of the optical chips’ value chain and could be characterized as a routine manufacturer bearing market risks. During the covered period, the primary related party transaction is sales of the

¹ Considering that Xiamen Lianzhi Optical Communication’s related party transaction volume for FY2025 was insignificant, therefore we only test Xiamen Lianzhi Optical Communication’s related party transaction for the first half of FY2026.

finished products to HK Hisense Broadband for further distribution. Therefore, from a transfer pricing perspective, we select HK Hisense Broadband, a limited risk distributor, as tested party to assess the arm's length nature of the transfer pricing arrangements under the primary related party transactions.

During the period under review, HK Hisense Broadband earned an OM of 0.55%, 0.35%, 0.08%, 0.09% and 0.08% respectively, which all fall within the interquartile range earned by the APAC comparable distribution companies. Therefore, we can conclude that the transfer pricing of LigentCom Photonics' primary related party transactions was consistent with the arm's length principle.

► Provision of R&D support services to related parties

During the period under review, LigentCom Photonics provided R&D support services to its related parties. The transfer pricing policy (i.e. cost plus 5%) for this transaction falls within the interquartile range earned by the comparable companies. Therefore, we can conclude that the transfer pricing for transaction of R&D support services was consistent with the arm's length principle.

► Borrowing from related parties

During the period under review, LigentCom Photonics entered into USD intercompany financing transaction with its related parties. Considering the interest volume was far below the auditing materiality level, we did not conduct separate benchmarking analysis. However, we assessed this transaction based on our observations and a practical approach. Based on our observations, the interest rate applied is generally above the opportunity costs of the lenders and not higher than market interest rates from a borrower perspective. Therefore, it can be concluded that the transfer pricing policy generally falls within an arm's length range in which both parties agree on a commercially reasonable rate.

2. Guangdong Hisense Broadband

► Guangdong Hisense Broadband operates as a manufacturer

During the period under review, Guangdong Hisense Broadband purchased raw materials from related parties and sold the finished products to related parties for further distribution. In the meantime, Guangdong Hisense Broadband also received procurement support from its related party. Based on the functional and risk characterization of Guangdong Hisense Broadband, as well as in accordance with relevant transfer pricing principles, Guangdong Hisense Broadband could be characterized as a routine manufacturer bearing limited risks. All these transactions are closely integrated for a manufacturer, it is appropriate to test them aggregately. During FY2022-2025, Guangdong Hisense Broadband earned a MTC of 4.95%, 3.73%, 2.26% and 2.82% respectively, which all fall within the interquartile range earned by the comparable manufacturing companies. For the first half of FY2026, Guangdong Hisense Broadband earned a MTC of 10.02% which falls within the full range and not lower than the median earned by the comparable manufacturing companies. Accordingly, we can conclude that during the period under review, the transfer pricing of Guangdong Hisense Broadband's related party transactions aggregately was consistent with the arm's length principle.

3. Thailand Hisense Broadband

► Thailand Hisense Broadband operates as a manufacturer

During the period under review, Thailand Hisense Broadband purchased raw materials from related parties and sold the finished products to related parties for further distribution. Based on the functional and risk characterization of Thailand Hisense Broadband, as well as in accordance with relevant transfer pricing principles, Thailand Hisense Broadband could be characterized as a routine manufacturer bearing limited risks. The above transactions are closely integrated for a manufacturer, it is appropriate to test them aggregately. During

FY2022-FY2024 and in the first half of FY2026, Thailand Hisense Broadband earned a MTC of 3.40%, 3.24%, 0.28% and 1.52% respectively, which all fall within the interquartile range earned by the comparable manufacturing companies. In FY2025, Thailand Hisense Broadband earned a MTC of 23.04% which falls within the full range and not lower than the median earned by the comparable manufacturing companies. In addition, taking into consideration that Thailand Hisense Broadband's average MTC from FY2022 to the first half of FY2026 is 7.78%, which falls within the interquartile range and higher than the median. Accordingly, from a Thailand transfer pricing perspective, we could conclude that the transfer pricing of Thailand Hisense Broadband's related party transactions aggregately was consistent with the arm's length principle.

4. Qingdao Hisense Broadband

► Qingdao Hisense Broadband operates as a manufacturer

During the period under review, intercompany purchases and sales were the primary type of related party transaction in which Qingdao Hisense Broadband participated, accounting for 99.62% of Qingdao Hisense Broadband's total related party transaction volume. Based on the functional and risk characterization of Qingdao Hisense Broadband, as well as in accordance with relevant transfer pricing principles, Qingdao Hisense Broadband serves as the principal entity of the optical transceiver's value chain and can be characterized as a full-fledged manufacturer bearing market risks. Therefore, from a transfer pricing perspective, we select all the counterparties of Qingdao Hisense Broadband as tested parties.

As illustrated in the analysis of each counterparty in this report (please refer to the analysis for HK Hisense Broadband, Guangdong Hisense Broadband and Thailand Hisense Broadband), the transfer pricing arrangement of each counterparty has been demonstrated as in compliance with arm's length principle. Therefore, we can conclude that Qingdao Hisense Broadband's transfer pricing arrangements are also in compliance with arm's length principle, which can obtain the residual profit or loss of the value chain.

5. HK Hisense Broadband

► HK Hisense Broadband operates as a distributor

Based on the functional and risk characterization of HK Hisense Broadband, as well as in accordance with relevant transfer pricing principles, HK Hisense Broadband could be characterized as a limited risk distributor which trade raw materials or finished products with related parties, including provision of procurement support services. All transactions are closely integrated for a distributor, it is appropriate to test them aggregately. During the period under review, HK Hisense Broadband earned an operating margin ("OM") of 0.55%, 0.35%, 0.08%, 0.09% and 0.08% respectively, which all fall within the interquartile range earned by the comparable distribution companies. Accordingly, we could conclude that the transfer pricing of HK Hisense Broadband's related party transactions aggregately was consistent with the arm's length principle.

6. Ligent Tech

► Ligent Tech operates as a distributor

Based on the functional and risk characterization of Ligent Tech, as well as in accordance with relevant transfer pricing principles, Ligent Tech could be characterized as a limited risk distributor which purchases finished products from related parties for further distribution, including the receipt of support services from related parties. All transactions are closely integrated for a distributor, it is appropriate to test them aggregately. During FY2022-FY2025, Ligent Tech earned an OM of 2.77%, 3.21%, 4.27% and 5.86% respectively, which all fall within or higher than the interquartile range earned by the comparable companies. In the first half of FY2026, Ligent Tech earned an OM of 2.01%, which is slightly lower than the interquartile range. Given its temporary nature and Ligent Tech expects to achieve an arm's length profit at the end of FY2026, as well as taking into consideration that Ligent Tech's

average OM from FY2022 to Q1 FY2026 is 3.97%, which falls within the interquartile range and higher than the median. Accordingly, from the USA perspective, we can conclude that during the period under review, the transfer pricing of Ligent Tech's related party transactions aggregately was consistent with the arm's length principle.

7. Qingdao Lianzhi Optical Communication

► Qingdao Lianzhi Optical Communication operates as a manufacturer

During the period under review, based on the functional and risk characterization of Qingdao Lianzhi Optical Communication, as well as in accordance with relevant transfer pricing principles, Qingdao Lianzhi Optical Communication could be characterized as a routine manufacturer. All transactions are closely integrated for a manufacturer, it is appropriate to test them aggregately.

For FY2025, taking into account that Qingdao Lianzhi Optical Communication was established in April 2025 and was under start-up phase during FY2025, we eliminated certain operating cost incurred due to underutilization of capacity and R&D expenses incurred that have not yet generated expected outcome to Qingdao Lianzhi Optical, the adjusted MTC is 4.90% which falls within the interquartile range. Therefore, we can conclude that during FY2025, the transfer pricing of Qingdao Lianzhi Optical Communication's related party transactions aggregately was consistent with the arm's length principle.

For the first half of FY2026, Qingdao Lianzhi Optical Communication earned a MTC of 92.79%, which is higher than the interquartile range earned by the comparable manufacturing companies. From a transfer pricing perspective, the profit fluctuation during the year is not abnormal as long as the whole year result is within the interquartile range, and we understand that Qingdao Lianzhi Optical Communication is closely reviewing and monitoring the transfer pricing arrangement in the second half of FY2026 in order to achieve year-end arm's length. Therefore, we can also conclude that the risk of Qingdao Lianzhi Optical Communication's transfer pricing arrangements was considered low.

8. Xiamen Lianzhi Optical Communication

► Xiamen Lianzhi Optical Communication operates as a distributor

During the first half of FY2026, Xiamen Lianzhi Optical Communication was mainly engaged in the distribution of optical chips manufactured by Qingdao Lianzhi Optical Communication. Under its distribution business, based on the functional and risk characterization of Xiamen Lianzhi Optical Communication, as well as in accordance with relevant transfer pricing principles, Xiamen Lianzhi Optical Communication could be characterized as a limited risk distributor.

For the first half of FY2026, Xiamen Lianzhi Optical Communication earned an OM of -2.71% under its distribution business, which is within the full range earned by the comparable companies. In addition, based on the information we obtained from management, the slight loss was mainly due to the high procurement prices set in the budget made at the end of FY2025. To align with the market changes in the first half of FY2026, Xiamen Lianzhi Optical Communication has adjusted its procurement prices and is closely reviewing and monitoring the transfer pricing arrangement in the second half of FY2026, with the expectation to achieve a profit level in line with arm's length principle in FY2026. From a transfer pricing perspective, the profit fluctuation during the year is not abnormal as long as the whole year result is within the interquartile range. Therefore, we can conclude that the risk of the transfer pricing of Xiamen Lianzhi Optical Communication's related party transactions was considered low.

Recommendations

In view of the above analysis, it is recommended that the company continue monitoring the transfer pricing operation through the year to make sure the year-end results will be aligned with the transfer pricing policy and arm's length range, in order to manage potential transfer pricing risks. In addition, it is also recommended that the company prepare transfer pricing documentation for compliance purpose in view of the relevant transfer pricing documentation requirements in different jurisdictions.

II. Background

With more than 20 years of experience and over 4,000 employees, Hisense Broadband Group is a global technology leader in optical transceivers, active optical cables, ONU BOX, SET TOP BOX. Hisense Broadband provide solutions to the Fiber-To-the-Home (FTTH), Cable Television, Data Communications Network and Consumer Electronics markets in North America, Europe, and Asia.²

Ligent Technologies has engaged Ernst & Young (China) Advisory Limited Beijing Branch to analyse and document the related party transfer pricing arrangements with respect to the transactions within Hisense Broadband Group during the period 2022/01/01 to 2026/06/30 (“the period under review”), from the standpoint of China’s transfer pricing laws, regulations and administrative rulings as well as OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (“the OECD Guidelines”).

The covered entities are as follows:

- ▶ Qingdao Hisense Broadband
- ▶ Ligent Technologies
- ▶ Guangdong Hisense Broadband
- ▶ Thailand Hisense Broadband
- ▶ HK Hisense Broadband
- ▶ LigentCom Photonics
- ▶ Ligent Tech
- ▶ Qingdao Lianzhi Optical Communication
- ▶ Xiamen Lianzhi Optical Communication

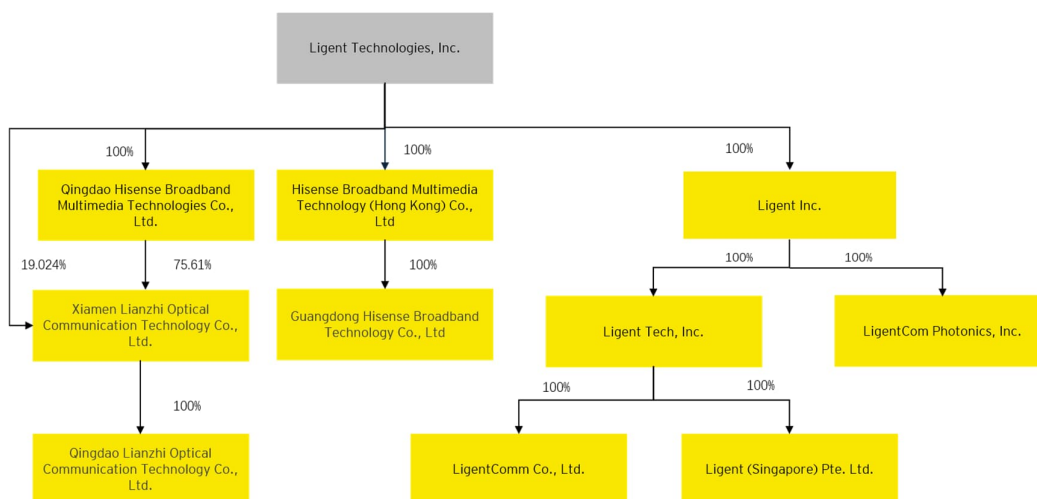
Our review primarily comprises the undertaking of a transfer pricing analysis for the following identified transactions (“Covered Transactions”) undertaken during the period under review:

- ▶ Transaction 1: Sales of raw materials and products;
- ▶ Transaction 2: Purchase of raw materials and products;
- ▶ Transaction 3: Service transactions;
- ▶ Transaction 4: Financing transactions.

² Source: Official website of Hisense Broadband: https://www.hisensebroadband.com/html/company/about_us/

The ownership structure of the companies involved in Covered Transactions is illustrated as below:³

Figure 1. Ownership structure of Ligent Technologies, Inc.



