Citigroup Global Markets Asia Limited
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

For and on behalf of

Citigroup Global Markets Asia Limited

By: ______________________________

Name: Edwina Ip

Title: Director

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway, Hong Kong

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

For and on behalf of

CITIC Securities (Hong Kong) Limited

By: ______________________

Name: Stone Shi

Title: Executive Director

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

14 September 2026

The Directors
Ligent Technologies, Inc.

Dear Sirs,

Ligent Technologies, Inc. (the "Company") and its subsidiaries (the "Group")
Listing on the Main Board of The Stock Exchange of Hong Kong Limited

We refer to the prospectus dated 14 September 2026 (the "Prospectus") in connection with the proposed initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, a copy of which is attached and initialed by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our accountants' report dated 14 September 2026 on the historical financial information for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 and our accountants' report dated 14 September 2026 on the unaudited pro forma financial information as at 30 June 2026 in the Prospectus, and the references to our name in the form and context in which they are included.

This letter is solely being issued in connection with the filing of the Prospectus regarding the listing of the Company's securities on The Stock Exchange of Hong Kong Limited and not for any other purpose.

Yours faithfully,

Certified Public Accountants
Hong Kong

LIGENT

納真科技公司

Ligent Technologies, Inc.

(Registered by way of continuation in the Cayman Islands with limited liability)

Stock Code: 9856

GLOBAL OFFERING

Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

citi

CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

广发证券 GF SECURITIES

富途證券 FUTU Securities International

IMPORTANT

If you are in any doubt about any of the contents of this document, you should seek independent professional advice.

Ligent Technologies, Inc.

納真科技公司

(Registered by way of continuation in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	172,014,700 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	17,201,500 Shares (subject to reallocation)
Number of International Offer Shares	:	154,813,200 Shares (subject to reallocation and the Over-allotment Option)
Offer Price	:	HK$32.96 per Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	US$0.02 per Share
Stock code	:	9856

ERNST & YOUNG
FOR IDENTIFICATION ONLY
HONG KONG

Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

citi CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

广发证券 GF SECURITIES 富途證券 FUTU Securities International

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any of the other documents referred to above.

The Offer Price will be HK$32.96 unless otherwise announced. Applicants for the Hong Kong Offer Shares may be required to pay (subject to application channels), on application, the Offer Price of HK$32.96 for each Hong Kong Offer Share together with the brokerage of 1%, the SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015%.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Hong Kong Offer Shares and/or the Offer Price at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the Offer Price will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ligent.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

Prior to making an investment decision, prospective investors should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" in this document. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold (i) within the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

Applicants for Hong Kong Offer Shares are required to pay, on application, the Offer Price of HK$32.96 for each Hong Kong Offer Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.

September 14, 2026

If you are in any doubt about any of the contents of this document, you should seek independent professional advice.

Ligent Technologies, Inc.
納真科技公司

(Registered by way of continuation in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**172,014,700 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**17,201,500 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**154,813,200 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**HK$32.96 per Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.02 per Share**
Stock code	**:**	**9856**

Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

citi

CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

广发证券 GF SECURITIES

富途證券 FUTU Securities International

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any of the other documents referred to above.

The Offer Price will be HK$32.96 unless otherwise announced. Applicants for the Hong Kong Offer Shares may be required to pay (subject to application channels), on application, the Offer Price of HK$32.96 for each Hong Kong Offer Share together with the brokerage of 1%, the SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015%.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Hong Kong Offer Shares and/or the Offer Price at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the Offer Price will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ligent.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

Prior to making an investment decision, prospective investors should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" in this document. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold (i) within the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

Applicants for Hong Kong Offer Shares are required to pay, on application, the Offer Price of HK$32.96 for each Hong Kong Offer Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.

September 14, 2026

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.ligent.com. You may download and print from these website addresses if you want a printed copy of this prospectus.

The Company will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, (the "**HKSCC Nominees**") to apply on your behalf by instructing your **broker** or **custodian** who is a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant (the "**HKSCC Participant**") to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses stated above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Share you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application
	HK$		*HK$*		*HK$*		*HK$*
100	3,329.24	2,000	66,584.80	30,000	998,772.05	400,000	13,316,960.65
200	6,658.48	3,000	99,877.21	40,000	1,331,696.07	500,000	16,646,200.80
300	9,987.72	4,000	133,169.61	50,000	1,664,620.08	1,000,000	33,292,401.60
400	13,316.96	5,000	166,462.01	60,000	1,997,544.10	1,500,000	49,938,602.40
500	16,646.19	6,000	199,754.41	70,000	2,330,468.11	2,000,000	66,584,803.20
600	19,975.44	7,000	233,046.82	80,000	2,663,392.13	3,000,000	99,877,204.80
700	23,304.67	8,000	266,339.22	90,000	2,996,316.14	4,000,000	133,169,606.40
800	26,633.92	9,000	299,631.61	100,000	3,329,240.15	5,000,000	166,462,008.00
900	29,963.16	10,000	332,924.01	200,000	6,658,480.32	6,000,000	199,754,409.60
1,000	33,292.40	20,000	665,848.03	300,000	9,987,720.48	8,600,700[(1)]	286,337,958.44

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.ligent.com**.*

Hong Kong Public Offering commences. . . . . .9:00 a.m. on Monday, September 14, 2026

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Thursday, September 17, 2026

Application lists of the Hong Kong Public Offering open[3] . . . . .11:45 a.m. on Thursday, September 17, 2026

Latest time to (a) completing payments of **White Form eIPO** applications by effecting internet banking transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . .12:00 noon on Thursday, September 17, 2026

If you are instructing your broker or custodian who is a HKSCC Participant and will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists of the Hong Kong Public Offering close[3]. . . . . .12:00 noon on Thursday, September 17, 2026

Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of our Company at **www.ligent.com**[5] and the Stock Exchange at **www.hkexnews.hk** at or before . . . . .11:00 p.m. on Monday, September 21, 2026

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.ligent.com** and **www.hkexnews.hk** respectively . . . . at or before 11:00 p.m. on Monday, September 21, 2026

- from the designated results of allocations website at **www.eipo.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from . . . . 11:00 p.m. on Monday, September 21, 2026 to 12:00 midnight on Sunday, September 27, 2026

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . Tuesday, September 22, 2026 Wednesday, September 23, 2026 Thursday, September 24, 2026 and Friday, September 25, 2026

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6] . . . . .Monday, September 21, 2026

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be dispatched on or before[7][8] . . . . .Tuesday, September 22, 2026

Dealings in the Shares on the Main Board of the Stock Exchange to commence at . . . . .9:00 a.m. on Tuesday, September 22, 2026

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 17, 2026, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements".

(4) Applicants who apply for Hong Kong Offer Shares through HKSCC EIPO channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels."

(5) None of the websites or any of the information contained on the websites forms part of this prospectus.

(6) The Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.

(7) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection. Any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Applicants who have applied for Hong Kong Offer Shares through HKSCC EIPO channel should refer to "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" for details. Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Further information is set out in the paragraph headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies."

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO INVESTORS

This document is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this document pursuant to the Hong Kong Public Offering. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for the purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by us, the Joint Sponsors, the Sponsor-overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives or any other person involved in the Global Offering.

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an established optical communication and connectivity product provider that develops, manufactures and sells optical transceivers, optical chips and optical network terminals, serving customers in China and overseas. In 2025, among all specialized optical transceiver manufacturers globally, we ranked 5th in global revenue from optical transceivers with a market share of 4.0% and 3rd in revenue from optical transceivers sold in China with a market share of 10.1%. As of the Latest Practicable Date, we were also one of the few companies in the world that have R&D and production capabilities for both optical transceivers and optical chips.

OUR PRODUCTS

The following table summarises certain information of our products:

Products	Key Features	Major Applications	Main Customers/Users
Optical transceivers			
Datacom transceivers	High compatibility, high speed, high reliability, high performance and low power consumption	AI clusters, cloud computing, data centers, storage area networks	Cloud service providers
Telecom transceivers			
– FTTx.	Point-to-multipoint transmission, burst mode signal receipt, and supporting long-distance transmission	Multi-gigabit broadband infrastructure for residential and commercial use	Telecom operators, telecom and network equipment vendors
– Transmission network	Meeting stringent requirements of telecommunications networks, high density, high reliability, and supporting long-distance transmission	Metro ethernet aggregation, provincial backbone network expansion, national backbone networks, submarine optical fiber cables	Telecom and network equipment vendors
– Wireless	Large bandwidth, high speed, low network latency	5G front-, middle- and back-haul networks, small cell coverage, industrial internet of things (IIoT), and wireless front-haul access	Telecom operators, telecom and network equipment vendors
Optical chips			
– Distributed feedback laser (DFB) chips. . . .	Low cost, low power consumption	A core component of optical transceivers	Optical transceiver manufacturers
– Continuous wave distributed feedback laser (CW-DFB) chips .	Low noise, high power		
– Electro-absorption modulated laser (EML) chips . . .	High data rate, long transmission distance		
Optical network terminals.	High-speed broadband access, Wi-Fi coverage, supporting data, audio, video and other multi-media connections	Wireless networking, smart home and smart office environment, residential and public venues with endpoint devices	Telecom operators, enterprise and household end users

Optical Transceivers

On datacom transceivers, we are one of the first optical transceiver manufacturers in China to have developed and mass-produced 800G and 1.6T optical transceivers. We are actively engaged in research of next-generation 3.2T optical transceivers and 6.4T optical engines. Within the telecom sector, FTTx optical transceivers form the backbone of fiber-optic access networks to enable reliable last-mile connections, which are the final and often-challenging stretch of a telecoms network reaching the end-users. Their performance directly determines end-user access quality and reliability, making them a critical link in connecting optical networks to terminal applications. Since our inception, FTTx optical transceivers have been an important sector in which we have maintained a strong market position, and during the Track Record Period, they were also the largest sector under our telecom transceivers product line. We are one of the first optical transceiver manufacturers worldwide to have developed 50G passive optical network (PON) optical transceivers. We believe there are significant market opportunities from large-scale parallel computing, AI training, inference and other high-performance tasks, which require high-rate, low-power-consumption and cost-effective connectivity products. We have been actively developing optical transceivers adopting latest photoelectric conversion technologies to cater to AI computing networks. We have developed and commenced mass production of our linear-drive pluggable optics (LPO) based optical transceivers and linear receive optics (LRO) based optical transceivers in 2025 and the first quarter of 2026, respectively. As of the Latest Practicable Date, we had achieved early-stage commercialization of external-laser small-form-factor pluggable (ELSFP) modules supporting near-packaged optics (NPO) and co-packaged optics (CPO) technologies and delivered 3.2T NPO optical engine samples for customer validation. We have also been proactively developing 6.4T NPO optical engines and next-generation 12.8T eXtra-dense pluggable optics (XPO) optical transceivers jointly with our customers.

Optical Chips

We have developed and produced DFB laser chips, including 75mW and 100mW high-power continuous CW-DFB laser chips, and are currently developing 150mW/400mW CW-DFB laser chips. We have also developed 100G EML laser chips and are currently developing our 200G EML laser chips and 400G InP laser chips. These products lay a solid foundation for our expansion into high-end datacom transceivers. Meanwhile, we are one of the first manufacturers in China to have developed and produced 10G EML laser chips. We are also developing 50G EML laser chips. Both of these EML chips are for PON optical transceivers targeting the FTTx market. We believe that our in-house R&D and production capabilities for optical chips enable us to ensure timely and stable deliveries, and maintain pricing competitiveness.

Optical Network Terminals

We focus on broadband access (primarily ONT boxes) and Wi-Fi coverage products. Specifically, we have mass-produced optical network terminals at all major and common rates in line with latest industry standards and are developing products such as FTTR+X gateways with computing functions. An ONT box is a key optical network terminal device at the user end of a fiber-optic access network, typically within a PON architecture. It is the primary interface between optical fiber infrastructure and the local area network, converting optical signals into electrical signals for end-user devices. FTTx optical sub-assemblies are typically housed ONT boxes, making ONT boxes a key point where the optical network connects to terminal applications. During the Track Record Period, ONT boxes were the largest sector under our optical network terminal product line. We are also developing AI-integrated smart terminals, which are a type of smart terminal devices embedded with edge computing capability. We expect to complete the development and commence delivery of this product in the third quarter of 2026.

R&D AND TECHNOLOGIES

As of the Latest Practicable Date, we had 1,581 patents and 726 pending patent applications worldwide, were a founding or general member of 18 industry standardization organizations and had participated in the formulation of 61 industry standards. Leveraging our cross-regional R&D network in Qingdao, Wuhan, Silicon Valley and Singapore, we have accumulated core technologies and products that cover key aspects of the optical communication value chain. For optical transceivers, we possess proprietary capabilities in circuit designs and core packaging technologies, including transistor outline can (TO-CAN), BOX, chip-on-board (COB) and SiPh-based packaging technologies. For optical chip designs, we have developed two mature processing platforms for buried heterostructure and ridge waveguide. We also have proprietary capabilities in developing a wide range of optical network terminals.