The organizational structure and headcount of the covered entities involved in Covered Transactions is illustrated as below:⁴

► Qingdao Hisense Broadband

This table below show Qingdao Hisense Broadband's employee headcount and main functions performed by each department:

Table 1. Employee headcount and main function within Qingdao Hisense Broadband's departments during the period under review⁵

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional Overview
Administration	73	127	123	128	131	Financial management, administrative management, human resources management, supply chain management, security management and other management personnel
Sales	54	53	51	55	59	Marketing, sales support and other sales-related personnel
R&D	715	692	623	548	634	Structural design, product development project management, product certification, R&D cost management, R&D quality assurance, software development, hardware design, industrial control software design, software test, field process, hardware test, complete machine product manager,

³ Source: Qingdao Hisense Broadband management

⁴ Source: Qingdao Hisense Broadband management

⁵ Source: Qingdao Hisense Broadband management

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional Overview
						test development, product process, system architecture, optical (chip) development, R&D management, optical module hardware development, equipment technology, packaging design, product process design, PCB development, efficiency R&D technical personnel such as management, R&D system management, logistics process, standardization management, PCBA process design, quality assurance, supplier quality assurance, quality management, market quality management, simulation design, process quality assurance, scientific and technological management, product planning, industrial design, intelligent manufacturing, general project management, EMC design, utility technology and energy and carbon technology
Production	1,271	845	924	810	794	Manufacturing personnel related to production basic management, warehousing, production services, product quality inspection, product repair, processing and assembly, basic R&D assistance, product trial production, on-site process, production equipment maintenance, distribution, information statistics, R&D testing, public facilities and equipment maintenance, logistics basic management, production management, etc
Total	2,113	1,717	1,721	1,541	1,618	

► Guangdong Hisense Broadband

This table below show Guangdong Hisense Broadband's employee headcount and main functions performed by each department:

Table 2. Employee headcount and main function within Guangdong Hisense Broadband's departments during the period under review⁶

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional overview
Administration	30	50	49	53	56	Financial management, administrative management, human resources management, supply chain management, security management and other management personnel
Sales	3	3	2	2	2	Sales personnel such as marketing and sales support
R&D	107	133	146	151	189	R&D and technical personnel for product process, new product introduction, process quality assurance, industrial control software design, software development, field process, efficiency management, equipment technology, tooling technology, structural design, supplier quality assurance, utility technology, lean, equipment operation and maintenance, market quality management, logistics process, etc
Production	1,214	1,277	1,936	1,787	3,185	Manufacturing personnel related to on-site process, production grassroots management, processing and assembly, production service, distribution, warehousing, production equipment maintenance, product trial production, production management, product quality inspection, information statistics, product repair, three-guarantee repair, etc
Total	1,354	1,463	2,133	1,993	3,432	

⁶ Source: Qingdao Hisense Broadband management

► Thailand Hisense Broadband

This table below show Thailand Hisense Broadband's employee headcount and main functions performed by each department :

Table 3. Employee headcount and main function within Thailand Hisense Broadband's departments during the period under review⁷

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional overview
Administration	3	9	10	12	16	Financial management, supply chain management, safety and environment management, human resources management and other managers
R&D	12	11	12	26	53	R&D and technical personnel of product process, on-site process, quality management, equipment technology, etc
Production	156	156	304	322	347	Production service, product quality inspection, processing and assembly, warehousing, production equipment maintenance, production grass-roots management and other manufacturing related personnel
Total	171	176	326	360	416	

► HK Hisense Broadband

This table below show HK Hisense Broadband's employee headcount and main functions performed by each department:

Table 4. Employee headcount and main function within HK Hisense Broadband's departments during the period under review⁸

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional overview
Sales	4	-	1	-	-	Marketing personnel and Warehouse keeper
Total	4	-	1	-	-	

⁷ Source: Qingdao Hisense Broadband management

⁸ Source: Qingdao Hisense Broadband management

► LigentCom Photonics

This table below show LigentCom Photonics' employee headcount and main functions performed by each department :

Table 5. Employee headcount and main function within LigentCom Photonics' departments during the period under review⁹

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional overview
Administration	6	6	6	4	4	Financial management, administration management, human resources management, information technology management
R&D	24	32	19	12	11	Product process, optical (chip) development, quality management, product process design and other R&D technicians
Production	79	60	68	38	37	Manufacturing personnel related to production base management, product quality inspection, processing and assembly, production service, production management, on-site process, production equipment maintenance, etc
Total	109	98	93	54	52	

► Ligent Tech

This table below show Ligent Tech's employee headcount and main functions performed by each department :

Table 6. Employee headcount and main function within Ligent Tech's departments during the period under review¹⁰

Function	Number of employees in FY2022	Number of employees in FY2023	Number of employees in FY2024	Number of employees in FY2025	Number of employees in 2026/06/30	Functional overview
Administration	4	5	5	3	4	Financial management and human resources management
Sales	7	7	8	12	9	Marketing (B-end), sales support (B-end), product strategy
R&D	7	9	8	7	7	R&D technical personnel for optical (chip) development, equipment operation and maintenance, software testing, hardware design, software development, R&D management, optical module hardware development, etc
Total	18	21	21	22	20	

⁹ Source: Qingdao Hisense Broadband management

¹⁰ Source: Qingdao Hisense Broadband management

► Qingdao Lianzhi Optical Communication

This table below show Qingdao Lianzhi Optical Communication's employee headcount and main functions performed by each department:

Table 7. Employee headcount within Qingdao Lianzhi Optical Communication's departments during the period under review¹¹

Department	Number of employees in FY2025	Number of employees in 2026/06/30	Functional overview
Administration	2	2	Supply chain management, human resources management
Sales	1	1	Marketing and sales support
R&D	36	44	R&D technicians for hardware testing, product development project management, complete machine product manager, industrial control software design, product process design, test development, product process, R&D cost management, part quality technology, optical (chip) development, process quality assurance, supplier quality assurance, equipment operation and maintenance.
Production	133	254	Manufacturing personnel for processing and assembly, product quality inspection, on-site process, production management, production base management, production service, delivery, etc
Total	172	301	

► Xiamen Lianzhi Optical Communication

During the period under review, Xiamen Lianzhi Optical Communication has 3 employees in R&D department, responsible for product process design and equipment technology.

¹¹ Source: Qingdao Hisense Broadband management

III. Value Chain and Functional Analysis

This section analyzes the value chain in which the covered entities participate. It further examines their respective functions and risk exposures to identify whether the profit derived from related parties transactions align with their functional risk positioning.

1. Value chain analysis

The following figure shows the value chain in which the covered entities participate.



Strategic management

Company strategy includes defining major businesses, determining organization structure and operation process, deciding on mergers and acquisitions, as well as coping with market competition.

Qingdao Hisense Broadband serves as the principal in charge of establishing all strategic planning and decision making for its value chain. Each covered entity is responsible for arranging the necessary resources with respect to its human resources, financing and routine administration functions, such as managing its own cash flows, accounts payable, accounts receivable, management information system and employee hiring and training.

R&D

The R&D function involves strategic and execution plan for R&D activities, development of new products, improvement of existing products, and development or improvement of production technique.

The main R&D activities are carried out by Qingdao Hisense Broadband and LigentCom Photonics. To be specific, Qingdao Hisense Broadband primarily undertakes R&D functions, responsible for pre-research on fundamental and applied technologies for broadband products, new product development, design quality improvements, and product development testing. LigentCom Photonics primarily undertakes R&D activities in relation to chips, including preliminary R&D, trial production and posting production testing.

Guangdong Hisense Broadband, Thailand Hisense Broadband, Ligent Tech and Qingdao Lianzhi Optical Communication provide limited assistance solely to facilitate mass production transition, including pilot production of new products, new product validation testing, and trial runs prior to volume production, which constitute inherent requirements for its production and processing operations. In addition, LigentCom Photonics was engaged in the provision of contract R&D services to its related parties since FY2024.

Procurement

The functions of procurement are those activities related to the purchase of raw materials and other inputs in the production process as well as the purchase of finished products for further distribution.

All the covered entities are responsible for formulating material/product procurement policies and establishing and maintaining supplier systems, etc. under the guidance of

Qingdao Hisense Broadband. In the meantime, all the covered entities arrange and conduct procurement activities on their own for daily operations.

Manufacturing

Manufacturing functions are activities that impact the manufacture of a company's products including production planning, control and process improvement.

All the manufacturing entities including Qingdao Hisense Broadband, Guangdong Hisense Broadband, Thailand Hisense Broadband, LigentCom Photonics and Qingdao Lianzhi Optical Communication are responsible for executing production and manufacturing functions, including formulating production plans and conducting specific production and processing. Each manufacturing entity develops production plans and organizes manufacturing activities based on market demand and orders issued by related parties.

Marketing and sales

The marketing and sales function refers to the activities of negotiating with clients, signing contracts, and selling products to such clients.

Qingdao Hisense Broadband is responsible for establishment of marketing strategy and key decision making at the group level, including brand strategy and development, market positioning strategy, integrated product marketing and promotion, terminal channel establishment and management, etc.

The distribution entities including HK Hisense Broadband, Ligent Tech and Xiamen Lianzhi Optical Communication are responsible for implementation of the marketing strategy established by Qingdao Hisense Broadband and sales of finished products to third-party customers.

In addition, certain manufacturing entities including LigentCom Photonics and Guangdong Hisense Broadband also engage in a small portion of third-party sales activities.

2. Risk assumed

R&D risk

R&D risk relates to the financial risk associated with R&D investments. Specifically, it is the risk that a specific development project will fail to recover its investments or fail to create a product or a technology that can be profitably utilized in the business operations of the company.

Qingdao Hisense Broadband and LigentCom Photonics execute technology and product planning, conducts pre-research, and develops new products, while also responsible for design quality enhancements and product development testing. In this process, should any R&D activities fail, the incurred R&D costs may not be recoverable, resulting in financial losses. Consequently, Qingdao Hisense Broadband and LigentCom Photonics bear certain R&D risks.

Guangdong Hisense Broadband, Thailand Hisense Broadband, Ligent Tech and Qingdao Lianzhi Optical Communication provide strictly limited assistance solely to enable mass production transition. In this context, if R&D activities fail, the principal R&D risks are borne by Qingdao Hisense Broadband, while such entities assume only corresponding risks proportionate to its limited contributions.

Market risk

Market risk arises when a company is subject to adverse sales conditions due to either increased competition in the marketplace, adverse demand conditions within the market, or an inability to develop markets or position products to serve targeted customers. When these situations occur, the profitability of the company will be affected at different degree given the facts and circumstances.

Qingdao Hisense Broadband formulates sales strategies for core products and develops/maintains domestic and international client relationships. Sales of Qingdao Hisense Broadband might decline if domestic/overseas markets shrink or it is in the relatively weak position in the increasingly fierce market competition. Consequently, it bears primary market risks arising from market volatility or demand contraction.

In the meantime, when the sales decline in the end market, the sales of other covered entities will also be indirectly affected by the market downturns. Therefore, the other covered entities also bear certain indirect market risks.

Inventory risk

Inventory risk relates to losses associated with carrying excessive or insufficient inventory and the risk that the inventory held by a company can become damaged and be subject to spoilage. Losses include obsolescence, shrinkage, or market collapse such that products can only be sold at a loss.

The manufacturing entities including Qingdao Hisense Broadband, Guangdong Hisense Broadband, Thailand Hisense Broadband, LigentCom Photonics and Qingdao Lianzhi Optical Communication develop and execute production plans based on order volumes, organize production activities and determine raw material procurement quantities according to production schedules and inventory levels. The distribution entities including HK Hisense Broadband and Ligent Tech develop the procurement plan based on the sales orders. Concurrently, these entities implement rigorous inventory control management. Consequently, the covered entities assume relatively limited inventory risk exposure.

Product liability risk

Product liability risk refers to the risk associated with the possibility of facing legal action from customers due to defects in the products provided.

For raw materials and products procured from related parties, all quality-related risks associated with the raw materials and products shall be borne by the related parties. Since all the covered entities implements strict quality control procedures and the quality of the raw materials and products has been rigorously reviewed prior to sale, instances of quality issues occurring during the review period are rare.

Credit risk

When the entity supplies products or services to a customer in advance of customer payment, the firm runs the risk of default of such payment.

Regarding related-party transactions, the covered entities bear no credit risks arising from customer default. Regarding third-party transactions, given the long-term relationships with clients and the implementation of stringent credit protocols, the credit risks the covered entities need to bear is relatively limited.

Foreign exchange risk

Exchange rate risk relates to the potential variability of profits that can arise because of changes in foreign exchange rates and arises whenever the transacting currency of an entity is different from its functional currency.

When the settlement currency differs from the accounting functional currency, both parties will be exposed to foreign exchange risk and bear corresponding foreign exchange risk.

3. Assets employed

Assets employed can be divided into two categories: tangible assets, which are ordinarily found on the enterprise's balance sheet; and intangible assets, which usually are not.

► Tangible asset

The table below summarizes tangible asset information of the covered entities

Unit: RMB yuan

Year-end book value of tangible assets					
Entity name	2022	2023	2024	2025	2026/06/30
Qingdao Hisense Broadband	353,059,413.67	353,595,041.80	478,520,024.25	311,373,502.01	323,203,100.64
Guangdong Hisense Broadband	177,644,569.59	204,384,238.60	488,036,666.77	479,737,493.23	573,799,721.79
Thailand Hisense Broadband	23,702,395.54	28,544,835.70	76,977,379.58	182,929,737.66	164,907,956.26
HK Hisense Broadband	170,151.72	136,878.97	128,641.39	90,080.62	86,590.54
LigentCom Photonics	86,986,394.57	92,790,269.61	104,838,833.71	89,849,594.20	81,428,663.30
Ligent Tech	6,276,118.51	5,000,644.86	7,372,226.94	5,161,918.67	6,453,218.43
Qingdao Lianzhi Optical Communication	-	-	-	166,357,713.40	145,575,461.50
Xiamen Lianzhi Optical Communication	-	-	-	1,840,707.96	3,075,138.64

► Intangible asset

Intangible assets are often extremely important to a firm's success or failure; they can be a clear source of competitive advantage and are very significant to the creation of value for the business. At the same time, intangible assets can be difficult to identify and define. Many intangible assets, such as patents and trademarks, have a clear legal owner; while legal ownership for others, such as knowhow and customer relationships, may be less clear.

Moreover, under the OECD Guidelines, legal ownership of an intangible by itself does not confer any right to retain profits derived from exploiting the intangible. Rather, profits from the exploitation of intangibles should accrue to the parties that perform development, enhancement, maintenance, protection and exploitation ("DEMPE") functions and take related risks. Certain functions relating to the design and control of intangible development programs are particularly important. Accordingly, this analysis focuses on DEMPE functions of a design and control nature, and risk management functions related to the development of intangibles. This analysis is relevant to the selection of the tested party and the identification of comparables: the party performing more routine DEMPE functions and bearing fewer intangibles-related risks is more likely to be the tested party.

▶ Product intangibles

Product intangibles include product design, product technology and know-how. Product intangibles may be patented or unpatented. In the absence of patents, product intangibles may be protected as trade secrets.