PRODUCTION

We currently have four production facilities in Qingdao, Jiangmen, Thailand, and the U.S. In 2023, 2024, 2025 and the six months ended June 30, 2026, the utilization rate of our Qingdao facility was 61.5%, 76.2%, 76.0% and 65.6% for optical transceivers, and 68.2%, 42.7%, 72.2% and 94.1% for optical chips, respectively; the utilization rate of our Jiangmen facility was 64.1%, 84.9%, 83.4% and 76.3% for optical transceivers, and 76.5%, 74.0%, 72.6% and 75.9% for optical network terminals, respectively; and the utilization rate of our Thailand facility for optical transceivers was 37.1%, 68.3%, 65.0% and 69.6%, respectively. We are upgrading and expanding our production facilities in China, Thailand and the United States for both optical transceivers and optical chips. We also plan to establish a new R&D and production facility in Xiamen to focus on the development and production of high-end laser chips.

To better deliver customized products, we generally adopt a joint development model, under which we design, develop, manufacture and deliver the final products that satisfy the customers' needs. Comparing with the original design manufacturing model, this model requires more collaboration and interaction with the customer at each stage from product concept design to manufacturing, allowing for higher efficiency in product development. Such collaboration enables us to obtain market and technological insights and foster enhanced relationships and mutual trust with customers.

CUSTOMERS AND SUPPLIERS

Our core customers span major cloud service providers, telecom and network equipment vendors in China and overseas. We mainly adopt a direct sales model, supplemented by a limited number of third-party distributors to reach a broader range of potential customers. In each year/period during the Track Record Period, our revenue derived from these distributors was less than 4% of our total revenue. In each year ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, sales to our five largest customers contributed 55.8%, 66.9%, 70.2% and 71.8% of our total revenue, and sales to our largest customer contributed 32.1%, 23.5%, 21.8% and 21.0% of our total revenue, respectively. We procure raw materials from third-party suppliers. In each year ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers accounted for 22.4%, 31.3%, 32.9% and 27.3% of our total purchase amount, and purchases from our largest supplier accounted for 6.9%, 14.7%, 14.2% and 9.4% of our total purchase amount, respectively.

OUR STRENGTHS

We believe that the following strengths contribute to our robust market position:

- An established optical communication and connectivity product provider well positioned to capture substantial growth opportunities in the AI era;
- Various products across the optical communication value chain;
- A cross-regional R&D network to drive innovations, with proprietary core technologies reassuring our market position in the optical communication industry;
- Well-established long-term relationships with customers worldwide;
- Large-scale delivery capability supported by our multi-regional intelligent manufacturing system; and
- Experienced management team leading our growth roadmap and technological development.

OUR STRATEGIES

We plan to implement the following strategies to achieve our vision and mission:

- Strengthen our R&D capabilities, particularly in emerging technologies, to enhance our products' competitiveness;
- Strengthen our customer relationships and expand our customer base with enriched product offerings;
- Expand our multi-regional production capacity and upgrade our manufacturing system;
- Continuously attract and retain global top talent; and
- Strategic investments and acquisitions.

COMPETITION

According to Frost & Sullivan, the industry in which we operate is highly competitive and fragmented. The overall optical communication industry is extremely large and features diversity and a multi-layered value chain of a wide range of products. Many of these products have interdependent upstream-downstream relationships. In 2025, top five specialized optical transceiver manufacturers globally had an aggregate market share of 61.1%, and we had a market share of 4.0%, in global revenue from optical transceivers; additionally, top five specialized optical transceiver manufacturers globally had an aggregate market share of 52.1%, and we had a market share of 10.1%, in revenue from optical transceivers sold in China. The optical chips and optical network terminals markets also have a large number of manufacturers with various advantages. See "Business — Competition" and "Industry Overview."

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss

The following table sets forth selected data from our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	4,238,989	100.0	5,086,600	100.0	8,354,680	100.0	4,215,825	100.0	5,392,648	100.0
Cost of sales	(3,365,077)	(79.4)	(4,203,511)	(82.6)	(6,682,449)	(80.0)	(3,427,738)	(81.3)	(4,086,598)	(75.8)
Gross profit	**873,912**	**20.6**	**883,089**	**17.4**	**1,672,231**	**20.0**	**788,087**	**18.7**	**1,306,050**	**24.2**
Other income and gains	121,622	2.9	105,924	2.1	141,373	1.7	76,390	1.8	72,760	1.3
Gains on disposal of a joint venture	–	–	–	–	352,785	4.2	352,785	8.4	–	–
Selling and marketing expenses	(68,387)	(1.6)	(60,452)	(1.2)	(78,051)	(0.9)	(46,719)	(1.1)	(39,100)	(0.7)
Research and development expenses	(553,278)	(13.1)	(623,132)	(12.3)	(663,730)	(7.9)	(341,807)	(8.1)	(319,973)	(5.9)
Administrative expenses	(188,840)	(4.5)	(164,107)	(3.2)	(322,138)	(3.9)	(149,251)	(3.5)	(170,552)	(3.2)
Reversal of impairment/ (impairment) of financial assets, net	1,247	0.0	(1,315)	(0.0)	(183)	(0.0)	(725)	(0.0)	8	0.0
Impairment of property, plant and equipment	–	–	(7,456)	(0.1)	(4,216)	(0.1)	–	–	(2,580)	(0.0)
Reversal of impairment/ (impairment) of contract assets, net	(736)	(0.0)	1,917	0.0	(295)	(0.0)	(28)	(0.0)	(926)	(0.0)
Fair value loss on financial liabilities at fair value through profit or loss (FVTPL)	(30,038)	(0.7)	(12,045)	(0.2)	(116,274)	(1.4)	(106,650)	(2.5)	–	–
Other expenses and losses	(16,443)	(0.4)	(22,757)	(0.4)	(12,535)	(0.2)	(9,922)	(0.2)	(34,778)	(0.6)

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Finance costs	(28,420)	(0.7)	(56,416)	(1.1)	(47,383)	(0.6)	(35,526)	(0.8)	(16,977)	(0.3)
Share of profits of a joint venture	131,860	3.1	55,149	1.1	–	–	–	–	–	–
Profit before tax	**242,499**	**5.7**	**98,399**	**1.9**	**921,584**	**11.0**	**526,634**	**12.5**	**793,932**	**14.7**
Income tax expenses	(26,978)	(0.6)	(8,909)	(0.2)	(48,944)	(0.6)	(17,094)	(0.4)	132,941	(2.5)
Profit for the year/period	**215,521**	**5.1**	**89,490**	**1.8**	**872,640**	**10.4**	**509,540**	**12.1**	**660,991**	**12.3**

Revenue

Revenue by Product Line: The following table sets forth a breakdown of our revenue by product line, in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Optical transceivers										
– Datacom transceivers	1,055,988	24.9	2,776,454	54.6	5,469,325	65.5	2,741,494	65.0	3,744,715	69.4
– Telecom transceivers										
FTTx	1,108,306	26.1	542,377	10.7	601,580	7.2	322,278	7.6	298,031	5.5
Others[(1)]	572,855	13.5	363,276	7.1	463,707	5.6	218,585	5.2	235,032	4.4
Telecom transceivers sub-total	1,681,162	39.7	905,653	17.8	1,065,287	12.8	540,863	12.8	533,063	9.9
Sub-total	**2,737,150**	**64.6**	**3,682,107**	**72.4**	**6,534,612**	**78.2**	**3,282,357**	**77.9**	**4,277,778**	**79.3**
Optical chips	112,081	2.6	23,790	0.5	28,931	0.3	16,199	0.4	84,983	1.6
Optical network terminals										
ONT boxes	845,789	20.0	936,695	18.4	1,232,226	14.7	674,085	16.0	599,904	11.1
Others[(2)]	543,969	12.8	444,008	8.7	558,911	6.7	243,184	5.8	429,983	8.0
Optical network terminals sub-total	1,389,758	32.8	1,380,703	27.1	1,791,137	21.4	917,269	21.8	1,029,887	19.1
Total	**4,238,989**	**100.0**	**5,086,600**	**100.0**	**8,354,680**	**100.0**	**4,215,825**	**100.0**	**5,392,648**	**100.0**

Notes: (1) Includes telecom transceivers for transmission network and wireless applications. (2) Includes other broadband access products, Wi-Fi coverage products and other optical network terminals.

The majority of our revenue was from sales of optical transceivers. The growth of our revenue from datacom optical transceivers since 2023 was primarily driven by increased market demand for AI and cloud computing related applications. Our revenue from optical chips declined significantly in 2024 mainly because our new optical chips were still being developed while customer demand for our existing optical chips declined. Our revenue from optical chips increased slightly from 2024 to 2025 and significantly from the six months ended June 30, 2025 to the same period of 2026 primarily due to an increase in sales volume of our CW-DFB laser chips, particularly our 75mW CW-DFB laser chips. Moving from internal adoption to large-scale external sales, our 75mW CW-DFB laser chips were commercialized in the second quarter of 2025 and gradually scaled up to achieve production in the first quarter of 2026.

Revenue by Geographical Market: The following table sets forth our total revenue by geographical regions of our customers, in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Asia										
– China	2,768,316	65.3	3,494,280	68.7	5,883,333	70.4	3,020,505	71.6	3,393,700	62.9
– Rest of Asia[(1)]	541,258	12.8	670,878	13.2	839,349	10.0	436,965	10.4	479,432	8.9

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
North America										
– United States	543,806	12.8	654,524	12.9	1,248,100	14.9	609,581	14.5	1,193,719	22.1
– Rest of North America[(2)]	61,900	1.5	28,978	0.5	38,982	0.5	16,928	0.4	18,944	0.4
Europe and others[(3)]	323,709	7.6	237,940	4.7	344,916	4.1	131,846	3.1	306,853	5.7
Total[(4)]	**4,238,989**	**100.0**	**5,086,600**	**100.0**	**8,354,680**	**100.0**	**4,215,825**	**100.0**	**5,392,648**	**100.0**

Notes: (1) Mainly including Singapore and Malaysia. (2) Including Canada and Mexico. (3) Mainly including Finland and Ireland. (4) No single country other than China and the U.S. contributed 5% or above of our total revenue in each year/period during the Track Record Period.

Cost of Sales

The following table sets forth a breakdown of our cost of sales in absolute amount and as a percentage of total cost of sales, for the periods indicated. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of Sales."

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Raw material costs	2,839,560	84.4	3,583,675	85.3	5,693,447	85.2	2,925,125	85.3	3,483,111	85.2
Labor costs	268,154	8.0	272,093	6.5	447,724	6.7	225,079	6.6	250,754	6.1
Depreciation	100,594	3.0	126,320	3.0	187,109	2.8	96,355	2.8	118,362	2.9
Utilities and others	156,767	4.7	221,423	5.3	354,169	5.3	181,179	5.3	234,371	5.7
Total	**3,365,077**	**100.0**	**4,203,511**	**100.0**	**6,682,449**	**100.0**	**3,427,738**	**100.0**	**4,086,598**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product line for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Optical transceivers										
– Datacom transceivers	305,296	28.9	700,515	25.2	1,334,544	24.4	619,643	22.6	1,013,054	27.1
– Telecom transceivers	302,696	18.0	105,685	11.7	203,307	19.1	84,300	15.6	136,347	25.6
Sub-total	607,992	22.2	806,200	21.9	1,537,851	23.5	703,943	21.4	1,149,401	26.9
Optical chips	27,786	24.8	(37,454)	(157.4)	(35,006)	(121.0)	(6,239)	(38.5)	34,548	40.7
Optical network terminals	238,135	17.1	114,342	8.3	169,386	9.5	90,383	9.9	122,101	11.9
Total	**873,912**	**20.6**	**883,089**	**17.4**	**1,672,231**	**20.0**	**788,087**	**18.7**	**1,306,050**	**24.2**

Our gross profit margin fluctuated due to factors including changes in our selling prices and the mix of products sold. Gross profit margins of our optical chips were negative in 2024 and 2025 primarily because their revenue was relatively small and insufficient to cover fixed costs, such as depreciation of property, plant, and equipment and labor costs. The gross profit margin of optical chips improved significantly to a positive 40.7% in the six months ended June 30, 2026, primarily due to an increase in sales volume of optical chips after we achieved production of 75mW CW-DFB laser chips in the first quarter of 2026.

Profit

Our profit decreased by 58.5% from RMB215.5 million in 2023 to RMB89.5 million in 2024. Our net profit margin decreased from 5.1% in 2023 to 1.8% in 2024, primarily because of a decrease in our gross profit margin and an RMB76.7 million decrease in share of profits of a joint venture. Our profit increased significantly from RMB89.5 million in 2024 to RMB872.6 million in 2025, and our net profit margin increased from 1.8% in 2024 to 10.4% in 2025 primarily due to increases in our revenue and gross profit margin and our recognition of gains on disposal of a joint venture in 2025, offset in part by our recognition of fair value loss on financial liabilities at FVTPL in this year. Our profit increased by 29.7% from RMB509.5 million in the six months ended June 30, 2025 to RMB661.0 million in the same period of 2026. Our net profit margin increased slightly from 12.1% in the six months ended June 30, 2025 to 12.3% in the same period of 2026, even though we recognized gains on disposal of a joint venture of RMB352.8 million in the six months ended June 30, 2025, while no such gain was recorded in the same period of 2026.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Total current assets	4,193,092	5,913,941	6,218,791	8,492,224
Total non-current assets	1,287,762	1,845,928	1,524,353	2,516,870
Total assets	**5,480,854**	**7,759,869**	**7,743,144**	**11,009,094**
Total current liabilities	2,774,035	4,503,514	3,265,318	4,583,671
Total non-current liabilities	773,245	1,328,079	720,104	2,037,564
Total liabilities	**3,547,280**	**5,831,593**	**3,985,422**	**6,621,235**
Net current assets	**1,419,057**	**1,410,427**	**2,953,473**	**3,908,553**
Net assets	**1,933,574**	**1,928,276**	**3,757,722**	**4,387,859**
Share capital	100,744	100,744	109,134	109,134
Treasury shares	–	(6,980)	–	–
Reserves	1,832,830	1,834,512	3,595,822	4,221,070
Non-controlling interests	–	–	52,766	57,655
Total equity	**1,933,574**	**1,928,276**	**3,757,722**	**4,387,859**

We had net current assets of RMB1,419.1 million, RMB1,410.4 million, RMB2,953.5 million and RMB3,908.6 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. Our net assets (total equity) decreased from RMB1,933.6 million as of December 31, 2023 to RMB1,928.3 million as of December 31, 2024, primarily due to dividend declared of RMB123.6 million in 2024, partially offset by our profit in 2024 of RMB89.5 million. Our net assets (total equity) increased from RMB1,928.3 million as of December 31, 2024 to RMB3,757.7 million as of December 31, 2025, primarily due to our profit in 2025 of RMB872.6 million, issue of shares of RMB780.0 million, termination of redemption rights of financial liabilities of RMB511.4 million and contribution from non-controlling interests of RMB220.0 million, partially offset by redemption liabilities of Shares of RMB320.9 million, redemption liabilities of a subsidiary's shares of RMB213.9 million and dividend declared of RMB51.3 million. Our net assets (total equity) increased from RMB3,757.7 million as of December 31, 2025 to RMB4,387.9 million as of June 30, 2026, primarily due to our profit for the period in the six months ended June 30, 2026 of RMB661.0 million.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash flows generated from/(used in) operating activities	798,762	(615,871)	1,388,382	549,592	(1,256,318)
Net cash flows (used in)/ generated from investing activities	(993,450)	(696,184)	1,577,576	2,107,921	(154,017)
Net cash flows from/(used in) financing activities	216,203	1,433,125	(1,949,098)	(2,151,264)	1,720,126
Net increase in cash and cash equivalents	21,515	121,070	1,016,860	506,249	309,791
Cash and cash equivalents at beginning of year	116,018	138,503	260,906	260,906	1,273,617
Effect of foreign exchange rate changes, net	970	1,333	(4,149)	6,397	744
Cash and cash equivalents at the end of the year	**138,503**	**260,906**	**1,273,617**	**773,552**	**1,584,152**

We may experience mismatches of operating cash inflows and outflows from time to time primarily due to our relatively long cash conversion cycle, which is in turn attributable to the nature of our business. Our inventory turnover days were 126.5 days, 127.2 days, 118.9 days and 130.3 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. This was rooted in the nature of our business and industry and, in particular, was mainly because we procured critical raw materials for a relatively long period in advance to prepare for future production, needed time to manufacture our products that have complex production processes, and maintained finished products inventory to meet customers' orders. In addition, our trade receivables turnover days were 126.7 days, 112.0 days, 82.3 days and 71.0 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. This was mainly attributable to our relatively high proportion of sales to customers in China with relatively long credit terms. These customers are typically major telecom and network equipment vendors and operators with significant bargaining power and generally require relatively long credit terms from their suppliers, including us and other market players. Our trade and bills payables turnover days were 139.1 days, 124.9 days, 120.1 days and 128.9 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. A prolonged cash conversion cycle could impose pressure on our cash flows and working capital.

Our net cash flows used in operating activities in 2024 were RMB615.9 million, primarily attributable to negative working capital changes, partially offset by an adjustment for depreciation of property, plant and equipment of RMB225.8 million for additions of production and R&D equipment to support our business operations, and our profit before tax of RMB98.4 million. Our negative working capital changes were primarily attributable to an increase in trade and bills receivables of RMB793.4 million, an increase in inventories of RMB769.7 million and an increase in prepayments and other receivables of RMB120.5 million, partially offset by an increase in trade and bills payables of RMB482.0 million and an increase in other payables and accruals of RMB204.9 million.

Our net cash flows used in operating activities in the six months ended June 30, 2026 were RMB1,256.3 million, primarily attributable to negative working capital changes, partially offset by our profit before tax of RMB793.9 million and an adjustment for depreciation of property, plant and equipment of RMB187.3 million. Our negative working capital changes were primarily attributable to (i) an increase in prepayments and other receivables of RMB1,459.1 million, mainly attributable to increased purchases of raw materials and prepayments made to secure key materials and supplier production capacity, as well as prepayments for the purchases of production equipment, (ii) an increase in inventories of RMB861.9 million and (iii) an increase in trade and bills receivables of RMB631.4 million, partially offset by an increase in trade and bills payables of RMB335.8 million and an increase in other payables and accruals of RMB355.2 million.

KEY FINANCIAL RATIOS

The table sets forth our key financial ratios as of dates and for periods indicated. See "Financial Information — Key Financial Ratios" for more information.

	As of/for the Year Ended December 31,			As of/for the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Current ratio	1.51	1.31	1.90	N/A	1.85
Quick ratio	1.13	0.93	1.16	N/A	1.16
Debt-to-equity ratio	62.1%	147.0%	N/A	N/A	39.9%
Gearing ratio[(1)]	58.5%	71.1%	35.9%	N/A	47.3%
Gross profit margin	20.6%	17.4%	20.0%	18.7%	24.2%
Net profit margin	5.1%	1.8%	10.4%	12.1%	12.3%
Return on equity	11.2%	4.6%	30.7%	46.9%	32.5%
R&D to revenue ratio	13.1%	12.3%	7.9%	8.1%	5.9%

Note: (1) Gearing ratio is calculated by dividing net debt (being lease liabilities, interest-bearing bank and other borrowings, redemption liabilities, trade and bills payables, and financial liabilities at fair value through profit or loss less cash and cash equivalents) by the sum of capital and net debt (being equity attributable to owners of the parent plus net debt) and multiplied by 100%.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. We believe the most significant risks we face include but are not limited to the following:

- Any slowdown in the growth of the end markets that adopt our products could adversely affect our business, financial condition and results of operations;
- If we are unable to compete effectively, our results of operations and financial condition could be materially and adversely affected;
- If we are unable to continuously optimize our product portfolio to adapt to developments in technologies and customer preferences and advance our R&D capabilities, our prospects and results of operations could be materially and adversely affected;
- Product defects or quality instability may adversely affect our business and reputation;
- Any failure to acquire new customers or retain existing customers could adversely affect our business, financial condition and results of operations;
- If sales of our customers' products decline or if their products do not achieve market acceptance, our business and operating results could be adversely affected;
- An increase in prices of raw materials or any shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers;
- We rely on a number of major suppliers, and any disruption in supply or deterioration in supplier relationships could adversely affect our business and results of operations; and
- We are exposed to regulatory, operational and other risks associated with our multi-regional operations.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Hisense Group Holding, directly and indirectly via CKL, will be interested in and control 394,224,950 Shares, representing approximately 40.11% of our issued share capital. Therefore, Hisense Group Holding and CKL will constitute a group of Controlling Shareholders upon Listing. We will enter into a number of continuing connected transactions with Hisense Group Entities, including provision of goods and related services, property leasing, shared services and financial services. See "History, Development and Corporate Structure", "Relationship with Our Controlling Shareholders", "Connected Transactions" and "Substantial Shareholders."

PRE-IPO INVESTMENTS

We received investments from the Pre-IPO Investors from July 2009 to August 2025 as further detailed in "History, Development and Corporate Structure — Pre-IPO Investments".

USE OF PROCEEDS

We estimate to receive net proceeds from the Global Offering of HK$5,445.3 million based on an indicative offer price of HK$32.96 per Offer Share unless otherwise announced and assuming no exercise of the Over-allotment Option, or HK$6,295.7 million if the Over-allotment Option is exercised in full, after deducting estimated underwriting fees and other estimated expenses payable by us in connection with the Global Offering. See "Future Plans and Use of Proceeds". We plan to use the net proceeds from the Global Offering for the purposes set forth below: (1) approximately 52.9%, or approximately HK$2,881.5 million, is expected to be allocated to investment in the R&D of new products and technologies; (2) approximately 25.1%, or approximately HK$1,365.9 million, is expected to be allocated to expanding our production capacity for optical transceivers and optical chips, and enhancing automation across our product lines; (3) approximately 4.0%, or approximately HK$217.8 million, is expected to be allocated to enhance business promotion and overseas market expansion; (4) approximately 8.0%, or approximately HK$435.6 million, is expected to be allocated to strategic investments and acquisitions in domestic and overseas markets; and (5) approximately 10.0%, or approximately HK$544.5 million, is expected to be allocated for working capital and general corporate purposes to support our business operation and growth.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange (the "**Listing Committee**") for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB8,354.7 million (equivalent to approximately HK$9,663.3 million) for the year ended December 31, 2025, which exceeds HK$500 million, and (ii) our expected market capitalization of approximately HK$32.4 billion at the time of Listing based on the Offer Price, which exceeds HK$4 billion.

RECENT DEVELOPMENT

We have recently achieved multiple new product milestones, such as mass production of 1.6T optical transceivers, early-stage commercialization of ELSFP modules supporting NPO and CPO technologies, and delivery of 3.2T NPO optical engine samples for customer validation. We have also been proactively developing 6.4T NPO optical engines and next-generation 12.8T XPO optical transceivers jointly with our customers. See "Business — Our Products" for more information on these products. After the Track Record Period, the sales volume in July 2026 of our 800G-and-above optical transceivers increased by approximately 78% compared to July 2025, and the sales volume in July 2026 of our optical chips increased by approximately 18 times compared to July 2025. In addition, to support our future sales growth, we have recently entered into cooperation agreements with certain customers in developing next-generation optical transceivers and ensuring timely product delivery to relevant customers.

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2026, being the latest balance sheet date of our combined financial statements in the Accountants' Report.

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$32.96 per Offer Share
Market capitalization of our Shares[1]	HK$32,398 million
Unaudited pro forma adjusted consolidated net tangible asset per Share as at June 30, 2026[2][3]	HK$11.00

Notes: (1) The calculation of the market capitalization is based on 982,941,500 Shares expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are arrived at by dividing the unaudited pro forma adjusted consolidated net tangible assets by 982,941,500 Shares, being the number of Shares in issue assuming that the Global Offering had been completed on June 30, 2026, without taking into account of the exercise of the Over-allotment Option.

(3) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to June 30, 2026.

DIVIDENDS

We are a holding company registered under the laws of the Cayman Islands and rely on dividends distributed by our PRC subsidiaries. Any declaration and payment and the amount of dividends will be subject to our Articles and the Cayman Companies Act and at the discretion of our Directors, and any final dividend will be subject to our Shareholders' approval. In 2023, 2024 and 2025, we declared dividends of RMB259.4 million, RMB123.6 million and RMB51.3 million, respectively. We have fully paid these dividends in cash. We did not declare any dividend in the six months ended June 30, 2026. The past dividend distribution record may not be used to determine the level of our future dividends. We do not have a formal dividend policy or a pre-determined dividend payout ratio. See "Financial Information — Dividends."

LISTING EXPENSES

The estimated total listing expenses (based on the indicated Offer Price of HK$32.96 and assuming no exercise of the Over-allotment Option) for the Global Offering are HK$224.3 million, representing 4.0% of the gross proceeds of the Global Offering. The estimated listing expenses consist of: (i) underwriting-related expenses of HK$158.7 million, and (ii) non-underwriting related expenses of HK$65.6 million, comprising (a) fees and expenses of legal advisors and Reporting Accountants of HK$45.5 million, and (b) other fees and expenses of HK$20.1 million. We do not believe that these fees or expenses are material to our Group or are unusually high. During the Track Record Period, we incurred Listing expense of RMB41.2 million (equivalent to HK$47.6 million), of which RMB32.3 million (equivalent to HK$37.4 million) was charged to the consolidated statements of profit or loss and RMB8.9 million (equivalent to HK$10.2 million) was recognized as a reduction in equity upon successful Listing. We expect to incur additional listing expenses of RMB152.8 million (equivalent to HK$176.7 million) after the Track Record Period, of which RMB16.2 million (equivalent to HK$18.7 million) is expected to be charged to the consolidated statements of profit or loss and RMB136.6 million (equivalent to HK$158.0 million) to be recognized as a deduction in equity directly upon the Listing.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as set out in Appendix I
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the third amended and restated articles of association of our Company adopted on August 11, 2025 as amended, supplemented and/or restated from time to time, a summary of which is set out in Appendix III
"Board" or "Board of Directors"	the board of Directors
"Bolangde"	Qingdao Bolangde Broadband Co., Ltd. (青島博朗德寬帶股份有限公司), a joint stock company with limited liability established in the PRC on November 21, 2013, and one of our employee shareholding platforms
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"Cayman Companies Act" or "Companies Act"	the Companies Act, Cap. 22 of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China", "Chinese mainland" or "PRC"	the People's Republic of China, excluding, for the purpose of this document only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan, except where the context requires otherwise
"CKL"	Hisense CKL (HK) Co., Limited (海信世紀金隆(香港)有限公司), a company incorporated in Hong Kong on December 19, 2017 and a wholly owned subsidiary of Hisense Group Holding, and one of the Controlling Shareholders
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company", "our Company", "the Company", "we", "our" or "us"	Ligent Technologies, Inc. (納真科技公司) (formerly known as Hisense Broadband Multimedia Technologies, Ltd.), initially a BVI business company with limited liability on February 20, 2009 and re-domiciled to the Cayman Islands on May 27, 2025
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Hisense Group Holding and CKL
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale serious affects the working public's ability to resume work or brings safety concern for a prolonged period
"FINI"	"Fast Interface for New Issuance," an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, includes the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "the Group", "we", "our" or "us"	our Company and its subsidiaries from time to time or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangdong Broadband"	Guangdong Hisense Broadband Technology Co., Ltd. (廣東海信寬帶科技有限公司), a company incorporated in the PRC on June 28, 2012, and our indirect wholly-owned subsidiary
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Hisense Finance"	Hisense Finance Co., Ltd. (海信集團財務有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group Holding
"Hisense Group"	Hisense Group Holding and its subsidiaries
"Hisense Group Entities"	Hisense Group Holding, Hisense Investment and their respective subsidiaries and associates
"Hisense Group Holding"	Hisense Group Holdings Co., Ltd. (海信集團控股股份有限公司) (formerly known as Qingdao Hisense Electric Holdings Co., Ltd. (青島海信電子產業控股股份有限公司)), a company incorporated in the PRC on May 1, 2001, and one of our Controlling Shareholders