Qingdao Hisense Broadband conducts R&D activities whose outcomes materialize into intangible assets, which are actively utilized in its production processes. Specifically, Qingdao Hisense Broadband performs major Development, Enhancement, Maintenance, Protection, and Exploitation (DEMPE) functions related to product intangibles and holds the ownership of such intangible assets.

The other covered entities do not own significant product intangibles.

▶ Marketing intangibles

Marketing intangibles include trademarks and trade names, which serve not only to identify products but to embody the firm's reputation for superior product and service quality. Marketing intangibles can also include advertising materials and campaigns, customer relationships, distribution networks, and service know-how, etc.

The brand name of "Hisense" is legally owned, developed and managed by Hisense headquarter. The covered entities are less involved in the implementation of DEMPE functions related to these intangible assets.

4. Summary

Based on above analysis regarding functions performed, risks borne and intangible assets owned by the company, Qingdao Hisense Broadband serves as the principal entity of the optical transceiver's value chain, undertaking integrated R&D, procurement, production, sales functions. It bears comprehensive risks including R&D risk, market risk, inventory risk, product liability risk, credit risk and foreign exchange risk. Consequently, Qingdao Hisense Broadband can be characterized as a full-fledged manufacturer bearing market risks.

LigentCom Photonics serves as the principal entity of the optical chips' value chain, undertaking R&D, procurement and manufacturing functions and assume certain risks including R&D risk, market risk, product liability risk, inventory risk, credit risk and foreign exchange risk. Thus, LigentCom Photonics can be characterized as a routine manufacturer bearing market risks.

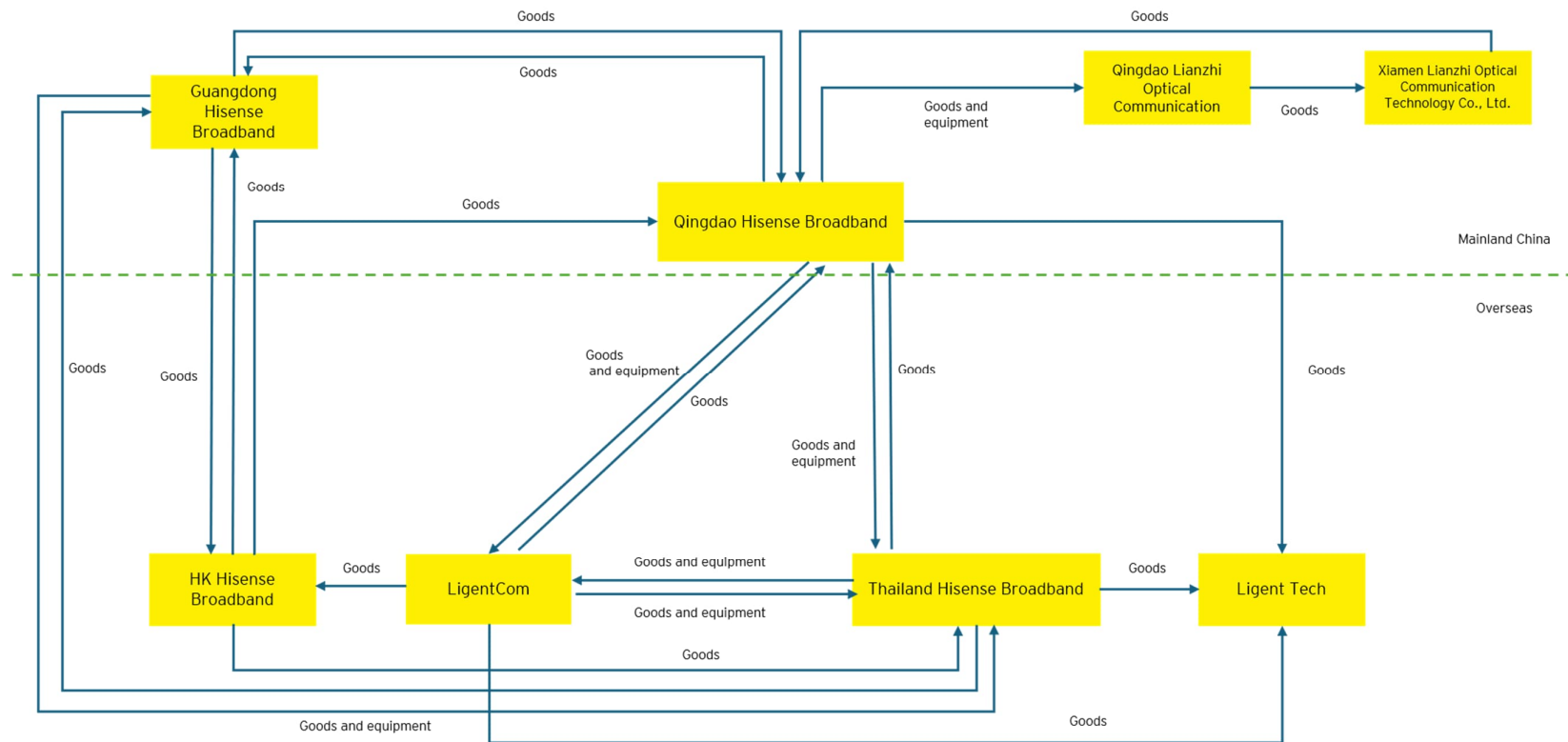
Guangdong Hisense Broadband, Thailand Hisense Broadband and Qingdao Lianzhi Optical Communication primarily perform procurement and manufacturing functions and assume certain risks including R&D risk, market risk, product liability risk, inventory risk, credit risk and foreign exchange risk. Thus, these entities can be characterized as routine manufacturers.

HK Hisense Broadband and Ligent Tech principally execute procurement and distribution functions, undertaking market risk, product liability risk, inventory risk, credit risk and foreign exchange risk. Accordingly, these entities can be characterized as limited-risk distributors.

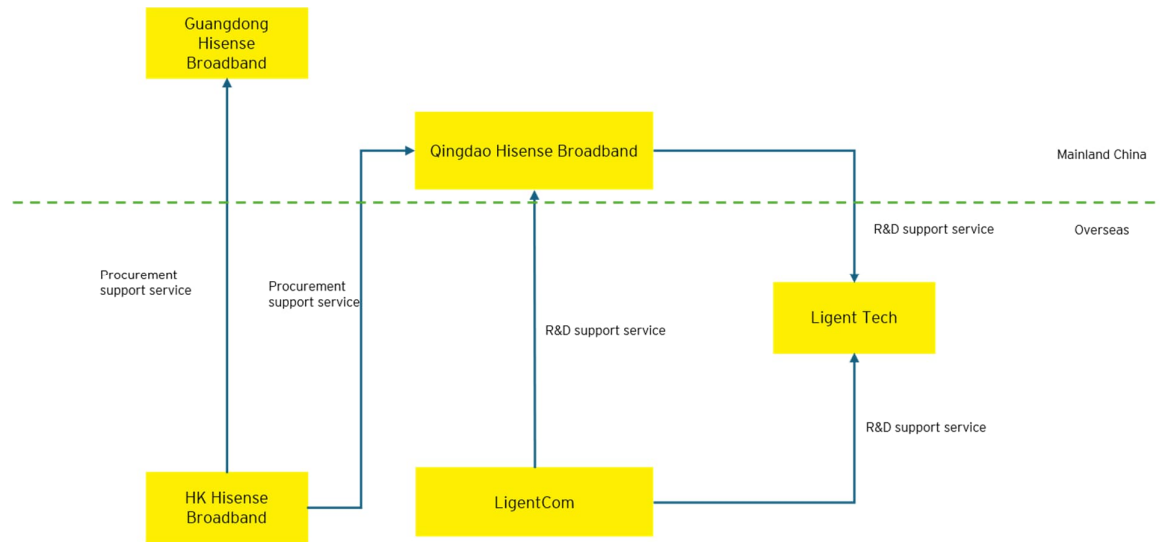
IV. Flow chart of intra-group transactions

During the period under review, the routine intra-group transactions are illustrated in the figures below. The specific analysis for each entity is conducted in the following sections.

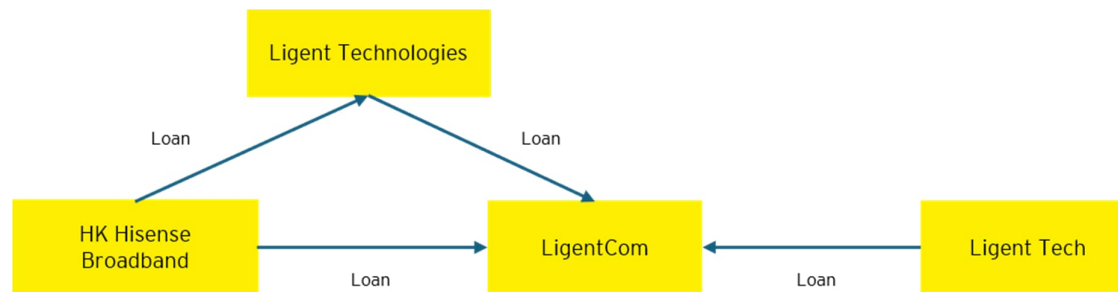
► Sales and purchases of raw materials and products



► Provision and receipt of service



► Intercompany financing



V. Analysis for LigentCom Photonics

► Covered Transactions for the manufacturing business

During the period under review, LigentCom Photonics purchased the raw materials and equipments from its related parties for manufacturing and sold the products to its related parties for further distribution. The transfer pricing of the related party transactions that LigentCom Photonics participated in is negotiated and determined by both parties under the premise of fair market pricing.

During the period under review, intercompany purchases and sales were the primary type of related party transaction in which LigentCom Photonics participated. As introduced in Section III, as well as in accordance with relevant transfer pricing principles, LigentCom Photonics serves as the principal entity of the optical chips' value chain and can be characterized as a routine manufacturer bearing market risks. Therefore, from a transfer pricing perspective, in order to test the arm's length nature of the related party transaction above, we select HK Hisense Broadband, a limited risk distributor, as tested party considering HK Hisense Broadband was LigentCom Photonics' major related party transaction counterparty whose transaction volume accounts for 89.69% of the total related party transaction volume of LigentCom Photonics, and we test HK Hisense Broadband on an aggregated basis using TNMM as the most appropriate transfer pricing method, taking into consideration that HK Hisense Broadband is a highly integrated trading platform.

The financial results of LigentCom Photonics during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	234,515,309.63	98,534,912.62	168,416,104.01
Operating Cost	B	120,907,040.24	95,511,940.32	109,186,157.54
Sales expenses	C	721,041.22	669,056.03	518,308.29
Administrative expenses	D	23,862,242.26	19,543,266.34	15,330,454.52
R&D expenses	E	41,219,934.09	47,410,824.58	43,676,776.24
Operating profit	F=A-B-C-D-E	47,805,051.83	-64,600,174.65	-295,592.59
MTC	G=F/(A-F)	25.60%	-39.60%	-0.18%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	51,896,882.69	26,798,979.94	116,032,437.78
Operating Cost	B	89,877,459.16	37,497,089.90	90,595,937.43
Sales expenses	C	154,158.58	16,666.01	415,846.03
Administrative expenses	D	15,605,536.41	8,933,053.55	16,654,910.62
R&D expenses	E	32,387,527.60	13,069,579.71	35,552,928.44
Operating profit	F=A-B-C-D-E	-86,127,799.06	-32,717,409.21	-27,187,184.74
MTC	G=F/(A-F)	-62.40%	-54.97%	-18.98%

The financial results of HK Hisense Broadband during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	1,876,421,079.19	1,427,202,659.31	2,471,871,700.25
Operating Cost	B	1,862,151,056.15	1,420,384,741.38	2,468,472,931.24
Sales expenses	C	850,710.83	1,504,963.54	678,048.33
Administrative expenses	D	314,401.26	638,375.69	622,932.56
Research and development expenses	E	2,780,451.55	-278,289.30	-
Operating profit	F=A-B-C-D-E	10,324,459.40	4,952,867.99	2,097,788.12
OM	G=F/A	0.55%	0.35%	0.08%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	3,200,236,243.51	1,967,701,378.70	2,188,686,612.19
Operating Cost	B	3,195,532,829.24	1,964,181,146.86	2,182,144,540.97
Sales expenses	C	517,316.22	320,138.93	774,235.57
Administrative expenses	D	1,375,705.29	1,628,268.10	915,936.58
Research and development expenses	E	-	-	500,432.45
Operating profit	F=A-B-C-D-E	2,810,392.77	1,571,824.81	4,351,466.62
OM	G=F/A	0.09%	0.08%	0.20%

Based on our analysis, the search for HK Hisense Broadband's comparable companies yield an interquartile range of 1.51% to 5.79% with a median of 3.95% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable APAC distribution companies is detailed in Appendix B.

Table 10. Summary of the OM interquartile range

Item	Weighted Average OM for APAC comparable distributors
Upper quartile	5.79%
Median	3.95%
Lower quartile	-1.51%
Number of observations	9

During the period under review, HK Hisense Broadband earned an OM of 0.55%, 0.35%, 0.08%, 0.09% and 0.08% respectively, which all fall within the interquartile range earned by the APAC comparable distribution companies. Therefore, from a transfer pricing perspective, we

can conclude that the transfer pricing of LigentCom Photonics' primary related party transactions was consistent with the arm's length principle.

► Provision of R&D support services

During the period under review, LigentCom Photonics provided R&D support services to its related parties. The prices for the services were determined based on the total costs incurred plus 5%.

Under this transaction, LigentCom Photonics can be characterized as a limited risk service provider. We determined that TNMM is the most appropriate transfer pricing method and MTC is the most appropriate profit indicator. Based on our analysis, the search of comparable companies for LigentCom Photonics' R&D support services yield an interquartile range of 0.78% to 9.00% with a median of 4.88% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable companies is detailed in Appendix E.

Table 8. Summary of the MTC interquartile range

Item	Weighted Average MTC
Upper quartile	9.00%
Median	4.88%
Lower quartile	0.78%
Number of observations	6

During the period under review, the transfer pricing policy (i.e. cost plus 5%) for this transaction falls within the interquartile range earned by the comparable companies. Therefore, we can conclude that the transfer pricing for transaction of R&D support services was consistent with the arm's length principle.

► Borrowing from related parties

During the period under review, LigentCom Photonics entered into USD intercompany financing transaction with its related parties. The interest rates were set based on the Federal Reserve rate and SOFR at the time of signing contract.