"Hisense Investment"	Qingdao Hisense Investment Development Co., Ltd. (青島海信投資發展股份有限公司), a company incorporated in the PRC on June 30, 2025 and held by the same group of shareholders as Hisense Group Holding
"HK Broadband"	Hisense Broadband Multimedia Technologies (HK) Co., Limited (海信寬帶多媒體技術(香港)有限公司), a company with limited liability incorporated in Hong Kong on March 4, 2011, and our direct wholly-owned subsidiary
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the procedures and requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"Hong Kong Offer Shares"	the 17,201,500 Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering")
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering"
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated September 11, 2026 relating to the Hong Kong Public Offering and entered into by, among others, our Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
"International Offer Shares"	the 154,813,200 Shares being initially offered for subscription under the International Offering together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure of the Global Offering")

"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act
"International Sanctions and U.S. Tariffs Legal Advisor"	Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells), our legal advisor as to International Sanctions laws and U.S. tariffs
"International Underwriters"	the underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, the Joint Sponsors, the Overall Coordinators and the International Underwriters on or about Friday, September 18, 2026, as further described in the section headed "Underwriting — The International Offering — International Underwriting Agreement"
"Latest Practicable Date"	September 5, 2026, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein
"LigentCom"	LigentCom Photonics Inc. (formerly known as Hisense Photonics Inc. and Archcom Technology Inc.), a company incorporated in the State of Delaware on November 8, 2011, and our indirect wholly-owned subsidiary
"LigentComm"	LigentComm Co., Ltd. (formerly known as Hisense Broadband (Thailand) Co., Ltd.), a company incorporated in Thailand on November 20, 2019, and our indirect non-wholly-owned subsidiary
"Ligent Tech"	Ligent Tech, Inc. (formerly known as Hisense Broadband, Inc. and Ligent Photonics, Inc), a company incorporated in the State of Delaware on June 21, 2002, and our indirect wholly-owned subsidiary
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, expected to be on or about Tuesday, September 22, 2026, on which the Shares are listed and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

"Memorandum" or "Memorandum of Association"	the third amended and restated memorandum of association of our Company adopted on August 11, 2025 as amended, supplemented and/or restated from time to time, a summary of which is set out in Appendix III
"Offer Price"	the offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, as described in the section headed "Structure of the Global Offering — Pricing and Allocation"
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters), to require our Company to allot and issue up to an aggregate of 25,802,200 Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any
"Post-IPO Share Incentive Scheme"	the share incentive scheme adopted by the Company on September 7, 2026 and taking effect on the Listing Date, the principal terms of which are set out in the section headed "Statutory and General Information — D. Share Incentive Scheme" in Appendix IV
"PRC government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Legal Advisor"	Grandall Law Firm (Qingdao), our legal advisor as to PRC laws
"Pre-IPO Investment(s)"	the investment(s) in our Company made by the Pre-IPO Investors, details of which are set out in the section headed "History, Development and Corporate Structure — Pre-IPO Investments"
"Pre-IPO Investor(s)"	the investor(s) as set out in the section headed "History, Development and Corporate Structure — Pre-IPO Investments — Information about our Pre-IPO Investors"
"QIB"	a qualified institutional buyer within the meaning of Rule 144A

"Qingdao Broadband"	Hisense Broadband Multimedia Technologies Co., Ltd. (青島海信寬帶多媒體技術有限公司) (formerly known as Qingdao Hisense Optoelectronics Technologies Co., Ltd. (青島海信光電科技股份有限公司)), a company incorporated in the PRC on April 4, 2003, and our direct wholly-owned subsidiary
"Qingdao Lianzhiguang"	Qingdao Lianzhi Optical Communication Technology Co., Ltd. (青島聯智光通信技術有限公司), a company incorporated in the PRC on April 15, 2025, and our indirect non-wholly-owned subsidiary
"Regulation S"	Regulation S under the U.S. Securities Act
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of US$0.02 each
"Shareholder(s)"	holder(s) of the Shares
"Stabilizing Manager"	CLSA Limited
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Talents Holdings"	AI Talents Holdings, LLC, initially formed as a limited partnership in the State of Delaware under the name AI Talents LP on July 17, 2025 and converted to a limited liability company in the State of Delaware on August 18, 2025, and one of our employee shareholding platforms
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S. Securities Act"	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the **White Form eIPO** Service Provider, at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xiamen Lianzhiguang"	Xiamen Lianzhi Optical Communication Technology Co., Ltd. (廈門聯智光通信技術有限公司), a company incorporated in the PRC on April 9, 2025, and our indirect non-wholly-owned subsidiary

In this document, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

This glossary explains certain technical terms used in this document that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry meanings or usages of these terms.

"buried heterojunction waveguide"	A semiconductor heterojunction-based device structure in which the core active layer (e.g., the gain region of a laser) is completely surrounded vertically by a wide bandgap, low refractive index material (e.g., InP or AlGaAs) and filled transversely by selective epitaxy or etch to form a buried region. The structure realizes carrier confinement through the material band gap difference, the light field confinement through the refractive index difference, and the lateral confinement of the current channel by using the buried layer
"CW"	Continuous wave, an electromagnetic wave of constant amplitude and frequency
"DFB"	A distributed feedback laser, utilizing the Bragg reflection (a periodic structure that reflects specific wavelengths of light while transmitting others) of a diffraction grating along an active waveguide to consolidate the laser's longitudinal mode
"DSP"	Digital signal processors or digital signal processing technology, as applicable
"EML"	An electro-absorption modulated laser, integrating a laser diode with an electro-absorption modulator (EAM) in a single chip
"EPON"	Ethernet passive optical network, a passive optical network (PON) technology based on IEEE standards, used to provide broadband internet access over optical fiber; IEEE further provides definitions of new EPON technologies, including 10G EPON (10-gigabit EPON with symmetric or asymmetric transmission options)
"FTTx"	Fiber-to-the-X, a generic term for any broadband network architecture using optical fiber to provide all or part of the local loop used for last-mile telecommunications; for example, FTTP/FTTH/FTTB, which refers to fiber-to-the-premise/fiber-to-the-home/fiber-to-the-building, respectively, means that fiber is laid all the way to the premise/home/building
"FTTR+X"	An advanced Fiber to the Room (FTTR) technology that integrates a smart home ecosystem with a unified optical network; the "+X" signifies the addition of intelligent features and broader connectivity, transforming the home into a smart, networked environment
"GPON"	Gigabit passive optical network, a PON technology based on ITU-T standards, capable of delivering gigabit-level internet access over optical fiber; ITU-T further provides definitions of new GPON technologies, including XGS-PON (10-gigabit symmetric PON), 50G PON, NG-PON2 (next-generation PON) and Combo-PON (a technology which integrates 1-gigabit and 10-gigabit PON)
"IEEE"	The Institute of Electrical and Electronics Engineers, the world's largest technical professional organization dedicated to advancing technology

"ITU"	The International Telecommunication Union, the United Nations specialized agency for information and communication technologies; and "ITU-T" refers to ITU Telecommunication Standardization Sector
"non-specialized optical transceiver manufacturers"	Companies that produce optical transceivers mainly for internal use or as part of their information and communications products, mainly including telecom and network equipment vendors that primarily integrate optical transceivers into their own products rather than sell optical transceivers as standalone products
"ONT"	Optical network terminal, a device that converts optical signals to electrical signals in a fiber-optic network, also known as optical network unit, or ONU
"OSFP"	Octal small form factor pluggable, a high-speed, high-density optical transceiver form factor for next-generation data center and networking applications
"PON"	Passive optical network, a telecommunications technology that uses fiber-optic cables to deliver internet services
"QSFP"	Quad small form factor pluggable, a compact, hot-pluggable transceiver form factor that supports four data lanes, allowing for aggregate data rates four times that of a standard SFP module; "QSFP112", "QSFP28" and "QSFP56" are variant forms of QSFP, which allow speeds up to 112Gbit/s, 28Gbit/s and 56Gbit/s per lane, respectively; and "QSFP-DD" refers to quad small form factor pluggable double density, an enhanced QSFP
"ridge waveguide"	A planar dielectric optical waveguide by growing a high refractive index material on a substrate and etching a raised strip-like ridge structure on the high refractive index material. The principle of light guidance is based on the difference in the effective refractive index between the ridge and the two regions: the equivalent refractive index of the ridge is higher than that of the adjacent region due to the convex structure, which creates a light confinement in the transverse direction, so that the light field energy is concentrated and propagated below the ridge
"SFP"	Small form factor pluggable, a compact, hot-pluggable network interface module format used for both datacom and telecom applications, usually supporting data rate at 1Gbit/s; "SFP-DD" refers to small form factor pluggable double density, a next-gen form factor that doubles the number of interfaces for high speed in network equipment; and "SFP+" refers to an enhanced version of SFP which usually supports data rate at 10Gbit/s
"specialized optical transceiver manufacturers"	Companies that have the design, development and production of optical transceivers as their core business
"VCSEL"	Vertical-cavity surface-emitting laser, a type of III/V compound semiconductor-based laser whose laser is perpendicular to the top surface

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "potential", "could", "vision", "goals", "aim", "aspire", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: (i) our business prospects; (ii) our business strategies and plans to achieve these strategies, including our expansion plans; (iii) our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers; (iv) future developments, trends and conditions in the industries and markets in which we operate; (v) general economic, political and business conditions in the markets in which we operate; (vi) changes to the regulatory environment; (vii) the ability of third parties to perform in accordance with contractual terms and specifications; (viii) our ability to retain senior management and key personnel, and recruit qualified staff; (ix) the actions of and developments affecting our competitors; and (x) all other risks and uncertainties described in the section headed "Risk Factors."

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments. All forward-looking statements contained in this document are expressly qualified by reference to the cautionary statements set out in this section.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information is given as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Any slowdown in the growth of the end markets that adopt our products could adversely affect our business, financial condition and results of operations.

Our products are widely used in various end markets, and our customers primarily include major cloud service providers and telecom and network equipment vendors and operators. Our financial performance for a particular period may fluctuate depending on the timing, size and mix of orders from our customers in the datacom and telecom industries, which can be exacerbated during periods when the global macroenvironment is challenging and inconsistent. Any slowdown in the growth of these end markets could materially and adversely affect the adoption of our products and adversely affect our results of operations. Demand for our customers' products is subject to factors beyond our control, including macroeconomic conditions, technological developments, industry standards, market preferences, regulatory changes, production cycles and supply chain constraints. Any delay or slowdown in technological advancements, disruptions in supply chains or changes in regulatory policies may hinder the growth of downstream sectors. For the datacom industry, factors such as shifting customer expectations and emerging technologies and applications in areas such as AI and cloud computing could potentially impact the demand for our products. The telecom industry is influenced by telecom operators' investment cycles, the pace of 5G deployment and regulatory policies. We cannot assure you that technological innovation will result in increased customer demand or broader adoption of our products as anticipated. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our results of operations.

If we are unable to compete effectively, our results of operations and financial condition could be materially and adversely affected.

We operate in a highly competitive and fragmented industry and our outlook relies on the market position based on our ability to compete effectively with numerous competitors in the market place. The overall number of competitors providing various niche product solutions may increase. We expect to face greater competition as we continue to expand overseas and capitalize on additional areas across our industry value chain. Our competitiveness depends on a number of factors, including product variety, product quality, price, technical advancements, manufacturing capability, timely delivery, customer relationship, and others. Competition in this market may intensify as our competitors with longer operational histories and more substantial financial, technical, sales, marketing, and other resources may enhance their offerings to increase their market share. We may also face competition from emerging companies entering our existing or new markets. Such competitive pressure could lead to a drop in the market demand for our products, thus negatively impacting our revenue and results of operations. Our market position could also be compromised by aggressive pricing or product strategies of our competitors, unanticipated manufacturing difficulties, our failure to price our products competitively or reduce our production costs, or unexpected emerging technologies and products. Failing to compete successfully against both existing and new competitors could materially and adversely affect our business, results of operations, and financial condition.