Table 9. Summary of intercompany financing – Interest Rates

Entity Name	Counterparty	Interest rate
LigentCom Photonics	HK Hisense Broadband	0.5%
	Ligent Technologies	0.49315%
	Ligent Tech	3.50%

Considering the interest volume was far below the auditing materiality level, we did not conduct separate benchmarking analysis.

For the intercompany financing with HK Hisense Broadband and Ligent Technologies, based on our observation, the interest rate applied is above the opportunity costs of the lenders at the time entering into the contract (e.g. the demand deposit rates of the lender could be

regarded as its opportunity costs; and in FY2022, China's demand deposit rate was 0.35%¹² and Hong Kong's demand deposit rate was around 0.05%¹³) and not higher than the market interest rate from a borrower perspective (e.g. a market interest rate is often priced at SOFR plus a spread, the average SOFR in FY2022 is 1.64%¹⁴). Technically, these interest rates collectively establish a range that can be considered as an arm's length range within which both parties can negotiate an appropriate rate to be applied. Therefore, it can be concluded that the interest rate applied falls within the arm's length range, and the transfer pricing for intercompany financing transaction can be regarded as consistent with the arm's length principle.

For the intercompany financing with Ligent Tech, based on our observation, the interest rate applied is above the opportunity costs of the lenders at the time entering into the contract (e.g. the demand deposit rates of the lender could be regarded as its opportunity costs; and the USD interest rate for Business Premier Savings Account in USA was 0.05%-0.18% effectively from June 2025¹⁵) and not higher than the market interest rate from a borrower perspective (e.g. a market interest rate is often priced at SOFR plus a spread, the average SOFR in FY2025 is 4.24%¹⁶). Technically, these interest rates collectively establish a range that can be considered as an arm's length range within which both parties can negotiate an appropriate rate to be applied. Also taking into consideration that the two companies file consolidated tax returns in US, it can be concluded that the interest rate applied falls within the arm's length range, and the transfer pricing for intercompany financing transaction can be regarded as consistent with the arm's length principle.

¹² Source: Official website of People's Bank of China, <http://www.pbc.gov.cn/zhengcehuobisi/125207/125213/125440/125838/125885/125896/2813607/index.html>.

¹³ Source: Wind research.

¹⁴ Source: Federal Reserve Bank of NEW YORK, <https://www.newyorkfed.org/markets/reference-rates/sofr>.

¹⁵ Source: Official website of Bank of China (New York Branch), <https://www.bocusa.com/sites/default/files/2025-06/USD%20Interest%20Rate%20Sheet.pdf>

¹⁶ Source: Federal Reserve Bank of NEW YORK, <https://www.newyorkfed.org/markets/reference-rates/sofr>

VI. Analysis for Guangdong Hisense Broadband

► Covered Transactions for the manufacturing business

During the period under review, Guangdong Hisense Broadband purchased raw materials from its related parties for its subsequent production. Guangdong Hisense Broadband also sold raw materials and products to its related parties for their subsequent production and sales. The transfer pricing of the related party transactions that Guangdong Hisense Broadband participated in is negotiated and determined by both parties under the premise of fair market pricing.

In the meantime, during the period under review, Guangdong Hisense Broadband also received procurement support from its related party. The transfer pricing for such support were determined based on certain percentage of the procurement value.

As introduced above, Guangdong Hisense Broadband could be characterized as a routine manufacturer bearing limited risks. All these transactions are closely integrated for a manufacturer, it is appropriate to test them aggregately. Therefore, we determine that the TNMM is the most appropriate transfer pricing method to assess whether Guangdong Hisense Broadband's transfer pricing arrangements are consistent with the arm's length principle. Then we select Guangdong Hisense Broadband as the tested party and MTC as the most appropriate PLI to test the arm's length nature for Guangdong Hisense Broadband's manufacturing business at the aggregate level.

The financial results of Guangdong Hisense Broadband during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	2,587,793,619.66	2,306,402,649.61	3,581,332,945.28
Operating Cost	B	2,404,329,256.99	2,162,802,477.88	3,387,070,540.13
Sales expenses	C	4,028,056.27	4,434,664.27	4,590,866.94
Administrative expenses	D	25,226,001.11	20,964,550.14	20,459,928.65
Research and development expenses	E	32,093,302.31	35,354,892.62	89,899,281.58
Operating profit	F=A-B-C-D-E	122,117,002.98	82,846,064.70	79,312,327.98
MTC	G=F/(A-F)	4.95%	3.73%	2.26%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	6,494,993,158.95	3,767,008,961.02	4,046,480,902.17
Operating Cost	B	6,199,735,633.35	3,350,319,074.53	3,799,826,031.84
Sales expenses	C	3,405,627.18	2,277,444.72	3,747,331.88
Administrative expenses	D	49,660,318.44	32,117,065.28	29,685,572.72
Research and development expenses	E	63,806,183.01	39,065,389.92	52,043,809.89
Operating profit	F=A-B-C-D-E	178,385,396.97	343,229,986.57	161,178,155.84
MTC	G=F/(A-F)	2.82%	10.02%	4.15%

Based on our analysis, the search for Guangdong Hisense Broadband's comparable companies yield an interquartile range of -1.81% to 9.59% with a median of 2.58% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable APAC manufacturing companies is detailed in Appendix A.

Table 10. Summary of the MTC interquartile range

Item	Weighted Average MTC
Highest observed Value	24.61%
Upper quartile	9.59%
Median	2.58%
Lower quartile	-1.81%
Lowest observed Value	-6.02%
Number of observations	16

During FY2022-2025, Guangdong Hisense Broadband earned a MTC of 4.95%, 3.73%, 2.26% and 2.82% respectively, which all fall within the interquartile range earned by the comparable manufacturing companies. For the first half of FY2026, Guangdong Hisense Broadband earned a MTC of 10.02% which falls within the full range and not lower than the median earned by the comparable manufacturing companies. Accordingly, we can conclude that during the period under review, the transfer pricing of Guangdong Hisense Broadband's related party transactions aggregately was consistent with the arm's length principle.

VII. Analysis for Thailand Hisense Broadband

► Covered Transactions for the manufacturing business

During the period under review, Thailand Hisense Broadband purchased the raw materials and equipment from its related parties for manufacturing and then distributes the products to its related parties for further sales. The transfer pricing of the related party transactions that Thailand Hisense Broadband participated in is negotiated and determined by both parties under the premise of fair market pricing.

As introduced above, Thailand Hisense Broadband could be characterized as a routine manufacturer bearing limited risks. All these transactions are closely integrated for a manufacturer, it is appropriate to test them aggregately. Therefore, we determine that the TNMM is the most appropriate transfer pricing method to assess whether Thailand Hisense Broadband's transfer pricing arrangements are consistent with the arm's length principle. Then we select Thailand Hisense Broadband as the tested party and MTC as the most appropriate PLI to test the arm's length nature for Thailand Hisense Broadband's manufacturing business at the aggregate level.

The financial results of Thailand Hisense Broadband during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	434,414,881.77	390,465,908.56	642,385,709.75
Operating Cost	B	412,231,544.50	368,449,151.67	622,823,186.20
Sales expenses	C	15,138.61	65,072.68	1,637,072.87
Administrative expenses	D	3,850,957.52	4,697,322.27	8,106,149.74
Research and development expenses	E	4,038,110.04	5,009,032.39	8,005,032.12
Operating profit	F=A-B-C-D-E	14,279,131.10	12,245,329.54	1,814,268.82
MTC	G=F/(A-F)	3.40%	3.24%	0.28%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	1,442,669,889.43	1,545,619,364.75	891,111,150.85
Operating Cost	B	1,151,889,459.16	1,497,962,767.28	810,671,221.76
Sales expenses	C	1,920,682.68	1,848,429.02	1,097,279.17
Administrative expenses	D	11,192,167.01	17,831,351.12	9,135,589.53
Research and development expenses	E	7,524,528.98	4,891,154.52	5,893,571.61
Operating profit	F=A-B-C-D-E	270,143,051.59	23,085,662.82	64,313,488.77
MTC	G=F/(A-F)	23.04%	1.52%	7.78%

Based on our analysis, the search for Thailand Hisense Broadband's comparable companies yield an interquartile range of 1.81% to 9.59% with a median of 2.58% on a FY2021-FY2023

three-year weighted average basis. The search process for comparable APAC manufacturing companies is detailed in Appendix A.

Table 11. Summary of the MTC interquartile range

Item	Weighted Average MTC
Highest observed Value	24.61%
Upper quartile	9.59%
Median	2.58%
Lower quartile	-1.81%
Lowest observed Value	-6.02%
Number of observations	16

During FY2022-FY2024 and in the first half of FY2026, Thailand Hisense Broadband earned a MTC of 3.40%, 3.24%, 0.28% and 1.52% respectively, which all fall within the interquartile range earned by the comparable manufacturing companies. In FY2025, Thailand Hisense Broadband earned a MTC of 23.04% which falls within the full range and not lower than the median earned by the comparable manufacturing companies. In addition, taking into consideration that Thailand Hisense Broadband's average MTC from FY2022 to the first half of FY2026 is 7.78%, which falls within the interquartile range and higher than the median. Accordingly, from a Thailand transfer pricing perspective, we could conclude that the transfer pricing of Thailand Hisense Broadband's related party transactions aggregately was consistent with the arm's length principle.

VIII. Analysis for Qingdao Hisense Broadband

► Covered Transactions for the manufacturing business

During the period under review, Qingdao Hisense Broadband purchased raw materials and products from its related parties for its subsequent production and sales. Qingdao Hisense Broadband also sold raw materials, products and equipment to its related parties for their subsequent production and sales. The transfer pricing of the related party transactions that Qingdao Hisense Broadband participated in is negotiated and determined by both parties under the premise of fair market pricing.

In addition to the main business activities introduced above, Qingdao Hisense Broadband also received supportive service and procurement service from its related parties, and provided R&D support to its related parties. The transfer pricing for the receipt of supportive service was determined based on the salary incurred, the transfer pricing for the receipt of procurement service was determined based on certain percentage of the procurement value, the transfer pricing for the provision of R&D support service was determined based on the cost incurred by the service provider plus 5%. In the meantime, Qingdao Hisense Broadband provided fixed asset leasing to its related party and received equipment leasing from its related party. The transfer pricing were determined based on the depreciation of the relevant fixed asset and equipment.

As introduced above, Qingdao Hisense Broadband could be characterized as a full-fledged manufacturer bearing market risks. All these transactions are closely integrated for a manufacturer, it is appropriate to test them aggregately. Therefore, we determine that the TNMM is the most appropriate transfer pricing method to assess whether Qingdao Hisense Broadband's transfer pricing arrangements are consistent with the arm's length principle. Then we select Qingdao Hisense Broadband as the tested party and MTC as the most appropriate PLI to test the arm's length nature for Qingdao Hisense Broadband's manufacturing business at the aggregate level.

The financial results of Qingdao Hisense Broadband during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	4,584,419,319.51	3,843,124,646.66	4,739,094,538.71
Operating Cost	B	3,787,730,211.12	3,210,935,299.52	4,075,241,245.38
Sales expenses	C	56,010,671.41	47,640,740.38	38,575,312.42
Administrative expenses	D	125,556,467.55	115,625,100.46	101,709,218.55
Research and development expenses	E	446,139,229.30	436,234,259.22	518,883,179.26
Operating profit	F=A-B-C-D-E	168,982,740.13	32,689,247.08	4,685,583.10
MTC	G=F/(A-F)	3.83%	0.86%	0.10%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	8,009,101,870.54	4,586,333,873.90	5,461,448,735.84
Operating Cost	B	6,876,206,584.36	3,753,783,153.43	4,649,813,184.73

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Sales expenses	C	51,052,619.10	21,234,736.34	42,902,815.93
Administrative expenses	D	172,474,969.84	75,129,813.32	118,099,113.94
Research and development expenses	E	451,020,615.42	193,889,449.38	409,233,346.52
Operating profit	F=A-B-C-D-E	458,347,081.82	542,296,721.43	241,400,274.71
MTC	G=F/(A-F)	6.07%	13.41%	4.62%

During the period under review, intercompany purchases and sales were the primary type of related party transaction in which Qingdao Hisense Broadband participated, accounting for 99.62% of Qingdao Hisense Broadband's total related party transaction volume. As introduced in Section III, as well as in accordance with relevant transfer pricing principles, Qingdao Hisense Broadband serves as the principal entity of the optical transceiver's value chain and can be characterized as a full-fledged manufacturer bearing market risks. Therefore, from a transfer pricing perspective, in order to test the arm's length nature of the related party transaction above, we select all the counterparties of Qingdao Hisense Broadband as tested parties.

As illustrated in the analysis of each counterparty in this report (please refer to the analysis for HK Hisense Broadband, Guangdong Hisense Broadband and Thailand Hisense Broadband), the transfer pricing arrangement of each counterparty has been demonstrated as in compliance with arm's length principle. Therefore, we can conclude that Qingdao Hisense Broadband's transfer pricing arrangements are also in line with arm's length principle, which can obtain the residual profit or loss of the value chain.

IX. Analysis for HK Hisense Broadband

► Covered Transactions for the distribution business

During the period under review, HK Hisense Broadband sold raw materials to its related parties for their subsequent production and sales. HK Hisense Broadband also purchased the raw materials and products from its related parties for its subsequent sales. The transfer pricing of the related party transactions that HK Hisense Broadband participated in is negotiated and determined by both parties under the premise of fair market pricing.

In the meantime, during the period under review, HK Hisense Broadband also provided procurement support to its related parties. The transfer pricing for such support were determined based on certain percentage of the procurement value.

As introduced above, HK Hisense Broadband could be characterized as a limited risk distributor. All these transactions are closely integrated for a distributor, it is appropriate to test them aggregately. Therefore, we determine that the TNMM is the most appropriate transfer pricing method to assess whether HK Hisense Broadband's transfer pricing arrangements are consistent with the arm's length principle. Then we select HK Hisense Broadband as the tested party and OM as the most appropriate PLI to test the arm's length nature for HK Hisense Broadband's distribution business at the aggregate level.

The financial results of HK Hisense Broadband during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	1,876,421,079.19	1,427,202,659.31	2,471,871,700.25
Operating Cost	B	1,862,151,056.15	1,420,384,741.38	2,468,472,931.24
Sales expenses	C	850,710.83	1,504,963.54	678,048.33
Administrative expenses	D	314,401.26	638,375.69	622,932.56
Research and development expenses	E	2,780,451.55	-278,289.30	-
Operating profit	F=A-B-C-D-E	10,324,459.40	4,952,867.99	2,097,788.12
OM	G=F/A	0.55%	0.35%	0.08%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	3,200,236,243.51	1,967,701,378.70	2,188,686,612.19
Operating Cost	B	3,195,532,829.24	1,964,181,146.86	2,182,144,540.97
Sales expenses	C	517,316.22	320,138.93	774,235.57
Administrative expenses	D	1,375,705.29	1,628,268.10	915,936.58
Research and development expenses	E	-	-	500,432.45
Operating profit	F=A-B-C-D-E	2,810,392.77	1,571,824.81	4,351,466.62
OM	G=F/A	0.09%	0.08%	0.20%

Based on our analysis, the search for HK Hisense Broadband's comparable companies yield an interquartile range of 1.51% to 5.79% with a median of 3.95% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable APAC distribution companies is detailed in Appendix B.

Table 12. Summary of the OM interquartile range

Item	Weighted Average OM
Upper quartile	5.79%
Median	3.95%
Lower quartile	-1.51%
Number of observations	9

During the period under review, HK Hisense Broadband earned an OM of 0.55%, 0.35%, 0.08%, 0.09% and 0.08% respectively, which all fall within the interquartile range earned by the comparable distribution companies. Accordingly, we could conclude that the transfer pricing of HK Hisense Broadband's related party transactions aggregately was consistent with the arm's length principle.

► Lending to related parties

During the period under review, HK Hisense Broadband entered into USD intercompany financing transaction with its related parties. The interest rates were set based on the Federal Reserve rate at the time of signing contract.

Table 13. Summary of intercompany financing – Interest Rate

Entity Name	Counterparty	Interest rate
HK Hisense Broadband	LigentCom Photonics	0.5%
	Ligent Technologies	4.25%

Considering the interest volume was far below the auditing materiality level, we did not conduct separate benchmarking analysis. Based on our observation, the interest rate applied for the intercompany financing with LigentCom Photonics is above the opportunity costs of the lenders at the time entering into the contract (e.g. the demand deposit rates of the lender could be regarded as its opportunity costs; for FY2022, Hong Kong's demand deposit rate was around 0.05%¹⁷) and not higher than the market interest rate from a borrower perspective (e.g. a market interest rate is often priced at SOFR plus a spread, the average SOFR in FY2022 is 1.64%¹⁸). The interest rate applied for the intercompany financing with Ligent Technologies is above the opportunity costs of the lenders at the time entering into the contract (e.g. the demand deposit rates of the lender could be regarded as its opportunity cost; for FY2025, Hong Kong's demand deposit rate was 0.225%¹⁹) and not higher than the market interest rate from a borrower perspective (e.g. a market interest rate is often priced at SOFR plus a spread, the SOFR by the time entering into the contract in FY2025 was 4.34%²⁰).

Technically, these interest rates collectively establish a range that can be considered as an arm's length range within which both parties can negotiate an appropriate rate to be applied. Therefore, it can be concluded that the interest rate applied falls within the arm's length

¹⁷ Source: Wind research.

¹⁸ Source: Federal Reserve Bank of NEW YORK, <https://www.newyorkfed.org/markets/reference-rates/sofr>.

¹⁹ Source: Official website of Bank of China (Hong Kong) Limited, <https://www.boc.hk/sc/corporate/investment/rates/deposit.html>.

²⁰ Source: Federal Reserve Bank of NEW YORK, <https://www.newyorkfed.org/markets/reference-rates/sofr>.

range, and the transfer pricing for intercompany financing transaction can be regarded as consistent with the arm's length principle.

X. Analysis for Ligent Tech

► Covered Transactions for the distribution business

During the period under review, Ligent Tech purchased the raw materials and products from its related parties for its subsequent sales. The transfer pricing of the related party transactions that Ligent Tech participated in is negotiated and determined by both parties under the premise of fair market pricing.

As introduced above, Ligent Tech could be characterized as a limited-risk distributor. All these transactions are closely integrated for a distributor, it is appropriate to test them aggregately. Therefore, we determine that the TNMM is the most appropriate transfer pricing method to assess whether Ligent Tech's transfer pricing arrangements are consistent with the arm's length principle. Then we select Ligent Tech as the tested party and OM as the most appropriate PLI to test the arm's length nature for Ligent Tech's distribution business at the aggregate level.

In the meantime, during the period under review, Ligent Tech also received R&D support from its related party. The transfer pricing for R&D support service was determined based on the cost incurred by the service provider plus 5%. Regrading this related party transaction, please refer to the analysis for LigentCom Photonics.

The financial results of Ligent Tech during the period under review are presented in the following table:

Item	Formula	2022	2023	2024
Operating Income	A	1,202,798,493.70	1,113,624,199.94	1,112,015,448.72
Operating Cost	B	1,128,621,689.34	1,027,049,410.62	1,008,234,690.48
Sales expenses	C	12,039,080.17	14,072,429.59	14,452,563.38
Administrative expenses	D	6,235,588.49	6,933,719.17	6,273,119.25
Research and development expenses	E	22,612,017.30	29,842,087.62	35,524,980.80
Operating profit	F=A-B-C-D-E	33,290,118.40	35,726,552.93	47,530,094.82
OM	G=F/A	2.77%	3.21%	4.27%

Item	Formula	2025	2026/06/30	Average (2022-2026/06/30)
Operating Income	A	1,859,694,523.02	1,695,417,467.40	1,396,710,026.55
Operating Cost	B	1,675,954,162.79	1,619,177,292.19	1,291,807,449.08
Sales expenses	C	20,603,970.27	13,133,065.24	14,860,221.73
Administrative expenses	D	9,783,705.65	4,496,071.36	6,744,440.79
Research and development expenses	E	44,294,209.93	24,490,899.98	31,352,839.13
Operating profit	F=A-B-C-D-E	109,058,474.39	34,120,138.63	51,945,075.83
OM	G=F/A	5.86%	2.01%	3.72%

Based on our analysis, the search for Ligent Tech's comparable companies yield an interquartile range of 2.75% to 5.22% with a median of 3.62% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable North American distribution companies is detailed in Appendix D.

Table 14. Summary of the OM interquartile range

Item	Weighted Average OM
Highest observed Value	6.94%
Upper quartile	5.22%
Median	3.62%
Lower quartile	2.75%
Lowest Observed Value	2.43%
Number of observations	7

During FY2022-FY2025, Ligent Tech earned an OM of 2.77%, 3.21%, 4.27% and 5.86% respectively, which all fall within or higher than the interquartile range earned by the comparable companies. In the first half of FY2026, Ligent Tech earned an OM of 2.01%, which is slightly lower than the interquartile range. Given its temporary nature and Ligent Tech expects to achieve an arm's length profit at the end of FY2026, as well as taking into consideration that Ligent Tech's average OM from FY2022 to Q2 FY2026 is 3.72%, which falls within the interquartile range and higher than the median. Accordingly, from the USA perspective, we can conclude that during the period under review, the transfer pricing of Ligent Tech's related party transactions aggregately was consistent with the arm's length principle.

► Lending to related party

During the period under review, Ligent Tech entered into USD intercompany financing transaction with its related party. The interest rates were set based on SOFR plus a certain spread at the time of signing contract.

Table 15. Summary of intercompany financing – Interest Rate

Entity Name	Counterparty	Interest rate
Ligent Tech	LigentCom Photonics	3.50%

Considering the interest volume was far below the auditing materiality level, we did not conduct separate benchmarking analysis. Based on our observation, the interest rate applied is above the opportunity costs of the lenders at the time entering into the contract (e.g. the demand deposit rates of the lender could be regarded as its opportunity costs; and the USD interest rate for Business Premier Savings Account in USA was 0.05%-0.18% effectively from June 2025²¹) and not higher than the market interest rate from a borrower perspective (e.g. a market interest rate is often priced at SOFR plus a spread, the average SOFR in FY2025 is 4.24%²²). Technically, these interest rates collectively establish a range that can be considered as an arm's length range within which both parties can negotiate an appropriate

²¹ Source: Official website of Bank of China (New York Branch), <https://www.bocusa.com/sites/default/files/2025-06/USD%20Interest%20Rate%20Sheet.pdf>

²² Source: Federal Reserve Bank of NEW YORK, <https://www.newyorkfed.org/markets/reference-rates/sofr>.

rate to be applied. Also taking into consideration that the two companies file consolidated tax returns in US, it can be concluded that the interest rate applied falls within the arm's length range, and the transfer pricing for intercompany financing transaction can be regarded as consistent with the arm's length principle.

XI. Analysis for Qingdao Lianzhi Optical Communication

► Covered Transactions for the manufacturing business

Qingdao Lianzhi Optical Communication was established in April, 2025 and is engaged in the R&D and manufacturing of chips for broadband products.

During the period under review, Qingdao Lianzhi Optical Communication purchased fixed assets and inventory from Qingdao Hisense Broadband for its daily operation. For the purchase of inventory, the transfer pricing is based on the evaluation report issued by a third-party professional evaluation agency and such inventory is evaluated based on the cost method. For the purchase of fixed assets, the transfer pricing is based on the net book value.

Qingdao Lianzhi Optical Communication sold finished products to Xiamen Lianzhi Optical Communication and Qingdao Hisense Broadband for further sales. The transfer pricing is negotiated and determined by both parties under the premise of fair market pricing.

In addition to the main business activities introduced above, Qingdao Lianzhi Optical Communication also provided personnel support service to its related party, leased out some of its idle fixed assets to Qingdao Hisense Broadband, and received equipment leasing from Xiamen Lianzhi Optical Communication. The transfer pricing for the provision of personnel support service was determined based on the salary incurred, the transfer pricing for the leasing of fixed assets and equipment was determined based on the booked depreciation amount of the relevant fixed assets and equipment.

As introduced above, Qingdao Lianzhi Optical Communication is envisaged to serve as the principal entity of the certain chips' value chain, and Qingdao Lianzhi Optical Communication could be characterized as a routine manufacturer. Considering all the related party transactions are closely integrated for Qingdao Lianzhi Optical Communication as a manufacturer, it is appropriate to aggregately test them through the overall profitability of Qingdao Lianzhi Optical Communication. Therefore, we select Qingdao Lianzhi Optical Communication as the tested party and MTC as the most appropriate PLI to test the arm's length nature for Qingdao Lianzhi Optical Communication's profitability at the aggregate level.

The financial results of Qingdao Lianzhi Optical Communication during the period under review are presented in the following table:

Item	Formula	2025		2026/06/30	Average (2025- 2026/06/30)
		Qingdao Lianzhi Optical Communication	Qingdao Lianzhi Optical Communication (After adjustment ²³)	Qingdao Lianzhi Optical Communication	
Operating Income	A	48,289,149.18	48,289,149.18	205,636,385.44	126,962,767.31
Operating Cost	B	51,635,777.96	41,815,777.96	61,502,021.14	51,658,899.55
Sales expenses	C	518,713.02	518,713.02	269,814.95	394,263.99
Administrative expenses	D	3,698,297.96	3,698,297.96	4,614,750.91	4,156,524.44

²³ Considering Qingdao Lianzhi Optical Communication was under start-up phase in 2025, its production capacity has not been fully utilized and certain expenses spent have not converted into real outcome. From a commercial perspective, we eliminated the costs incurred due to underutilization of capacity in total of RMB 9,820,000 and R&D expense in total of RMB 63,221,380.65 for new products which have not transformed into R&D results and generated revenue in FY2025.

Item	Formula	2025		2026/06/30	Average (2025- 2026/06/30)
		Qingdao Lianzhi Optical Communication	Qingdao Lianzhi Optical Communication (After adjustment ²³)	Qingdao Lianzhi Optical Communication	
R&D expenses	E	63,221,380.65	-	40,277,176.36	20,138,588.18
Operating profit	F=A-B-C-D-E	-70,785,020.41	2,256,360.24	98,972,622.08	50,614,491.16
MTC	H=F/(A-H)	-59.45%	4.90%	92.79%	66.29%

Based on our analysis, the search for Qingdao Lianzhi Optical Communication's comparable companies yield an interquartile range of -1.81% to 9.59% with a median of 2.58% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable APAC manufacturing companies is detailed in Appendix A.

Table 16. Summary of the MTC interquartile range

Item	Weighted Average MTC
Upper quartile	9.59%
Median	2.58%
Lower quartile	-1.81%
Number of observations	16

For FY2025, taking into account that Qingdao Lianzhi Optical Communication was established in April 2025 and was under start-up phase during FY2025, its business is still not yet normalized. We eliminated certain operating cost incurred due to underutilization of capacity and R&D expenses incurred that have not yet generated expected outcome to Qingdao Lianzhi Optical, the adjusted MTC is 4.90% which falls within the interquartile range. Therefore, we can conclude that during FY2025, the transfer pricing of Qingdao Lianzhi Optical Communication's related party transactions aggregately was consistent with the arm's length principle.

For the first half of FY2026, Qingdao Lianzhi Optical Communication earned a MTC of 92.79%, which is higher than the interquartile range earned by the comparable manufacturing companies. From a transfer pricing perspective, the profit fluctuation during the year is not abnormal as long as the whole year result is within the interquartile range, and we understand that Qingdao Lianzhi Optical Communication is closely reviewing and monitoring the transfer pricing arrangement in the second half of FY2026 in order to achieve year-end arm's length. Therefore, we can also conclude that the risk of Qingdao Lianzhi Optical Communication's transfer pricing arrangements was considered low.

XII. Analysis for Xiamen Lianzhi Optical Communication

► Covered Transactions for the distribution business

Xiamen Lianzhi Optical Communication was established in June 2025 with the vision of undertaking manufacturing activities for optical chips and distributing finished products purchased from related parties.

During the first half of FY2026, Xiamen Lianzhi Optical Communication was mainly engaged in the distribution of optical chips as its production lines is not yet into operation. The transfer pricing of the related party transactions that Xiamen Lianzhi Optical Communication participated in is negotiated and determined by both parties under the premise of fair market pricing.