Moreover, the market demand for some of our products is often cyclical and characterized by constant and rapid technological changes, price erosion, evolving industry standards and wide fluctuations in product supply and demand. Our products may face downturns that are often connected with, or in anticipation of, the maturation of product cycles. These downturns could result in diminished product demand, production overcapacity, high inventory levels and accelerated erosion of such products' selling prices. Such changes in the market demand for or cyclical changes in any of the markets utilizing our products may materially and adversely affect our performance and profitability, and we may not accurately predict these fluctuations and the impact that these fluctuations may have on our results of operations.

If we are unable to continuously optimize our product portfolio to adapt to developments in technologies and customer preferences and advance our R&D capabilities, our prospects and results of operations could be materially and adversely affected.

The optical communication industry is subject to constant and rapid changes and upgrades in technologies, frequent new product introductions and evolving industry standards and technological requirements. Certain products may have relatively short life cycles and rapid pricing erosion due to competition and technological shifts. To maintain our profitability, we must continue to optimize our product portfolio and introduce new and competitive products in a timely manner and be among the first to the market. Our optical communication products form part of fiber optic communication systems. Products incorporated into these systems must comply with various industry standards and technical requirements created by regulatory bodies or industry participants to operate efficiently together. Evolving industry standards and technical requirements (including those set by the ITU and IEEE), and requirements imposed by major industry players and our customers, may change significantly over time. New standards could make our products incompatible with other suppliers' products or prevent us from meeting certain customer requirements. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards and requirements. If our products do not meet industry standards and technical requirements, their demand may be adversely affected, our revenue may decline and we may incur significant redesign costs, which could adversely affect our business, results of operations and prospects.

New technologies may be introduced that make the current technologies on which our products are based less competitive or obsolete, or require us to invest in upgrading our technologies which could be expensive and time consuming. Due to the dynamic nature of our markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer preferences and other market conditions. Our technologies could become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in industry standards and technological requirements, or emerging product or technological breakthroughs. Failure to predict customers' changing needs and evolving technological trends, or to timely adapt to or access new technologies, could materially delay our product development and impair our ability to retain or attract customers. Any decrease in demand for our products, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects. Our future success also depends on the optimization of our product portfolio and expansion of customer base. Our customers are constantly seeking new products with better features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and better-performing products and improvements of existing products. To gain market share and remain at the forefront of the optical communication industry, we must constantly introduce new and upgraded products and respond to evolving customer demands. We have invested, and may continue investing, significant resources in R&D to offer products with desirable performance and pricing and remain competitive. However, R&D activities are inherently complex, uncertain and lengthy and requiring substantial R&D expenses. Our R&D investments cannot guarantee market acceptance and revenue generation, and we may fail to recover expenses incurred. In addition, our existing or potential competitors may develop products which are similar or superior to our products with more advanced technologies or competitive prices. These factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

Product defects or quality instability may adversely affect our business and reputation.

Our manufacturing processes are required to meet certain quality standards, and we are subject to various laws and regulations in the jurisdictions where our products are sold. We cannot guarantee that our quality control system will remain effective and compliant with relevant standards. Any significant failure or deterioration of our quality control system could damage our product quality, negatively impact our reputation, and lead to reduced orders or loss of customers, thereby harming our business, financial condition, and results of operations. We also cannot assure you that all our products are free of any defects. Quality defects may fail to be detected or remediated as a result of factors, including: (i) design defects; (ii) technical or mechanical malfunctions in the manufacturing process; (iii) human error or malfeasance by our quality control personnel; (iv) tampering by third parties; and/or (v) quality issues with the raw materials we produce or purchase. Due to the inherent characteristics of products in our industry, certain product defects may not become detectable until after prolonged usage. For instance, the performance of optical transceivers may be affected by complex factors including aging of relevant materials, environmental stress, and multi-physical field coupling. To illustrate, semiconductor-based lasers' efficiency may decrease when driven by electric current for an extended period, and an optical transceiver's optical power may be impacted by prolonged exposure to temperature changes or high temperature. Such latent or long-term reliability issues may require us to take responsibility for repairs, replacements or recalls years after delivery, which could increase our operational and financial burdens. They may also cause customer dissatisfaction, damage our relationships with customers and adversely affect our reputation. Any failure to detect quality defects in our products or to prevent delivery of defective products to our customers could result in product recalls or withdrawals, license revocation or regulatory fines, product liabilities or other problems that could harm our reputation and business. Product liability claims, even unsuccessful, would likely be time-consuming and costly to defend, which could divert significant resources and management attention, and materially and adversely affect our revenue and profitability.

Any failure to acquire new customers or retain existing customers could adversely affect our business, financial condition and results of operations.

Cloud service providers and telecom and network equipment vendors and operators are our major customers. We have invested in business development and marketing efforts to acquire and retain customers. There is no guarantee that these efforts will always be effective and render positive results. In each year ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, sales to our five largest customers contributed an increasing percentage of our total revenue, being 55.8%, 66.9%, 70.2% and 71.8%, respectively. See "Business — Customers." Our stable relationships with existing major customers and our ability to acquire new major customers are critical to our business. Their business conditions, liquidity, and solvency may have a significant impact on our business and financial performance. If existing major customers reduce or cease to purchase our products and we are unable to find new customers with similar levels of demand at comparable terms within a reasonable period of time or at all, our business and profitability may be materially and adversely affected. Demand from our existing customers may fluctuate or decline materially as a result of many factors, including dissatisfaction with the performance, quality, price or delivery of our products, evolutions in their own businesses and product offerings, negative publicity related to our brands, or alternative products offered by our competitors. Moreover, since we operate in a highly competitive market, brand maintenance and enhancement directly affect our market position. The success of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals of our customers. We may need to incur extra expenses in promoting our brand, and yet these efforts may not be effective.

If sales of our customers' products decline or if their products do not achieve market acceptance, our business and operating results could be adversely affected.

Our success depends on our customers' ability to commercialize their products successfully. The end markets for our customers' products are extremely competitive and affected by factors including price, performance, product quality, marketing and distribution capability, customer support, name recognition and financial strength. These end markets are also characterized by rapid technological changes, frequent product introductions, short product life cycles, fluctuating demand and increasing demands on product capabilities. As a result, our customers' products may not achieve market success or may become obsolete. We cannot assure you that our customers are able to dedicate the resources necessary to promoting and commercializing their products, successfully execute their business strategies for such products, or manufacture such products cost-effectively or in quantities sufficient to meet the market demand. Any failure by our customers to procure certain critical components could also result in a decline in their demand for our products. Moreover, our customers may develop internally, or in collaboration with our competitors, technology that they may utilize instead of the technology available to them through us. Our customers' failure to achieve market success for their products, including as a result of general declines in their markets or industries, or their switching to use other products instead of ours, could negatively affect their demand for our products, which may negatively impact our revenue and operating results. Our growth also depends on the timely introduction, quality and market acceptance of our customers' products that incorporate our products. Our customers' products are often complex and subject to design complexities that may result in design flaws, defects, errors and bugs. Such issues, changing market conditions or industry standards, failed evaluations or field trials, or issues with other vendors may impact their project which may adversely affect our business and financial results.

An increase in prices of raw materials or any shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

We depend on third-party suppliers to provide raw materials necessary for the manufacturing of our products. Our production volume and costs depend on our ability to source key raw materials at competitive prices. However, the raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power inflation, exchange rates, tariffs and other governmental regulations and policies. We may fail to recover losses from unexpected and significant increases in the price of raw materials. Where we have purchased raw materials in quantities that could be used for an extended period, the market prices for the relevant raw materials could drop during this period, resulting in our purchase prices being higher than prevailing market price, negatively affecting our gross profit margins. Any shortages or delay in the supply of our key raw materials could result in occasional price adjustments or cause delays in our production and delivery to customers. Moreover, as we expect to adopt new technologies for our production and expand our presence in overseas markets, we may face challenges to retain new suppliers with adequate capacity and to deal with unfamiliar or less mature supply chains to support our operations, which could have a material adverse effect on our ability to pursue our strategy and meet customer demand in a timely and effective manner.

We rely on a number of major suppliers, and any disruption in supply or deterioration in supplier relationships could adversely affect our business and results of operations.

In each year/period during the Track Record Period, our five largest suppliers accounted for over 20% of our total purchases. See "Business — Raw Materials and Supply Chain Management — Our Suppliers." We cannot assure you that there will not be any dispute between our major suppliers and us, or interruptions in our business relationships. Any interruptions in these suppliers' operations or ability to accommodate our growing business scale, any termination or suspension of our supply arrangements with them, any material change in our procurement terms, any deterioration of our cooperative relationships or disputes may materially and adversely affect our results of operations. If all or a significant number of our suppliers for any particular raw materials are unable or unwilling to meet our requirements for quantity, quality or delivery schedules, we could suffer supply shortages or procurement cost increases. Any failure of supply could occur due to suppliers' financial difficulties, or other factors such as natural disasters, epidemics, strikes, operational disruptions or regulatory actions. Changing suppliers may require a long lead time. We may not locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price within a reasonable period of time, or at all. Continued supply disruptions could negatively impact our costs, and we might not be able to pass on such costs to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and growth prospects.

We are exposed to regulatory, operational and other risks associated with our multi-regional operations.

In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from markets outside China represented 34.7%, 31.3%, 29.6% and 37.1% of our total revenue, respectively. We currently have production facilities in Thailand and the United States. We expect to further increase our international presence, including by expanding our overseas production facilities, which may subject us to many risks, including: (i) challenges in maintaining consistent and streamlined management; (ii) challenges in providing products, services and support, in recruiting personnel in international markets, and in managing overseas production and sales activities effectively; (iii) challenges in allocating resources and planning manufacturing capacity among domestic and overseas production facilities; (iv) fluctuations in revenue and profit margins due to changing market conditions, intense competition, differentiated product and service offerings, downward pressure on our selling price and other risks; (v) challenges in commercializing our products in new markets where we have limited experience and limited sales and marketing infrastructure; (vi) difficulties in dealing with unfamiliar regulatory regimes to obtain and maintain requisite permits, licenses and approvals; (vii) compliance with multiple and potentially conflicting laws and regulations governing competition, pricing, transportation, logistics, tariffs, data privacy, trade protection, national security, anti-corruption and anti-bribery, and other activities, where non-compliance incident may subject us to administrative, civil and criminal fines and penalties, collateral consequences and legal expenses; (viii) adverse changes in, or failure by us or our suppliers to comply with customs laws, regulations, tariffs and quotas when we import raw materials or export our products; (ix) potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual property rights; (x) availability, reliability and security of international payment systems and logistics infrastructure; (xi) differences in accounting treatment, potential adverse tax implications and foreign exchange losses; (xii) inability to effectively enforce contractual or legal rights; and (xiii) changes in laws, regulations and policies, political, economic and market instability or civil unrest including territorial or trade disputes, wars and terrorism.

Failure to manage these risks could adversely affect our international expansion and operations, and overall business. For example, our business operations in Thailand are subject to risks associated with political instability, regional conflicts (including the Thailand-Cambodia conflict in 2025), changes in government, and evolving economic and regulatory policies, which have disrupted and increased uncertainty to the business environment, heightened political sensitivities and concerns among investors. Any escalation could adversely affect investor confidence, disrupt cross-border trade, increase operational and insurance costs, cause sudden regulatory, economic or trade policy changes, delays in obtaining or renewing permits, operational disruptions, or increased security risks, which could materially and adversely affect our business, financial condition and results of operations.

Failure to execute our business plans and strategies could adversely affect our results of operations and prospects.

Our business plans and strategies are based on our assumptions of future events which may entail certain risks and uncertainties, which may not be correct and could affect the commercial viability of our business plans and strategies. There can be no assurance that these plans and strategies will be implemented successfully as scheduled or at all and we may be unable to expand our operations, manage our growth, take advantage of market opportunities as expected or remain competitive. There may also be other unexpected events or factors beyond our control that may prevent us from achieving the desirable and profitable results, such as changes in customer demand, local laws and regulations and governmental policies, and the availability of skilled professionals. Moreover, our business plans and strategies may increase our operating costs, such as higher staff costs and greater depreciation for production equipment and facilities, and increase our cash outflows for operating and investing activities. Accordingly, if our business plans and strategies cannot be successfully implemented as planned, we may have significant difficulties in recovering our costs and experience a material adverse impact on our business, financial condition and results of operations.

Failure to successfully execute our capacity expansion plans and equipment upgrades may have a material adverse effect on our business and results of operations.

Our business, prospects and financial performance will be affected by our ability to expand and upgrade our production facilities, achieve economies of scale and deliver high quality products at competitive costs. See "Business — Production — Upgrade and Expansion Plans." All of these may be affected by various risks and uncertainties, including: (i) availability of working capital for purchasing facilities or equipment; (ii) difficulties or delays in the delivery, installing and testing of facilities or equipment; (iii) cost overruns resulting from factors such as interruption in raw material supplies, shortage of skilled construction personnel, transportation constraints; and (iv) implementation of new production processes. We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. The implementation of our expansion plans may incur significant staff costs, depreciation and amortization charges and other expenses, which may adversely affect our financial condition. In addition, we may be subject to low utilization rates of production capacity or over-capacity for our production bases, which may hurt our profitability and results of operations. If we upgrade our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting accelerated depreciation could negatively affect our financial results. Furthermore, if market demand declines, we may be unable to recoup the costs incurred for construction or expansion of any factories or maintenance of expanded production capacity. Any delay or cancelation of our expansion plan could also subject us to disputes with various counter-parties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any disruption to our production facilities could adversely affect our business and results of operations.