In the meantime, Xiamen Lianzhi Optical Communication provided equipment leasing to Qingdao Lianzhi Optical Communication based on commercial considerations. The transfer pricing was determined based on the booked depreciation amount of the relevant equipment.

During the first half of FY2026, Xiamen Lianzhi Optical Communication could be characterized as a limited-risk distributor under its distribution business. All these transactions are closely integrated for a distributor, it is appropriate to test them aggregately. Therefore, we determine that the TNMM is the most appropriate transfer pricing method to assess whether Xiamen Lianzhi Optical Communication's transfer pricing arrangements are consistent with the arm's length principle. Then we select Xiamen Lianzhi Optical Communication as the tested party and OM as the most appropriate PLI to test the arm's length nature for Xiamen Lianzhi Optical Communication's distribution business at the aggregate level.

The financial results of Xiamen Lianzhi Optical Communication during the first half of FY2026 is presented in the following table:

Item	Formula	2026/06/30	
		Overall business	Distribution business ²⁴
Operating Income	A	182,130,566.85	182,130,566.85
Operating Cost	B	187,058,472.54	187,058,472.54
Sales expenses	C	-	-
Administrative expenses	D	90,520.81	-
Research and development expenses	E	-	-
Operating profit	F=A-B-C-D-E	-5,018,426.50	-4,927,905.69
OM	G=F/A	-2.76%	-2.71%

Based on our analysis, the search for Xiamen Lianzhi Optical Communication's comparable companies yield an interquartile range of -1.51% to 5.79% with a median of 3.95% on a FY2021-FY2023 three-year weighted average basis. The search process for comparable APAC distribution companies is detailed in Appendix B.

²⁴ Given that Xiamen Lianzhi Optical Communication's administrative expenses reversed in the first half of FY2026 was associated with its manufacturing business, and the administrative expenses related to its distribution business was negligible. Therefore, in order to set up the segmental P&L for its distribution activities, the administrative expenses in total of 90,520.81 was excluded, as agreed with the company management.

Table 17. Summary of the OM interquartile range

Item	Weighted Average OM
Highest observed Value	10.65%
Upper quartile	5.79%
Median	3.95%
Lower quartile	-1.51%
Lowest observed Value	-3.11%
Number of observations	9

For the first half of FY2026, Xiamen Lianzhi Optical Communication earned an OM of -2.71% under its distribution business, which is within the full range earned by the comparable companies. In addition, based on the information we obtained from management, the slight loss was mainly due to the high procurement prices set in the budget made at the end of FY2025. To align with the market changes in the first half of FY2026, Xiamen Lianzhi Optical Communication has adjusted its procurement prices and is closely reviewing and monitoring the transfer pricing arrangement in the second half of FY2026, with the expectation to achieve a profit level in line with arm's length principle in FY2026. From a transfer pricing perspective, the profit fluctuation during the year is not abnormal as long as the whole year result is within the interquartile range. Therefore, we can conclude that the risk of the transfer pricing of Xiamen Lianzhi Optical Communication's related party transactions was considered low.

Appendix A: Comparable search for APAC manufacturing companies

We conducted a search in the TP Catalyst database, which is an independent database of worldwide companies and holds information derived from annual returns on more than 5 million public and private companies.

We performed additional research via company websites, annual reports and Global Business Browser (“GBB”) database to supplement and verify the information provided in the TP Catalyst database.

1.1 Search Process

The search process consisted of the following main stages of identification and screening:

- ▶ Electronic identification of potentially comparable companies in the TP Catalyst database; and
- ▶ Manual refinement of the initial list of companies through review of the information contained in TP Catalyst database and other public source documents.

The above search steps resulted in the determination of the final comparable companies.

1.1.1. Electronic identification

As an initial step, potentially comparable companies were identified using the following automated search criteria in the TP Catalyst database.

Geography

We limit the search to companies with trading addresses in the Asia-Pacific region.

TP Catalyst identifies the following countries as within the Asia-Pacific region:

Brunei	Japan	Hong Kong, China	Australia	Malaysia
India	Korea	Taiwan, China	Thailand	Singapore
Indonesia	Philippines	New Zealand	Vietnam	Pakistan
Sri Lanka	Macau, China	Nepal	Myanmar	Mainland China

Listed/Unlisted indicator

Of all the above selected companies, we only accepted those noted in TP Catalyst as “listed”.

Active/inactive indicator

Of all the companies selected above, we only accepted those noted in TP Catalyst as “active.”

Independence criterion

We also excluded potentially comparable companies based on independence screening criteria in TP Catalyst. We only selected companies that were classified by TP Catalyst under one of the following independence codes:

- ▶ A+, A or A-: No shareholder holds greater than a 25% ownership stake;
- ▶ U: unknown shareholders.²⁵
- ▶ In addition, we accepted companies for which all shareholders belong to categories “one or more individuals or families” or “Employees/Managers/Directors” as well as companies whose all shareholders with a stake greater than 25 percent belong to categories “one or more individuals or families” or “Employees/Managers/Directors.”

Independence screening is necessary to eliminate the potential effect of non-arm's length transactions between the company and a related party (such as a majority owner).

Consolidation

We only used the financial data extracted from consolidated financial statements.

Industry classification codes

We limited the search in the TP Catalyst database to companies classified under the following primary Standard Industrial Classification (“SIC”) codes:

SIC	Description
3663	Radio and television broadcasting and communications equipment
3669	Communications equipment, not elsewhere specified
367	Electronic components and accessories
3699	Electrical machinery, equipment and supplies, not elsewhere specified

Application of the TP Catalyst search criteria detailed above resulted in an initial set of 1,510 potential comparable companies for further screening.

1.1.2. Manual review

To further refine the set of comparable companies, a further manual review was undertaken.

We then reviewed the English business descriptions of these companies in TP Catalyst database to determine if they were comparable. During this process, we applied criteria to focus on companies with comparable functions, assets and risks. Due to the limited information provided by the business descriptions and data on shareholder information present in TP Catalyst database, we also performed additional research via company websites and annual reports to supplement and verify the information provided in the TP Catalyst database .

Specifically, we eliminated companies that met any of the following criteria:

- ▶ Companies that have less than two years of financial data in the review period;
- ▶ Companies whose R&D Expenditure exceeds 5% of total revenues;
- ▶ Companies were functionally non-comparable (the company engaged in trading and distribution activities, retail, etc.).
- ▶ Companies provided non-comparable products (smartphones, personal computers, etc.)

By performing the manual screening process, 1,494 companies were rejected, leaving 16 comparable companies.

²⁵ This criterion was included because many Asian companies do not publish their ownership structure. For companies in this group, we relied on manual screening to identify those with potential related party transactions.

As for Guangdong Hisense Broadband, Thailand Hisense Broadband, and Qingdao Hisense Broadband, the remaining 16 companies were selected as comparable companies. The accepted comparable companies are as follows:

No.	Company Name	Country /Region
1	ADVANCED POWER ELECTRONICS CO., LTD.	Taiwan, China
2	AXCEN PHOTONICS CORPORATION	Taiwan, China
3	CAMELOT ELECTRONICS TECHNOLOGY CO., LTD.	China
4	FINECIRCUIT CO., LTD.	Republic of Korea
5	HANNSTAR BOARD CORP.	Taiwan, China
6	JI'ANMANKUN TECHNOLOGY CO., LTD.	China
7	JI-HAW INDUSTRIAL COMPANY LIMITED	Taiwan, China
8	KAON GROUP CO., LTD.	Republic of Korea
9	KUNSHAN WANYUANTONG ELECTRONICS TECHNOLOGY CO., LTD.	China
10	LUXNET CORPORATION	Taiwan, China
11	MDEVICE CO., LTD	Republic of Korea
12	NINGBO ZHANTONG TELECOM EQUIPMENT CO., LTD	China
13	TAMAGAWA HOLDINGS CO.,LTD.	Japan
14	ANHUI JING SAI TECHNOLOGY CO.,LTD	China
15	KESPION CO., LTD.	Republic of Korea
16	TSKY CO.,LTD	Taiwan, China

Appendix A-1 - Business descriptions of comparable companies – APAC manufacturing companies

No.	Company	Country/ region	Business Description
1	ADVANCED POWER ELECTRONICS CO., LTD.	Taiwan, China	The company is engaged in the manufacture of components of optical communication products, set-top boxes and transistors and related products.
2	AXCEN PHOTONICS CORPORATION	Taiwan, China	The company is engaged in manufacturing of active components for optical communication systems, including optical sub-assembly module package, L-I-V characteristics measurement system and optical transceivers.
3	CAMELOT ELECTRONICS TECHNOLOGY CO., LTD.	China	The company is engaged in the production and sales of printed circuit boards (PCBs), including single-sided and double-sided boards as well as multilayer boards.
4	FINECIRCUIT CO., LTD.	Republic of Korea	The company is engaged in the manufacturing and supply of printed circuit boards (PCBs).
5	HANNSTAR BOARD CORP.	Taiwan, China	The company is engaged in manufacturing and distribution of printed circuit boards (PCBs).
6	JI'ANMANKUN TECHNOLOGY CO., LTD.	China	The company is engaged in the production and sales of printed circuit boards (PCBs).
7	JI-HAW INDUSTRIAL COMPANY LIMITED	Taiwan, China	The company is engaged in the manufacture and sales of connecting cables, including connectors and cables and other electronic components.
8	KAON GROUP CO., LTD.	Republic of Korea	The company is engaged in the production and sales of broadcasting set-top boxes (STB), IP-hybrid, smart box, and home gateway.
9	KUNSHAN WANYUANTONG ELECTRONICS TECHNOLOGY CO., LTD.	China	The company is engaged in the production and sales of printed circuit boards (PCBs).
10	LUXNET CORPORATION	Taiwan, China	The company is engaged in the manufacture and sales of optical communication active component sub-modules, including unidirectional optical sub-modules, bidirectional optical sub-modules, optical communication active component crystals and chips, optical communication active component modules and others.
11	MDEVICE CO., LTD	Republic of Korea	The company is engaged in manufacturing printed circuit boards.
12	NINGBO ZHANTONG TELECOM EQUIPMENT CO., LTD	China	The company is engaged in the production and sales of fiber optic cable connector boxes, cable terminal box fiber optic cable and other connected devices.
13	TAMAGAWA HOLDINGS CO.,LTD.	Japan	The company is engaged in manufacturing and selling electronic and communication equipment.

No.	Company	Country/ region	Business Description
14	ANHUI JING SAI TECHNOLOGY CO.,LTD	China	The company is engaged in the manufacture of crystal frequency components, which are widely used in communication networks, the Internet of Things, mobile terminals, smart homes, household appliances and other fields.
15	KESPION CO., LTD.	Republic of Korea	The company is engaged in the manufacturing of wireless mobile communication antennas, Wi-Fi routers, wireless big data two-way communication products.
16	TSKY CO.,LTD	Taiwan, China	The company is engaged in the manufacture and sale of various RF antennas including Wi-Fi, 3G, 4G, large, medium and small base stations, Tx and Rx terminals, various cables, RF connectors, GPS watches, GPS wristbands and other products.

Appendix A-2 - Financial summary of comparable companies –APAC manufacturing companies

No.	Company Name	Country /Region	Currency	2023		2022		2021		Three-year Weighted Average MTC	
				Net Sales	MTC	Net Sales	MTC	Net Sales	MTC		
1	ADVANCED POWER ELECTRONICS CO., LTD.	Taiwan, China	Thousand USD	92,765.97	12.15%	127,365.44	29.88%	151,810.72	24.56%	22.89%	
2	ANHUI JING SAI TECHNOLOGY CO.,LTD	China	Thousand USD	8,193.62	24.60%	8,929.50	28.60%	9,797.83	21.20%	0.04%	
3	AXCEN PHOTONICS CORPORATION	Taiwan, China	Thousand USD	176,534.52	-2.30%	205,745.49	8.16%	201,035.26	7.23%	24.61%	
4	CAMELOT ELECTRONICS TECHNOLOGY CO.,LTD.	China	Thousand USD	53,685.70	6.65%	50,793.76	6.83%	n.a.	n/a	4.46%	
5	FINECIRCUIT CO.,LTD.	Republic of Korea	Thousand USD	1,398,267.72	19.19%	1,552,948.29	12.82%	2,058,493.48	13.12%	6.74%	
6	HANNSTAR BOARD CORP.	Taiwan, China	Thousand USD	157,178.31	0.44%	139,570.00	1.00%	175,768.08	3.49%	14.66%	
7	JI'ANMANKUN TECHNOLOGY CO.,LTD.	China	Thousand USD	37,439.04	-11.17%	48,765.08	-2.13%	56,870.60	-5.65%	1.72%	
8	JI-HAW INDUSTRIAL COMPANY LIMITED	Taiwan, China	Thousand USD	415,987.76	-3.40%	482,312.99	2.41%	449,282.52	5.62%	-6.02%	
9	KAON GROUP CO., LTD.	Republic of Korea	Thousand USD	128,158.21	10.20%	130,418.55	2.83%	151,282.02	-1.18%	1.55%	
10	KESPION CO., LTD.	Republic of Korea	Thousand USD	96,192.84	17.29%	42,938.19	23.80%	31,275.40	-24.15%	-4.11%	
11	KUNSHAN WANYUANTONG ELECTRONICS TECHNOLOGY CO.,LTD	China	Thousand USD	7,639.73	-32.48%	12,930.62	11.25%	19,917.25	8.73%	3.44%	
12	LUXNET CORPORATION	Taiwan, China	Thousand USD	32,063.53	23.10%	23,253.79	15.48%	23,203.10	19.19%	7.90%	
13	MDEVICE CO., LTD	Republic of Korea	Thousand USD	27,464.34	-5.39%	24,681.58	-12.13%	50,949.32	6.47%	-1.86%	
14	NINGBO ZHANTONG TELECOM EQUIPMENT CO., LTD	China	Thousand USD	46,447.59	-10.70%	51,439.31	-2.09%	69,266.92	10.75%	19.60%	
15	TAMAGAWA HOLDINGS CO.,LTD.	Japan	Thousand USD	48,579.08	2.14%	43,852.23	-6.37%	32,824.59	-9.40%	-1.79%	
16	TSKY CO.,LTD	Taiwan, China	Thousand USD	8,991.41	-8.74%	9,933.76	-1.10%	8,727.23	4.14%	-2.21%	
Highest Observed Value					24.60%		29.88%		24.56%		24.61%
Upper Quartile					13.43%		13.49%		11.93%		9.59%
Median					1.29%		4.83%		6.47%		2.58%
Lower Quartile					-6.23%		-1.35%		1.16%		-1.81%
Lowest Observed Value					-6.23%		-12.13%		-24.15%		-6.02%
Observations					16		16		15		16
Note: All financial data were extracted from TP Catalyst databases (April 2025 version).											