The operation of our production facilities may be disrupted by physical damage from natural disasters, permits, regulatory policies, many of which are beyond our control. As our production process requires substantial amounts of electricity, any disruption in power supply could have a material adverse impact on our production and employee safety. In addition, our production operations inherently involve risky and hazardous activities, including use of special gases, which subject us to risks including gas leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and other environmental damages. This could result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

If we lose any key management members or other key personnel, our ability to effectively manage and execute our operations and meet our strategic objectives could be harmed.

Our business depends on our management team. Any loss of them can disrupt our business, impact achievement of our strategic objectives, and adversely affect our business, financial condition and operating results. Replacing and integrating management members may be costly, time-consuming and impact our corporate culture. Our future success also depends on our ability to retain, recruit and train qualified personnel. Competition for personnel is intense, which may require us to offer higher compensation and incentives. If we lose any of them, we may not locate suitable replacements, and may incur additional expenses to recruit and train new personnel. This could have a negative impact on our competitiveness and growth, and may have a material adverse effect on our growth prospects.

We recorded operating cash outflows, and may continue to do so.

We had net cash flows used in operating activities of RMB615.9 million and RMB1,256.3 million in 2024 and the six months ended June 30, 2026, respectively, partly due to the interval between receipt of customer payments and settlement of supplier invoices, as well as our advance payment for raw materials to secure supply and support our expanded production scale. Our operations are also exposed to risks of our customers' delayed or unfulfilled contractual commitments. Our prospective business activities and other external factors (such as market competition and macroeconomic shifts) may adversely affect our operating cashflow and lead to net operating cash outflows in the future. A sustained net operating cash outflow could materially harm our working capital, liquidity, business, financial position and results of operations. We cannot assure that we can secure sufficient cash from other sources. Ineffective cash flow management could increase our credit risk and adversely affect our financial health, results of operations, and cash flows.

If we fail to manage our inventories effectively, our results of operations and liquidity may be materially and adversely affected.

Our inventory turnover days in 2023, 2024, 2025 and the six months ended June 30, 2026 were 126.5 days, 127.2 days, 118.9 days and 130.3 days, respectively. Our business model requires us to manage our inventories efficiently. We depend on our demand forecasts to make purchase decisions for raw materials and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always make accurate predictions. Demand may be affected by general and end market conditions, new product launches, pricing, which may not be within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings and adopting new technologies, we expect to include a wider variety of raw materials in our production, which will make inventory management more challenging. Our inventory levels may not be able to swiftly meet customer demands. Our inventory may not be sold within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant provisions. This may materially and adversely affect our results of operations and financial condition. Unexpected changes in economic conditions or the performance of our customers or declines in customer demand for our products may render our inventory obsolete. As of December 31, 2023, 2024, 2025 and June 30, 2026, our provision for inventories amounted to RMB49.1 million, RMB73.9 million, RMB106.7 million and RMB129.4 million, respectively. Given rapid product iteration cycles in our industry, we may continue to record inventory provision in the future. With the development of the optical communication market and according to our business scale expansion, aging of inventory balance, and upgrading and iteration of our products, our provision of the inventories may further increase, which may have an adverse impact on our financial and results of operations.

We are exposed to the credit risks of our customers.

We are subject to the credit risks of our customers, and our profitability and cash flow are dependent on our receipt of timely payments from our customers. There can be no assurance that the collection of amounts due from our customers will be timely. This might result in slow turnover of our trade and bills receivables and restrict our working capital resources. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded trade and bills receivables of RMB1,191.1 million, RMB1,983.8 million, RMB1,780.6 million and RMB2,412.1 million, respectively. If our customers face unexpected situations, such as financial difficulties or credit deterioration, there may be challenges in collecting payments and enforcing judgment debts against them. This may also render our judgments or estimations on expected credit loss allowance on trade and bills receivables inaccurate, potentially resulting in higher losses. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recognized impairments on trade receivables of RMB0.9 million, RMB1.5 million, RMB2.1 million and RMB2.1 million, respectively. Our accounts receivable insurance coverage may not be sufficient to cover our losses. If we fail to receive timely payments from our customers, our cash flows and financial condition could be materially and adversely affected.

We are subject to risk related to our prolonged cash conversion cycle.

In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 126.5 days, 127.2 days, 118.9 days and 130.3 days, respectively. Our relatively long inventory turnover days were rooted in the nature of our business and industry and, in particular, was mainly because we procured critical raw materials (which may be subject to shortfalls from time to time) for a relatively long period in advance to prepare for future production, needed time to manufacture our products that have complex production processes, and maintained finished products inventory to meet customers' orders. In addition, in 2023, 2024, 2025 and the six months ended June 30, 2026, our trade receivables turnover days were 126.7 days, 112.0 days, 82.3 days and 71.0 days, respectively. Our relatively long trade and bills receivables turnover days were mainly attributable to our relatively high proportion of sales to customers in China with relatively long credit terms. These customers are typically major telecom and network equipment vendors and operators with significant bargaining power and generally require relatively long credit terms from their suppliers, including us and other market players. Our trade and bills payables turnover days were 139.1 days, 124.9 days, 120.1 days and 128.9 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our efforts to manage the cash conversion cycle may not be successful. If our inventory turnover days and trade and bills receivables turnover days continue to remain relatively high, we may continue to have a prolonged cash conversion cycle, which could impose pressure to our cash flows and working capital. As a result, our business, financial position and results of operations could be adversely impacted.

We experienced fluctuations in our financial results during the Track Record Period and may continue to do so in the future.

We experienced fluctuations in our financial results, particularly our profit during the Track Record Period. Our previous results may not be indicative of future performance. The profitability of our products may fluctuate given different market conditions, our pricing strategies and factors beyond our control. Our revenue increased substantially from RMB5,086.6 million in 2024 to RMB8,354.7 million in 2025, and further increased from RMB4,215.8 million in the six months ended June 30, 2025 to RMB5,392.6 million in the same period of 2026. We cannot guarantee that this growth rate will continue or that our gross profit margin will not decrease. Failure to effectively manage our growth and profitability or implement the strategies on schedule or within our budget, may materially and adversely affect our business operations and prospects.

Share-based payments may dilute your shareholding in our Company and have an adverse effect on our financial condition and results of operations.

During the Track Record Period, we made share-based payments to certain eligible key personnel and employees. In 2023, 2024, 2025 and the six months ended June 30, 2026, we incurred share-based payment expenses of RMB7.1 million, RMB6.6 million, RMB13.1 million and nil, respectively. Grant of incentives under our Post-IPO Share Incentive Scheme may result in dilution to the Shareholders' equity interest in our Company and our net asset value per Share. See "Appendix IV — Statutory and General Information — D. Share Incentive Scheme." Our costs and expenses associated with the share incentives may affect our financial condition and results of operations.

If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.

As of each of December 31, 2023, 2024 and 2025 and June 30, 2026, our goodwill amounted to RMB26.5 million. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized, and it cannot be reversed in a subsequent period. See Notes 3 and 19 to the Accountants' Report. If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.

We may fail to obtain additional capital in a timely manner and on favorable terms or at all, and any debt financing we obtain may have conditions and restrictive covenants.

We may be unable to raise adequate funds, whether through equity or debt financing, on favorable terms or at all. Any failure to raise capital as and when needed could adversely affect our financial condition and our ability to pursue our business plans and strategies. If we raise additional capital through equity offerings, the ownership interest of our existing Shareholders, including investors in this Global Offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our Shareholders' rights. Any debt financing could affect our business and operations including limiting our operational and financial flexibility, increasing our borrowing costs, requiring substantial cash flow for repayment, and placing us at a competitive disadvantage. In addition, our bank loan agreements may include restrictive financial and operational covenants that require lenders' prior consent for certain transactions. For details, see Note 28 to the Accountants' Report. Similar or other restrictive covenants may be imposed on us under our new financing arrangements. Should market conditions deteriorate, or if our operating results were to be depressed, we may need to request amendments or waivers to the covenants and restrictions under our debt agreements. There can be no assurance that we will be able to obtain such relief. A breach of these covenants or restrictions could result in a default that would permit our lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest, trigger cross-default provisions under other debt agreements and cause the termination of commitments of relevant lenders to make further extensions of credit. If we were unable to repay our indebtedness to our lenders in such an event, the lenders could proceed against collateral, which could include substantially all of our assets. Our future ability to comply with financial covenants and other conditions, to make scheduled payments of principal and interest, or to refinance existing borrowings depends on our business performance, which is subject to other risks described in this document. Any failure to comply with these covenants, to make required debt payments or to obtain financing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any reduction or discontinuation of preferential tax treatments or government subsidies could adversely affect our results of operations and financial condition.

We benefited from preferential tax treatment and government grants during the Track Record Period. The Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) ("**EIT Law**") and its implementation rules have adopted a statutory enterprise income tax rate of 25%. Our subsidiary, Qingdao Broadband was qualified as a High and New Technology Enterprise in December 2021 and December 2024 and was entitled to a preferential tax rate of 15% during the Track Record Period, which is subject to review by PRC tax authority every three years. In addition, we also enjoyed additional deductible allowance for our R&D expenses. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations. In addition, we recorded government subsidies, as a component of our other income, of RMB32.5 million, RMB23.1 million, RMB22.5 million and RMB38.3 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. As the determination and granting of such subsidies are subject to the government's discretion and these subsidies are non-recurring in nature, the receipt of these subsidies is varied from period to period. We cannot assure you that we will continue to receive and benefit from government subsidies in the future.

If we fail to fulfill our obligations under customer contracts in respect of contract liabilities, our results of operations and financial condition may be adversely affected.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, our contract liabilities amounted to RMB2.3 million, RMB2.0 million, RMB2.2 million and RMB148.8 million, respectively. See "Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Other Payables and Accruals" for more information on our contract liabilities. If we fail to fulfill our obligations under our contracts with customers, we may be unable to convert such contract liabilities into revenue, and our customers may also require us to refund the purchase price we have received, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also materially and adversely affect our reputation, business and results of operations in the future.

Our operations may be subject to transfer pricing adjustments by competent authorities.

During the Track Record Period, we engaged in certain intra-group transactions among our Company, our subsidiaries in the PRC, Hong Kong, the United States and Thailand. See "Business — Transfer Pricing Arrangements." We could face adverse tax consequences if the relevant tax authorities determine that our intercompany transactions do not represent arm's length negotiations and adjust any of those entities' income. If we fail to rectify relevant arrangements within the required limited timeframe, late payment interest, surcharge and other penalties may be imposed on us for any unpaid taxes. A transfer pricing arrangement may also give rise to tax recoverable under the double taxation relief arrangement (if applicable) as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from tax authorities. We expect that the intercompany transactions will continue in the foreseeable future. If a relevant authority determines that such transactions were not on an arm's length basis that affect taxable income, it could require our subsidiaries to re-determine transfer prices and adjust revenue, deduct costs and expenses or adjust taxable income. Any such adjustment could increase our overall tax liability, which may adversely affect our business, financial condition and results of operations.

We, our Directors and our management may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

In the course of our operations, we may from time to time face legal and administrative proceedings, both inside and outside China, including disputes involving intellectual property, product liability, contracts, employment matters, properties, regulatory compliance and other commercial issues. These proceedings could involve substantial costs, including those associated with investigation, litigation, settlement, judgments, penalties or fines. Such proceedings may also be time-consuming and require the diversion of management and personnel resources from our core business operations, potentially disrupting our day-to-day activities. Additionally, lawsuits and administrative proceedings can generate negative publicity, regardless of the validity of the allegations or the ultimate outcome. Such publicity could harm our reputation and diminish customer trust in our products, adversely impacting our business relationships and market position. Further, our Directors, management, Shareholders, employees or their affiliates may also become subject to litigation, regulatory investigations, proceedings or negative publicity in relation to commercial, labor, employment, securities or other matters. Any such proceedings could result in potential liability, additional expenses or reputational harm further affecting our business and operations. If we are unable to effectively manage or resolve such disputes or proceedings, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

We may be involved in intellectual property disputes and claims.

Our trade secrets, trademarks, patents, software copyrights, know-how, and other intellectual property rights are essential to our success. Unauthorized use by third parties may materially and adversely impact our revenues and reputation. Our measures to safeguard our intellectual property may be insufficient, leading to unauthorized disclosure of our trade secrets and proprietary information. There is no guarantee that our intellectual property applications will be approved, or that our rights will not be challenged or invalidated or fail to provide effective protection across jurisdictions. Failure to register these properties could prevent us from stopping others from using them, significantly affecting our business, financial condition, and operational results. Policing unauthorized use of proprietary technology is challenging and expensive. Third parties may copy or misuse our intellectual property or seek court declarations of non-infringement. We may need to resort to litigation to enforce our rights, incurring substantial costs and resource diversion. Impairments to our intellectual property rights or events beyond our control affecting those rights and our brands could adversely affect our business. Issued patents may not provide meaningful protection or competitive advantages, and may be contested, circumvented, invalidated, limited in scope or expire without extension, reducing their effectiveness.

We cannot be certain that our operations do not or will not infringe upon or otherwise violate intellectual property rights held by third parties or breach existing licensing agreements. We may from time to time be subject to intellectual property-related proceedings and claims in various jurisdictions where we operate and sell our products including in respect of patents of which we are unaware. Further, relevant courts or regulatory authorities may not agree with our interpretation of applicable patent laws. If we are found to have violated others' intellectual property rights, we may be subject to significant monetary liabilities, injunctions or restrictions, be required to pay licensing fees or develop alternative technologies, and incur substantial expenses and management distraction in defending such claims, which could adversely affect our business, financial condition and results of operations.

Any loss of, or failure to obtain, maintain or renew, requisite approvals, licenses, permits and certifications could materially and adversely affect our business, results of operations and financial condition.

We are required to maintain various approvals, licenses, permits and certifications in accordance with applicable laws and regulations. Compliance may be costly and burdensome. There can be no assurance that we will be able to obtain, maintain or renew all requisite approvals, licenses, permits and certifications satisfy all related conditions in a timely manner, or at all. Furthermore, with the introduction and enactment of new laws and regulations, and the refinement of interpretations and applications of existing ones, we may be required to obtain new approvals, licenses, permits and certifications for our existing or new businesses. In the event that we are required to renew our existing licenses or permits or acquire new ones, we cannot assure you that we will be able to meet the requisite conditions and requirements. Our production facilities are subject to various regulations, including licensing, site suitability, zoning, land use, building control, environmental and public health requirements. Non-compliance with these requirements may result in penalties (including fines), suspension or revocation of factory licenses, or orders to cease operations. Any failure or material delay in obtaining, maintaining or renewing requisite approvals, licenses, permits and certifications, or any enforcement action or complaint, could restrict or discontinue our operations and adversely affect our business, results of operations and financial condition.

Our third-party service providers and business partners could expose us to risks related to the performance of their operations.

We work with various third-party service providers and business partners, including logistic service providers and, for a small portion of our business, distributors and contract manufacturers. These third parties are subject to risks similar to ours relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks. Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, we do not have control over third-party service providers' business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. For example, we have engaged contract manufacturers for certain of our products and thus are exposed to their quality risks. There can be no assurance that our quality control procedures will be effective in consistently preventing any deviations by the contract manufacturers from our quality standards. The failure of our contract manufacturers to follow our manufacturing schedule, maintain product quality or comply with applicable production standards can affect our ability to fulfill our obligations to customers and expose us to potential liabilities. If we are unable to effectively manage our relationships with third-party service providers and business partners, or for any reason they fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may fail to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

Negative publicity and allegations involving us, our affiliates, Directors, officers, employees or business partners may adversely affect our reputation and, as a result, our business, financial condition and results of operations.

Negative publicity and allegations involving us, our affiliates, Directors, officers, employees or business partners, including our customers or suppliers, may materially and adversely harm our brand image and reputation and cause deterioration in market recognition of and trust in the products provided by us. Even negative publicity about other industry players or the optical communications industry as a whole may have a negative impact on us. In addition, if Hisense Group Holding, its other subsidiaries, or their respective directors, officers or employees suffer any negative publicity, our reputation, business and marketing efforts may be adversely affected. Moreover, we could experience decreases in sales volume and revenues, potential loss of business partners and the loss of highly qualified personnel with specialized skills. In addition, negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Developments in the labor market, increases in labor costs, or any possible labor unrest may materially and adversely affect our business and results of operations.

We may face labor-related issues such as collective bargaining, workplace disputes, strikes, or challenges in attracting and retaining qualified workers, which could result in work stoppages or labor shortages, significantly impacting our ability to meet customer demands and fulfill orders on time. Moreover, resolving labor disputes, hiring temporary workers, or implementing contingency plans could incur additional costs. These expenses, with revenue losses from delayed deliveries, may negatively affect our profitability and results of operations. Our operations depend on a large workforce. Any failure to maintain a stable workforce could lead to severe disruptions. In 2023, 2024, 2025 and the six months ended June 30, 2026, labor costs in our cost of sales amounted to RMB268.2 million, RMB272.1 million, RMB447.7 million and RMB250.7 million, respectively. To ensure workforce stability, we might need to offer more competitive remuneration. Labor costs could also rise due to regulatory measures if more countries adopt stringent minimum wage laws, which may materially and adversely impact our margins and profitability. As we have employees in multiple countries, we are subject to applicable local employment laws and regulations. Any non-compliance may result in fines and significant rectification costs.

Any joint ventures, strategic alliances, investments and acquisitions we enter into or carry out are subject to risks that could adversely affect our business.

We historically invested in a joint venture, Qingdao Xinghang. In 2023 and 2024, we recorded share of profits of this joint venture of RMB131.9 million and RMB55.1 million, respectively. In 2025, we disposed of all equity interest in Qingdao Xinghang and recorded gains on disposal of a joint venture of RMB352.8 million in connection with such disposal. We may engage from time to time in acquisitions and other strategic investments to expand our production capacity, diversify our product portfolio, gain access to new markets and stable sources of raw materials or acquire new technologies. However, there can be no assurance that our efforts, or any future acquisitions or investments, will be successful or that we will achieve the anticipated strategic benefits and financial returns from such transactions. There are various risks associated with our acquisitions and investments, which include the following: (i) inherent valuation risks in connection with acquisitions or investments; (ii) challenges related to integration of any acquired company's or investee's operations into our business; (iii) events beyond our control, including changes in regulations, technology and economic conditions, which could adversely affect our ability to realize the anticipated benefits, synergies, cost savings or efficiencies from such transaction; (iv) potential increases in indebtedness that could constrain our operations; (v) exposure to unknown or contingent liabilities that could require significant expenditures and capital injections, such as deficiencies in internal controls, data adequacy and integrity, product quality, and regulatory compliance and liabilities in the businesses we acquire; (vi) failure to train, motivate, integrate and retain employees of any acquired company or investee; (vii) diversion of management time and attention from our existing operations to address the transactions and related challenges or those associated with integration processes; and (viii) unanticipated write-offs or charges and impairment of goodwill. These factors could materially and adversely affect our business, financial condition and results of operations.

We may not have sufficient insurance to cover our business risks.

We face various risks in connection with our business, and may have limited or no insurance coverage. We currently do not carry business interruption or litigation insurance. We cannot guarantee that a product liability claim or litigation will not be brought against us, or that we can purchase product liability or other insurance on acceptable terms. Substantial losses or liabilities arising from fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or material litigation could materially and adversely affect our results of operations. Our current insurance coverage may be insufficient and we may be unable to timely claim our losses or at all. If we were held liable for uninsured losses or amounts exceeding our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

We are subject to various labor-related laws and regulations in the PRC and other jurisdictions where we operate. For example, according to applicable PRC laws and regulations, employers must pay social insurance premiums and housing provident fund contributions for their employees. During the Track Record Period and up to the Latest Practicable Date, we did not make full social insurance and housing provident fund contributions for certain of our employees. We estimate that the shortfall amount that we may be required to contribute to social insurance and housing provident fund for these employees would be approximately RMB9.6 million, RMB10.9 million, RMB12.6 million and RMB4.7 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and we may be liable for the additional late payment penalty at a daily rate of 0.05% of the shortfalls. We estimate that in the event that we were ordered by the relevant authorities to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum late payment penalties would be approximately RMB8.7 million as of June 30, 2026. In the event that we still fail to make such contributions and payments by the deadline provided by the relevant authorities, we may be liable to a penalty of one to three times of the outstanding contribution amount. In addition, according to applicable PRC laws and regulations, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. Enforcement actions may be taken against us according to rulings of relevant PRC courts if we fail to rectify by that deadline. See "Business — Legal Proceedings and Regulatory Compliance." We cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties on us. As a result, our financial condition and results of operations could be adversely affected.

Certain of our leased property interests may have defective titles, and some of our leased properties did not complete the government filing and registration.

We lease properties in China for various purposes. As of the Latest Practicable Date, with respect to three of our leased properties in China, the lessors of such properties had not provided the ownership certificates, and hence we cannot ensure that they have the rights to lease the relevant properties to us. These properties are used for office and employee dormitory purposes and therefore are not material to our business operations. If our lessors are not the owners of these properties and they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, the relevant lease agreements might be deemed unenforceable in accordance with the relevant laws and regulations. As of the Latest

Practicable Date, we were not aware of any challenges being made by any third party or governmental authority on the title of any of these leased properties that might affect our current occupation. However, if we become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties, we may incur additional costs and resources to relocate relevant properties into new locations.

The lease agreements for 14 of our leased properties in China have not been registered or filed with the relevant land and real estate administration bureaus in the PRC. There is no assurance that the relevant lessors will cooperate with us to complete the registration in a timely manner, or at all. As advised by our PRC Legal Advisor, while the lack of registration will not affect the validity of the lease agreements, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. Therefore, the maximum amount of penalties will be approximately RMB140,000 for our failure to complete the lease registration. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register the relevant leases. However, if we are fined by relevant government authorities for our failure to complete the lease registration within the time limit, we may be unable to require our lessors to reimburse us and our financial condition and results of operations may be adversely affected.

Any violation of foreign ownership limits or other applicable laws may materially and adversely affect our business, results of operations and financial condition.

In Thailand, foreign participation in certain businesses is generally restricted under the Foreign Business Act B.E. 2542 (1999) (the "**FBA**"). Without a foreign business license or certificate to conduct restricted businesses, a foreign company is prohibited from engaging such businesses in Thailand. As advised by our local counsel in Thailand, Section 8 of the FBA restricts foreign participation in the businesses that are listed in its schedules. As manufacturing is not listed as a restricted business, our local counsel in Thailand is of the view that our operations in Thailand, which are limited to the manufacturing of goods, are not subject to the restrictions under the FBA. If our operations in Thailand are found to be in breach of the FBA or any applicable laws, including zoning, factory or building control laws, whether due to changes in our shareholding structure, shifts in the interpretation or enforcement of the law, we may be required to restructure our operations, obtain additional permits or licenses, or suspend or discontinue some or all of our business activities in Thailand. We may also be subject to monetary fines and criminal liability such as imprisonment as a result of our violations of the law. Any such event could have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to renew certain lease agreements on the same terms or at favorable terms, or at all, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

We lease several key properties, including our production facilities, typically under short-term or year-to-year lease arrangements. Upon the expiration of these lease agreements, we may not be able to renew them on the same or commercially reasonable terms, or at all. If we cannot renew these leases or if our landlords or sub-lessors terminate leases in accordance with the lease terms or applicable law, we may be required to relocate or lose access to certain sites, which could disrupt, suspend or terminate our operations at those locations and require us to incur additional costs, including higher rent. Any inability to renew or replace leases on favourable terms, or any increase in rental or related expenses, or failure to locate the new location for our operation could constrain our operations or otherwise have a material adverse effect on our business, financial condition, results of operations, and prospects. In addition, under Thai law, certain leases may be subject to registration and duration requirements, and non-compliance, changes in applicable laws or regulations, or their interpretation or enforcement may affect the enforceability of our leasehold interests and our rights under existing or future lease agreements.

We are subject to environmental, social and governance ("ESG") related laws and regulations, and changes in relevant compliance requirements could have an adverse impact on our business, operating results and financial condition.

We are subject to a number of environmental, fire control and health and safety laws and regulations, including the treatment and discharge of pollutants into the environment during our business operations. Our production lines can only be put into operation after the relevant administrative authorities in charge of environmental protection, fire control and health and safety have examined and approved the relevant facilities. We may experience isolated immaterial incidents, and cannot assure you that we will be able to comply with all regulations and obtain all the regulatory approvals required for our production in a timely manner, or at all. Delays or failures in obtaining such approvals may affect our ability to develop, manufacture and commercialize our products in line with our plans. With the rising awareness of environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs. Any failure to comply with these laws and regulations could subject us to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions. In addition, we cannot eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of testing, developing and manufacturing our products. In the event of an accident involving a breach of any of these laws and regulations, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business.

We are subject to the risks associated with economic sanctions and export controls laws and regulations and international trade policies, and our business, financial condition and results of operations could be adversely affected.

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, or organisations within such countries. In addition to sanctions measures, the United States has imposed export control measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Such potential restrictions may materially and adversely affect our and our technology partners' ability to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

In recent years, the United States has expanded export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the United States Department of Commerce (the "**BIS**"). In addition to the restrictions introduced by the BIS rules, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, governmental and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China and certain of our customers and suppliers, on the Entity List and other restricted or prohibited parties lists. In addition to naming additional persons to these lists, BIS has imposed complex and restrictive rules applicable to doing business with persons on them. For example, on September 29, 2025, the BIS issued an immediately effective interim final rule that extended Entity List and Military End-User List restrictions to entities that are 50% or more owned, directly or indirectly, by shareholders on those lists, though this rule has been suspended for one year to November 9, 2026 following the China-U.S. trade negotiations in October 2025.