Appendix B: Comparable search for APAC distribution companies

We conducted a search in the TP Catalyst database, which is an independent database of worldwide companies and holds information derived from annual returns on more than 5 million public and private companies.

We performed additional research via company websites, annual reports and Global Business Browser (“GBB”) database to supplement and verify the information provided in the TP Catalyst database.

1.2 Search Process

The search process consisted of the following main stages of identification and screening:

- ▶ Electronic identification of potentially comparable companies in the TP Catalyst database; and
- ▶ Manual refinement of the initial list of companies through review of the information contained in TP Catalyst database and other public source documents.

The above search steps resulted in the determination of the final comparable companies.

1.2.1 Electronic identification

As an initial step, potentially comparable companies were identified using the following automated search criteria in the TP Catalyst database.

Geography

We limit the search to companies with trading addresses in the Asia-Pacific region.

TP Catalyst identifies the following countries as within the Asia-Pacific region:

Brunei	Japan	Hong Kong, China	Australia	Malaysia
India	Korea	Taiwan, China	Thailand	Singapore
Indonesia	Philippines	New Zealand	Vietnam	Pakistan
Sri Lanka	Macau, China	Nepal	Myanmar	Mainland China

Listed/Unlisted indicator

Of all the above selected companies, we only accepted those noted in TP Catalyst as “listed”.

Active/inactive indicator

Of all the companies selected above, we only accepted those noted in TP Catalyst as “active.”

Independence criterion

We also excluded potentially comparable companies based on independence screening criteria in TP Catalyst. We only selected companies that were classified by TP Catalyst under one of the following independence codes:

- ▶ A+, A or A-: No shareholder holds greater than a 25% ownership stake;
- ▶ U: unknown shareholders.²⁶
- ▶ In addition, we accepted companies for which all shareholders belong to categories “one or more individuals or families” or “Employees/Managers/Directors” as well as companies whose all shareholders with a stake greater than 25 percent belong to categories “one or more individuals or families” or “Employees/Managers/Directors.”

Independence screening is necessary to eliminate the potential effect of non-arm's length transactions between the company and a related party (such as a majority owner).

Consolidation

We only used the financial data extracted from consolidated financial statements.

Industry classification codes

We limited the search in the TP Catalyst database to companies classified under the following primary Standard Industrial Classification (“SIC”) codes:

SIC	Description
506	Electrical goods wholesale dealing in
507	Hardware, and plumbing and heating equipment and supplies wholesale dealing in
508	Machinery, equipment, and supplies wholesale dealing in

Application of the TP Catalyst search criteria detailed above resulted in an initial set of 416 potential comparable companies for further screening.

1.2.2 Manual review

To further refine the set of comparable companies, a further manual review was undertaken.

We then reviewed the English business descriptions of these companies in TP Catalyst database to determine if they were comparable. During this process, we applied criteria to focus on companies with comparable functions, assets and risks. Due to the limited information provided by the business descriptions and data on shareholder information present in TP Catalyst database, we also performed additional research via company websites and annual reports to supplement and verify the information provided in the TP Catalyst database .

Specifically, we eliminated companies that met any of the following criteria:

- ▶ Companies that have less than two years of financial data in the review period;
- ▶ Companies that incurred losses during each year for which financial data was available;
- ▶ Companies were functionally non-comparable (the company engaged in manufacturing activities, etc.).
- ▶ Companies provided non-comparable products (smartphones, personal computers, etc.)

By performing the manual screening process, 416 companies were rejected, leaving 9 comparable companies.

²⁶ This criterion was included because many Asian companies do not publish their ownership structure. For companies in this group, we relied on manual screening to identify those with potential related party transactions.

As for HK Hisense Broadband, the remaining 9 companies were selected as comparable companies. The accepted comparable companies are as follows:

No.	Company Name	Country /Region
1	CONNECTION TECHNOLOGY SYSTEMS INC.	Taiwan, China
2	FUSO DENTSU CO., LTD.	Japan
3	HENAN SHIJIA PHOTONS TECHNOLOGY CO.,LTD.	China
4	CSCI INTERNET TECHNOLOGY CO., LTD	China
5	GUANGZHOU ZYE ELECTRONIC TECHNOLOGY CO., LTD.	China
6	HOWTEH TECHNOLOGY CO., LTD.	Taiwan, China
7	KUEN CHAANG UPPESTECH CORPORATION	Taiwan, China
8	NANJING SUNLORD ELECTRONICS CORPORATION LTD.	China
9	NICHING INDUSTRIAL CORP.	Taiwan, China

Appendix B-1 - Business descriptions of comparable companies – APAC distribution companies

No.	Company	Country/ region	Business Description
1	CONNECTION TECHNOLOGY SYSTEMS INC.	Taiwan, China	The company is engaged in distribution of products including fiber optic converters, fiber switches, voice gateways and others.
2	FUSO DENTSU CO., LTD.	Japan	The company is engaged in distribution of communications equipment, electronic equipment and office equipment.
3	HENAN SHIJIA PHOTONS TECHNOLOGY CO., LTD.	China	The company is engaged in distribution of optical chips and devices, indoor optical cables and cable materials.
4	CSCI INTERNET TECHNOLOGY CO., LTD	China	The company is engaged in the distribution business of components including memory chips, microcontroller chips, interfaces and isolation devices, etc.
5	GUANGZHOU ZYE ELECTRONIC TECHNOLOGY CO., LTD.	China	The company is engaged in distribution of electronic connectors and electronic components.
6	HOWTEH TECHNOLOGY CO., LTD.	Taiwan, China	This company is engaged in the wholesale and retail trade of passive & active components, equipment like printed circuit boards & optoelectronics.
7	KUEN CHAANG UPPERTECH CORPORATION	Taiwan, China	The company is engaged in the sales of semiconductor components and active components.
8	NANJING SUNLORD ELECTRONICS CORPORATION LTD.	China	The company is engaged in distribution of capacitors, inductors, resistors, discrete devices, RF components and other components.
9	NICHING INDUSTRIAL CORP.	Taiwan, China	The company is engaged in the sales of semiconductor components and equipment and optoelectronic products.

Appendix B-2 - Financial summary of comparable companies –APAC distribution companies

No.	Company Name	Country /Region	Currency	2023		2022		2021		Three-year Weighted Average OM
				Net Sales	OM	Net Sales	OM	Net Sales	OM	
1	CONNECTION TECHNOLOGY SYSTEMS INC	Taiwan, China	USD Thousand	12,051	-18.54%	22,357	-3.75%	30,826	3.39%	-3.11%
2	FUSO DENTSU CO., LTD.	Japan	USD Thousand	275,275	3.06%	251,886	1.07%	387,693	3.51%	2.70%
3	HENAN SHIJIA PHOTONS TECHNOLOGY CO	China	USD Thousand	102,191	-9.77%	125,353	2.86%	124,875	0.86%	-1.51%
4	CSCI INTERNET TECHNOLOGY CO., LTD	China	USD Thousand	10,939	-6.87%	15,179	1.92%	32,260	8.57%	3.95%
5	GUANGZHOU ZYE ELECTRONIC TECHNOLOG	China	USD Thousand	25,786	10.68%	19,689	9.02%	13,845	5.61%	8.95%
6	HOWTEH TECHNOLOGY CO., LTD.	Taiwan, China	USD Thousand	89,248	3.42%	105,641	4.46%	134,385	4.61%	4.24%
7	KUEN CHAANG UPPERTECH CORPORATION	Taiwan, China	USD Thousand	22,906	-16.89%	40,729	-3.36%	58,174	3.91%	-2.43%
8	NANJING SUNLORD ELECTRONICS CORPO	China	USD Thousand	712,583	3.67%	806,315	5.36%	840,520	7.99%	5.79%
9	NICHING INDUSTRIAL CORP.	Taiwan, China	USD Thousand	31,768	7.74%	34,532	11.76%	44,020	11.88%	10.65%
Highest Observed Value				10.68%		11.76%		11.88%		10.65%
Upper Quartile				3.67%		5.36%		7.99%		5.79%
Median				3.06%		2.86%		4.61%		3.95%
Lower Quartile				-9.77%		1.07%		3.51%		-1.51%
Lowest Observed Value				-18.54%		-3.75%		0.86%		-3.11%
Observations				9		9		9		9
Note: All financial data were extracted from TP Catalyst databases (May 2025 version).										

Appendix C: Comparable search for North Americas manufacturing companies

EY conducted a search to identify manufacturing companies in the Americas region. EY conducted the search using the Standard & Poor's Compustat NA²⁷, Standard & Poor's Compustat Global²⁸ and Dun & Bradstreet's OneSource databases²⁹ (collectively called as "Selected Databases") accessed through EY's proprietary search platform, TP Benchmark Tool³⁰. EY subsequently implemented a manual review process. EY's search and the associated results are described below.

1.3 Search Process

The search process consisted of the following main stages of identification and screening:

- ▶ Electronic identification of potentially comparable companies in the Selected Databases; and
- ▶ Manual refinement of the initial list of companies through review of the information contained in Selected Databases and other public source documents.

The above search steps resulted in the determination of the final comparable companies.

1.3.1 Electronic identification

As an initial step, potentially comparable companies were identified using the following automated search criteria in the Selected Databases.

Geography

We limit the search to companies with trading addresses in the American Samoa, Canada, Guam, Puerto Rico, United States.

Active/inactive indicator

Of all the companies selected above, we only accepted those noted in Selected Databases as "active."

Industry classification codes

We limited the search in the Selected Databases to companies classified under the following primary US Standard Industrial Classification ("SIC") codes:

²⁷ Standard & Poor's Compustat NA, is a database of North American public business establishments that provides descriptions and financial information for 45,451 US and Canadian public establishments. The database provides financial data taken from the companies' SEC filings. Where possible, Compustat modifies company data to fit a standardized format for the treatment of depreciation and other items. For this search, EY used the July 2025 version of the Compustat NA database, accessed in August 2025 was used for this analysis.

²⁸ Compustat Global provides company business descriptions and detailed financial data on 74,482 international companies. This database provides annual financial data and data items, ratios, and concepts. Additionally, the database provides pricing on local market indices, economic forecasts and data, company business descriptions, monthly price histories and dividends, footnotes to the accounts and detailed data definitions, and preliminary and interim data. For this search, EY used the July 2025 version of the Compustat Global database, accessed in August 2025 was used for this analysis.

²⁹ OneSource provides access to detailed corporate financial data for 44,291 public companies around the world. OneSource licenses company reference and financial information from Reuters, a primary provider of global quoted company information. For this search, EY used the June 2025 version of the OneSource database, accessed in August 2025 was used for this analysis.

³⁰ TP Benchmark Tool is a proprietary web-based application designed by EY to allow for an efficient world-wide search for comparable companies by specific company characteristics and calculation of performance benchmarks. The application currently includes access to six databases totaling more than 35 million private and public companies covering the six continents. In addition, TP Benchmark Tool supports company financial data in more than 150 currencies.

SIC	Description
3663	Radio and television broadcasting and communications equipment
3669	Communications equipment, not elsewhere specified
367	Electronic components and accessories
3699	Electrical machinery, equipment and supplies, not elsewhere specified

Available financial data

Companies reporting operating revenue in at least two of the three years under study (2021-2023) were included.

The application of these steps resulted in a set of 105 potentially comparable companies that were manually reviewed as described in the next section.

1.3.2 Manual review

To further refine the set of comparable companies, a further manual review was undertaken.

Having identified 105 potentially comparable companies through the automated search process, EY performed a manual review to further refine the sample. Specifically, EY reviewed the company's business descriptions provided by the Selected Database to evaluate the comparability of the 105 companies. For those companies that appeared comparable after the business description review, EY then reviewed company websites to confirm the companies' operational profile.

Specifically, we eliminated companies that met any of the following criteria:

- ▶ Companies that incurred losses during each year for which financial data was available;
- ▶ Companies were functionally non-comparable (the company engaged in trading and distribution activities, retail, etc.);
- ▶ Companies provided non-comparable products (smartphones, personal computers, tablets, etc.);
- ▶ Other reasons (duplicate companies).

By performing the manual screening process, 99 companies were rejected, leaving 6 comparable companies.

As for LigentCom Photonics, the remaining 6 companies were selected as comparable companies. The accepted comparable companies are as follows:

No.	Company Name	Country /Region
1	AVIAT NETWORKS INC	United States
2	CAMBIUM NETWORKS CORP	United States
3	Comtech Telecommunications Corp.	United States
4	Lumentum Holdings Inc.	United States
5	SANGOMA TECHNOLOGIES CORP	Canada
6	Vecima Networks Inc	Canada

Appendix C-1 - Business descriptions of comparable companies – North Americas manufacturing companies

No.	Company	Country/ region	Business Description
1	AVIAT NETWORKS INC	United States	The company is principally engaged in the manufacture and sale of wireless networking products, including microwave radios, switches, routers, and other product portfolios.
2	CAMBIUM NETWORKS CORP	United States	The company is engaged in the manufacturing of wireless broadband and Wi-Fi network infrastructure. Its product portfolio includes Wi-Fi access points, wireless-aware switches, security gateways, and other networking devices.
3	Comtech Telecommunications Corp.	United States	The company is engaged in manufacturing wireless telecommunications network system equipment, encompassing antennas and subsystems and network products.
4	Lumentum Holdings Inc.	United States	The company is engaged in the manufacturing of optical and photonic products for optical networks and commercial laser customers.
5	SANGOMA TECHNOLOGIES CORP	Canada	The company is engaged in the manufacturing and support of voice and data connection components for software-based communication applications.
6	Vecima Networks Inc	Canada	The company is engaged in the production of devices and components that connect end users with wired and wireless broadband networks.

Appendix C-2 - Financial summary of comparable companies - North Americas manufacturing companies

No.	Company Name	Country / Region	Currency	2023		2022		2021		Three-year Weighted MTC
				Operating Revenue	MTC	Operating Revenue	MTC	Operating Revenue	MTC	
1	AVIAT NETWORKS INC	United States	USD Thousand	346,593	10.92%	302,959	11.01%	274,911	9.78%	10.61%
2	CAMBIUM NETWORKS CORP	United States	USD Thousand	220,195	-20.51%	296,899	7.37%	335,854	12.16%	0.00%
3	Comtech Telecommunications Corp.	United States	USD Thousand	549,994	-1.00%	486,239	-1.81%	581,695	5.82%	1.09%
4	Lumentum Holdings Inc.	United States	USD Thousand	1,767,000	-4.72%	1,712,600	21.43%	1,742,800	23.11%	11.58%
5	SANGOMA TECHNOLOGIES CORP	Canada	USD Thousand	252,530	-1.16%	224,352	-2.40%	167,345	4.88%	-0.11%
6	Vecima Networks Inc	Canada	USD Thousand	229,046	13.63%	144,915	5.92%	100,183	-1.17%	7.82%
Highest Observed Value				13.63%		21.43%		23.11%		11.58%
Upper Quartile				7.94%		10.10%		11.57%		9.91%
Median				-1.08%		6.65%		7.80%		4.46%
Lower Quartile				-3.83%		0.12%		5.11%		0.27%
Lowest Observed Value				-20.51%		-2.40%		-1.17%		-0.11%
Observations				6		6		6		6
Note: All financial data were extracted from Compustat NA and Compustat Global databases (July 2025 version).										

Appendix D: Comparable search for North Americas distribution companies

EY conducted a search to identify manufacturing companies in the Americas region. EY conducted the search using the Standard & Poor's Compustat NA, Standard & Poor's Compustat Global and Dun & Bradstreet's OneSource databases (collectively called as "Selected Databases") accessed through EY's proprietary search platform, TP Benchmark Tool. EY subsequently implemented a manual review process. EY's search and the associated results are described below.

1.4 Search Process

The search process consisted of the following main stages of identification and screening:

- ▶ Electronic identification of potentially comparable companies in Selected Databases; and
- ▶ Manual refinement of the initial list of companies through review of the information contained in Selected Databases and other public source documents.

The above search steps resulted in the determination of the final comparable companies.

1.4.1 Electronic identification

As an initial step, potentially comparable companies were identified using the following automated search criteria in Selected Databases.

Geography

We limit the search to companies with trading addresses in the American Samoa, Canada, Guam, Puerto Rico, United States.

Active/inactive indicator

Of all the companies selected above, we only accepted those noted in Selected Databases as "active" or "Unknown".

Industry classification codes

We limited the search in Selected Databases to companies classified under the following primary US SIC codes:

SIC	Description
506	Electrical goods wholesale dealing in
5063	Electrical Apparatus and Equipment, Wiring Supplies, and Construction Materials
5064	Electrical Appliances, Television and Radio Sets
5065	Electrical Appliances, Television and Radio Sets
507	Hardware, and plumbing and heating equipment and supplies wholesale dealing in
5072	Hardware
5074	Plumbing and Heating Equipment and Supplies (Hydronics)
5075	Warm Air Heating and Air-Conditioning Equipment and Supplies
5078	Refrigeration Equipment and Supplies

SIC	Description
508	Machinery, equipment, and supplies wholesale dealing in
5082	Construction and Mining (Except Petroleum) Machinery and Equipment
5083	Farm and Garden Machinery and Equipment
5084	Industrial Machinery and Equipment
5085	Industrial Supplies
5087	Service Establishment Equipment and Supplies
5088	Transportation Equipment and Supplies, Except Motor Vehicles

Available financial data

Companies reporting operating revenue in at least two of the three years under study (2021-2023) were included.

The application of these steps resulted in a set of 75 potentially comparable companies that were manually reviewed as described in the next section.

1.4.2 Manual review

To further refine the set of comparable companies, a further manual review was undertaken.

Having identified 75 potentially comparable companies through the automated search process, EY performed a manual review to further refine the sample. Specifically, EY reviewed the company's business descriptions provided by the Selected Database to evaluate the comparability of the 75 companies. For those companies that appeared comparable after the business description review, EY then reviewed company websites to confirm the companies' operational profile.

Specifically, we eliminated companies that met any of the following criteria:

- ▶ Companies that incurred losses during each year for which financial data was available;
- ▶ Companies were functionally non-comparable (the company engaged in manufacturing activities, etc.);
- ▶ Companies provided non-comparable products (security panels, smart homes, etc.);
- ▶ Other reasons (duplicate companies).

By performing the manual screening process, 68 companies were rejected, leaving 7 comparable companies.

As for Ligent Tech, the remaining 7 companies were selected as comparable companies. The accepted comparable companies are as follows:

No.	Company Name	Country /Region
1	ARROW ELECTRONICS INC	United States
2	ALTA EQUIPMENT GROUP INC	United States
3	Avnet, Inc.	United States
4	Distribution Solutions Group, Inc.	United States
5	EACO CORP	United States
6	GRAYBAR ELECTRIC CO INC	United States
7	Hillman Solutions Corp.	United States

Appendix D-1 – Business descriptions of comparable companies – North Americas distribution companies

No.	Company	Country/ region	Brief description
1	ARROW ELECTRONICS INC	United States	The company is engaged in the distribution of electronic components.
2	ALTA EQUIPMENT GROUP INC	United States	The company is engaged in the distribution of industrial equipment.
3	Avnet, Inc.	United States	The company is engaged in the distribution of electronic components. Its products include optical fibers, laser drivers, cables and wires, etc.
4	Distribution Solutions Group, Inc.	United States	The company is engaged in the distribution of industrial equipment.
5	EACO CORP	United States	The company is engaged in the distribution of electronic components, such as circuit board connectors and cable components.
6	GRAYBAR ELECTRIC CO INC	United States	The company is engaged in the distribution of data communication products, wire and cable, other components and equipment.
7	Hillman Solutions Corp.	United States	The company is engaged in the distribution of industrial hardware and equipment.

Appendix D-2– Financial summary of comparable companies - North Americas distribution companies

No.	Company Name	Country /Region	Currency	2023		2022		2021		Three-year Weighted Average OM
				Operating Revenue	OM	Operating Revenue	OM	Operating Revenue	OM	
1	ARROW ELECTRONICS INC	United States	USD Thousand	33,107,120	4.51%	37,124,422	5.61%	34,477,018	4.52%	4.90%
2	ALTA EQUIPMENT GROUP INC	United States	USD Thousand	1,876,800	2.90%	1,571,800	2.60%	1,212,800	1.48%	2.43%
3	Avnet, Inc.	United States	USD Thousand	26,536,881	4.58%	24,310,708	3.99%	19,534,679	1.87%	3.62%
4	Distribution Solutions Group, Inc.	United States	USD Thousand	1,570,402	2.74%	1,151,422	3.63%	520,290	2.20%	2.97%
5	EACO CORP	United States	USD Thousand	319,397	8.60%	292,562	8.28%	237,962	3.07%	6.94%
6	GRAYBAR ELECTRIC CO INC	United States	USD Thousand	11,042,400	5.73%	10,534,400	6.18%	8,767,300	4.55%	5.54%
7	Hillman Solutions Corp.	United States	USD Thousand	1,476,477	4.13%	1,486,328	2.68%	1,425,967	0.72%	2.53%
Highest Observed Value				8.60%		8.28%		4.55%		6.94%
Upper Quartile				5.15%		5.89%		3.80%		5.22%
Median				4.51%		3.99%		2.20%		3.62%
Lower Quartile				3.51%		3.16%		1.68%		2.75%
Lowest Observed Value				2.74%		2.60%		0.72%		2.43%
Observations				7		7		7		7
Note: All financial data were extracted from Compustat NA and Compustat Global databases (July 2025 version).										

Appendix E: Comparable search for North Americas R&D companies

EY conducted a search to identify manufacturing companies in the Americas region. EY conducted the search using the Standard & Poor's Compustat NA, Standard & Poor's Compustat Global and Dun & Bradstreet's OneSource databases (collectively called as "Selected Databases") accessed through EY's proprietary search platform, TP Benchmark Tool. EY subsequently implemented a manual review process. EY's search and the associated results are described below.

1.5 Search Process

The search process consisted of the following main stages of identification and screening:

- ▶ Electronic identification of potentially comparable companies in Selected Databases; and
- ▶ Manual refinement of the initial list of companies through review of the information contained in Selected Databases and other public source documents.

The above search steps resulted in the determination of the final comparable companies.

1.5.1 Electronic identification

As an initial step, potentially comparable companies were identified using the following automated search criteria in Selected Databases.

Geography

We limit the search to companies with trading addresses in the American Samoa, Canada, Guam, Puerto Rico, United States.

Active/inactive indicator

Of all the companies selected above, we only accepted those noted in Selected Databases as "active."

Industry classification codes

We limited the search in Selected Databases to companies classified under the following primary US SIC codes:

SIC	Description
3572	Computer Storage Devices
3577	Computer Peripheral Equipment, Not Elsewhere Classified
3631	Household Cooking Equipment
3632	Household Refrigerators and Home and Farm Freezers
3633	Household Laundry Equipment
3634	Electric Housewares and Fans
3635	Household Vacuum Cleaners
3639	Household Appliances, Not Elsewhere Classified
3651	Household Audio and Video Equipment
3652	Phonograph Records and Prerecorded Audio Tapes and Disks

SIC	Description
3661	Telephone and Telegraph Apparatus
3663	Radio and Television Broadcasting and Communications Equipment
3669	Communications Equipment, Not Elsewhere Classified
3672	Printed Circuit Boards
3674	Semiconductors and Related Devices
3675	Electronic Capacitors
3676	Electronic Resistors
3677	Electronic Coils, Transformers, and Other Inductors
3678	Electronic Connectors
737	Computer and Data Processing Services
738	Miscellaneous Business Services
873	Research and Testing Services

Available financial data

Companies reporting operating revenue in at least two of the three years under study (2021-2023) were included.

The application of these steps resulted in a set of 631 potentially comparable companies that were manually reviewed as described in the next section.

1.5.2 Manual review

To further refine the set of comparable companies, a further manual review was undertaken.

Having identified 631 potentially comparable companies through the automated search process, EY performed a manual review to further refine the sample. Specifically, EY reviewed the company's business descriptions provided by the Selected Database to evaluate the comparability of the 631 companies. For those companies that appeared comparable after the business description review, EY then reviewed company websites to confirm the companies' operational profile.

Specifically, we eliminated companies that met any of the following criteria:

- ▶ Companies that incurred losses during each year for which financial data was available;
- ▶ Companies were functionally non-comparable (the company engaged in trading and distribution activities, retail, etc.);
- ▶ Companies provided non-comparable services (marketing services, testing and measurement services, etc.);
- ▶ Other reasons (duplicate companies).

By performing the manual screening process, 625 companies were rejected, leaving 6 comparable companies.

As for R&D support services provided by LigentCom Photonics, the remaining 6 companies were selected as comparable companies. The accepted comparable companies are as follows:

No.	Company Name	Country /Region
1	ALPHA AND OMEGA SEMICONDUCTO	United States

No.	Company Name	Country /Region
2	MARVELL TECHNOLOGY INC	United States
3	MaxLinear, Inc.	United States
4	QUICKLOGIC CORP	United States
5	Silicon Laboratories Inc.	United States
6	Ultra Clean Holdings, Inc.	United States

Appendix E-1 – Business descriptions of comparable companies – North Americas R&D companies

No.	Company	Country/ region	Brief description
1	ALPHA AND OMEGA SEMICONDUCTO	United States	The company is engaged in the designing and development of power semiconductor products (e.g., MOSFETs, SRFETs, SiC MOSFETs) and power ICs.
2	MARVELL TECHNOLOGY INC	United States	The company is engaged in the designing and development of advanced semiconductor products, including system-on-chip (SoC) architectures, integrated analog/mixed-signal processing technologies, specialized semiconductor products, and high-speed interconnect technologies (e.g., silicon photonics, optical chipsets).
3	MaxLinear, Inc.	United States	The company is engaged in the designing of integrated circuit. Its core offerings include integrated SoC architectures that combine radio-frequency (RF), analog, and digital signal processing capabilities for applications in broadband networks.
4	QUICKLOGIC CORP	United States	The company is engaged in the development of custom hardware products, offering embedded FPGA intellectual property, low power, multicore semiconductor system-on-chips, discrete FPGAs, and AI software.
5	Silicon Laboratories Inc.	United States	The company is engaged in the development of mixed-signal integrated circuits (ICs), enabling connectivity and data processing in smart devices, industrial automation, and consumer electronics.
6	Ultra Clean Holdings, Inc.	United States	The company is engaged in the development of critical subsystems, components, and parts primarily for the semiconductor industry.

Appendix E-2 – Financial summary of comparable companies - North Americas R&D companies

No.	Company Name	Country /Region	Currency	2023		2022		2021		Three-year Weighted MTC
				Operating Revenue	MTC	Operating Revenue	MTC	Operating Revenue	MTC	
1	ALPHA AND OMEGA SEMICONDUCTO	United States	Thousand USD	691,321	3.47%	777,552	15.54%	656,902	11.38%	10.09%
2	MARVELL TECHNOLOGY INC	United States	Thousand USD	5,507,700	-7.34%	5,919,600	8.42%	4,462,383	0.19%	0.20%
3	MaxLinear, Inc.	United States	Thousand USD	693,263	-2.26%	1,120,252	19.82%	892,398	8.18%	9.59%
4	QUICKLOGIC CORP	United States	Thousand USD	21,198	0.33%	16,180	-18.79%	12,685	-37.21%	-18.27%
5	Silicon Laboratories Inc.	United States	Thousand USD	782,258	-3.00%	1,024,106	13.18%	720,860	-4.36%	2.53%
6	Ultra Clean Holdings, Inc.	United States	Thousand USD	1,734,500	2.07%	2,374,300	9.09%	2,101,600	9.69%	7.23%
Highest Observed Value				3.47%		19.82%		11.38%		10.09%
Upper Quartile				1.64%		14.95%		9.31%		9.00%
Median				-0.96%		11.13%		4.18%		4.88%
Lower Quartile				-2.81%		8.59%		-3.22%		0.78%
Lowest Observed Value				-7.34%		-18.79%		-37.21%		-18.27%
Observations				6		6		6		6
Note: All financial data were extracted from Compustat NA and Compustat Global databases (Jul2025 version).										