During the Track Record Period and up to the Latest Practicable Date, we sold certain of our optical transceivers, optical network terminals and optical chips to customers on the Entity List ("**Relevant Customers**"). The provision of items subject to the EAR to persons on the Entity List are generally prohibited unless specifically authorized by a BIS license. During the Track Record Period, we procured certain integrated circuits that were subject to the EAR, which accounted for around 1-5% of our total purchases in each year/period during the Track Record Period. These items were only controlled for anti-terrorism reasons, and therefore, only require export licenses for exports to (i) any entity designated on the BIS Entity List, Denied Persons List, or Unverified List, and/or (ii) any entity headquartered in, ordinarily resident in, or owned or controlled by governments of Crimea region, Cuba, Iran, the so-called Luhansk People's Republic and Donetsk People's Republic regions, North Korea, Syria, Russia or Belarus. Thus, our procurement of such items did not require any export licenses, as advised by our International Sanctions and U.S. Tariffs Legal Advisor. Because certain components or raw material we procured are subject to the EAR, prior to our sales to such customers, we conducted internal assessments to confirm the products involved in the transactions with the Entity List designated entities are not subject to the EAR. In particular, we assessed the U.S.-origin content incorporated in such products and whether such products will be subject to any of the EAR's applicable foreign direct product rules. As advised by our International Sanctions and U.S. Tariffs Legal Advisor, our sales to the Relevant Customers did not represent a violation of applicable U.S. export controls, given that (i) none of the products involved in the sales to the Relevant Customers incorporated 25% or more (by value) of controlled U.S.-origin content (including items we procured that were subject to the EAR); and (ii) none of the products involved in the sales to the Relevant Customers were a direct product of controlled U.S. technology or subject to the EAR under the foreign direct product rule; therefore, no products subject to the EAR were sold or otherwise transferred by us to the Relevant Customers and no export licenses were required for our sales to the Relevant Customers. Our internal legal and compliance team monitors our general compliance with relevant sanctions and export controls regulations, and we will engage external counsel and consultants to review and advise on our procurement and sales activities on an as-needed and ongoing basis.

Based on the above factors, our Directors currently do not expect our Group to be subject to any economic sanctions risks that would have a material adverse effect on our business operations. However, any entity could face sanction or export control designation risks regardless of whether internal control policies are in place, subject to the discretion of OFAC, BIS or other agencies. Given the complexity of these regulations and sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. In particular, if geopolitical tensions between China and the U.S. increase, the U.S. may enact and implement more extensive sanctions and export controls regulations over persons of a Chinese background, and our dealings with persons on the Entity List or other U.S. national security concerns could lead to the BIS designating us for inclusion on the Entity List or other U.S. regulatory authorities imposing sanctions on us, or otherwise result in us being subject to increased scrutiny by relevant U.S. authorities. As a result, our reputation, business prospects, results of operations and financial condition could be materially and adversely impacted.

As the Entity List and other sanctions and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations. Changes to export control regulations, including changes to the Entity List and restrictions applicable to doing business with persons on it, could adversely affect our business and our relationship with other customers and suppliers if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us. These export controls could adversely affect us and/or our supply chain, business partners, or relationship with customers and suppliers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions.

If new sanctions and export control measures were to include a complete or more restrictive ban on product sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could lead to changes in supply chains of our products, in particular, to the extent they involve the use of items subject to the EAR or other applicable regulations. As our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export control measures directed at China.

Sanctions and export controls laws and regulations are complex and constantly evolving, and new persons and entities are regularly added to the list of "Sanctioned Persons," which refers to persons and identities listed on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or export controls. These types of regulations are complex and change frequently, and we expect to need to devote increasing resources to complying with them. Even with our compliance measures, we cannot provide any assurance that our future business will be free of sanctions or export control risks or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions or export control designation of us.

Our operations in different parts of the world could be subject to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of epidemic or pandemic, or events such as wars, regional conflicts, acts of terrorism, environmental accidents, power outages or communication interruptions. The occurrence of a disaster or prolonged outbreak of an epidemic or pandemic or other adverse public health developments in the PRC or elsewhere could materially disrupt our operations. Such events may also significantly affect our industry and cause a temporary closure of our or our business partners' facilities, which would have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if our employees or employees of our business partners were suspected of having the epidemic or pandemic illnesses, since this could require us or them to quarantine such employees or disinfect our facilities. Our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Changes in economic, political or social conditions, government policies and the regulatory environment, could adversely affect our business and operations.

Our assets and operations are located mainly in the PRC, and we also operate in Thailand and the United States. As a result, our business, financial condition, results of operations and prospects are substantially affected by local economic, political, social and legal policies. Economic growth in these markets has been uneven, varying both geographically and across different sectors within the economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our exposure to legal and business risks, and may materially and adversely our operations and affect our results of operations.

We are subject to geopolitical risks, including protectionist trade and national security measures, which could adversely affect our business, financial condition and results of operations.

We may be negatively affected by deterioration in political and economic relations among countries in which we operate or sell our products, and other geopolitical challenges, including economic conditions and tariffs and other trade restrictions. International trade protection measures are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security or other political concerns that are beyond our control. For example, it has recently been reported that the U.S. government is considering restrictions on imports of certain Chinese-made optical transceivers into the United States. However, since the details of any such potential restrictions, if ever imposed, remain uncertain, it is unclear whether and how they may affect our business or results of operations. These issues may adversely affect us and our key suppliers' and customers' ability to sell products or obtain the technologies, systems, devices or components critical to technology infrastructure, product offerings and business operations. If any new tariffs, legislation, or regulations are implemented by the United States or other jurisdictions in the future, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition and results of operations. It may also be difficult or costly to comply with such legislation or regulations, and we could be subject to regulatory investigations, fines, penalties or other actions and reputational harm. Heightened trade and political tensions could also reduce levels of international trade, investment, technological exchange and other economic activities, which would adversely affect global economic conditions, the stability of global financial markets and international trade policies. It could also adversely affect the financial and economic conditions in China, our potential overseas expansion, our financial condition and results of operations.

In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called "baseline" tariff on all countries, varying so-called "reciprocal" tariffs on certain trade partners, and a so-called "fentanyl-related" tariff of 20% on goods from China, Mexico and Canada. As of early April 2025, the U.S. had imposed tariffs of 145% on most imports from China, and China responded with tariffs of 125% on most goods from the United States. On May 12, 2025, following bilateral negotiations, China and the United States announced a 90-day suspension for most of these higher tariffs levied on each other's goods, during which the U.S. will continue a 30% tariff on Chinese imports and China will keep a 10% tariff on U.S. goods. This suspension was further extended by the two countries for an additional 90 days until November 10, 2025. As advised by our International Sanctions and U.S. Tariffs Legal Advisor, following the two countries' trade negotiations on October 30, 2025, the U.S. agreed to suspend for one year a 24% reciprocal tariff on Chinese products and reduce the fentanyl-related tariff on Chinese products by 10%. In addition, China agreed to adjust its counter measures related to the above U.S. tariffs, and the two countries agreed to continue extending certain tariff exemptions. On February 20, 2026, the U.S. Supreme Court held that the International Emergency Economic Power Act does not authorize the President to impose tariffs, including the reciprocal and fentanyl-related tariffs. Effective from February 24, 2026, the U.S. customs authority will cease to collect these tariffs. Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% on all imports to the U.S. effective from February 24, 2026 for a period of 150 days, and later announced this tariff rate would be 15% (the rate of the actual import surcharge may vary, subject to the modification of the relevant rules to effectuate the collection of such surcharge). As advised by our International Sanctions and U.S. Tariffs Legal Advisor, our products are on Annex 1 of the proclamation and therefore should be exempt from such surcharge, subject to the actual classification under relevant rules. The temporary Section 122 tariff expired on July 24, 2026 and the U.S. Customs and Border Protection has ceased to collect this Section 122 tariff. On July 23, 2026, the U.S. Trade Representative announced a final notice of Section 301 tariffs on non-exempt products from 60 investigated economies addressing certain economies' failure to adopt and/or effectively enforce prohibitions on imports produced with forced labor. For the jurisdictions relevant to us, imports from China and Thailand are subject to an additional 12.5% Section 301 Forced Labor Tariffs, unless specifically exempted. As advised by our International Sanctions and U.S. Tariffs Legal Advisor, our products are on Annex I of such notice and are exempted from such additional tariffs. Following these developments, as advised by our International Sanctions and U.S. Tariffs Legal Advisor, our products exported from China to the U.S. would be subject to U.S. tariffs at the rate of 7.5%. There is substantial uncertainty regarding any final tariff rates.

Thailand and the United States agreed on a 19% U.S. reciprocal tariff on products from Thailand from August 1, 2025, though products exported from our Thailand production facility to the U.S. remain exempt from all U.S. tariffs. As advised by our International Sanctions and U.S. Tariffs Legal Advisor, the general most-favored-nation rate of duty for such products is zero, and such products are exempt from the U.S. reciprocal tariff as they constitute machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus, and therefore fall under the exemption set out in the

April 11, 2025 Presidential Memorandum "Clarification of Exceptions Under Executive Order 14257 of April 2, 2025, as Amended." Separately, as advised by our legal advisor as to U.S. tariffs, certain of our products exported to the U.S., if determined to be Chinese-origin, can be subject to up to 25% of Section 301 tariffs. Our products manufactured in Thailand are exempt from U.S. Section 301 Tariffs, because they experienced substantial transformation in Thailand and thus were Thai-origin as advised by our International Sanctions and U.S. Tariffs Legal Advisor. Relatedly, our Thailand production facility has obtained a Thailand Country of Origin certificate from the competent customs authority of Thailand. Separately, while a 25% Section 301 counter-tariff is applicable to the laser wafers imported from our U.S. production facility to China, we have been able to obtain a waiver of this tariff in accordance with the relevant PRC policies and regulations. However, there is no guarantee that such policies and regulations will continue and/or we are able to continue to receive such waiver.

However, the standards the U.S. Customs and Border Protection will use for country-of-origin determinations are uncertain and may be different from the standard described above. We cannot guarantee that the U.S. Customs and Border Protection will agree with our legal advisor's view that our products are Thai-origin or deem our relevant products to be Thai-origin based on the above Thailand Country of Origin certificate. In addition, we cannot assure you that export of our products from our Thailand production facility to the U.S. will continue to be exempt from all U.S. tariffs, or that the U.S. tariff applicable to our products from Thailand will not increase. In particular, if the U.S. Customs and Border Protection determines that our products manufactured in Thailand did not undergo substantial transformation there and were of another country-of-origin, we may be required to pay additional U.S. tariffs. The United States has announced that tariffs of 40% will be imposed on goods that the U.S. Customs and Border Protection Agency determines have been transshipped to avoid its "reciprocal" tariffs; it is uncertain how these determinations will be made.

We procure raw materials and components from various parts in the world, including China, certain other countries and regions in Asia (such as Taiwan and Malaysia), the U.S. and Europe (such as Switzerland and Germany, even though our procurement from these countries is immaterial). Our procurement of raw materials and components with U.S. origin as a percentage of our total purchases was approximately 7.5%, 5.9%, 4.9% and 10.0% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively; the increase in this percentage from 2025 to the six months ended June 30, 2026 was mainly due to our production capacity expansion and advance procurement of certain U.S.-origin raw materials and components. In these same respective periods, this percentage was approximately 54.1%, 43.9%, 50.2% and 50.6% for our raw materials and components with Chinese mainland origin; approximately 13.0%, 18.9%, 22.2% and 24.0% for those originated from the Taiwan region; and approximately 5.1%, 13.2%, 7.3% and 4.7% for those with Malaysian origin. Our procurement of raw materials and components from any other country accounted for less than 6.5%, 5.5%, 4.7% and 4.1% of our total purchases in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We currently procure a small portion of our raw materials and components from the U.S., which mainly include laser chip wafers we purchase from our own production facility in the U.S. and integrated circuits from a U.S. supplier. As a backup, we have identified several Chinese suppliers that could provide readily-available substitute integrated circuits, at similar prices, for those that we currently purchase from the U.S. supplier, and we have validated their products to facilitate smooth switch of these components, if needed. Given the relatively low proportion of our U.S.-origin raw materials and components and our ability to quickly switch to non-U.S. suppliers if and when needed, we do not believe that our current procurement of U.S.-origin raw materials and components poses any material tariff risks to our business operations.

Our products exported to the U.S. have increasingly been manufactured by our production facility in Thailand. Specifically, exports from our Thailand production facility to the U.S. (in terms of shipment value declared for customs purposes) as a percentage of our total revenue increased gradually during the Track Record Period, being approximately 5.4%, 7.6%, 11.7% and 18.2% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. In contrast, this percentage for our production facilities in China generally decreased in recent years, being approximately 2.1%, 0.9%, 0.3% and 0.1% for our Qingdao production facility and approximately 1.6%, 1.1%, 0.8% and 1.1% for our Jiangmen production facility in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. In addition, our production facility in the U.S. contributed approximately 1% or less of our U.S. revenue and an even smaller percentage of our total revenue in each year/period during the Track Record Period. Products manufactured in our U.S. production facility for U.S. domestic sale are not subject to any U.S. tariffs. As such, our Thailand production facility has recently satisfied a substantial majority of our U.S. customers' orders. In addition, we expect that we can use our production facilities in Thailand and the U.S. to satisfy all orders from our U.S. customers if needed. Moreover, our revenue derived from the United States (which, in contrast to export amounts discussed above, is recognized based on locations of customers) continued to increase during the Track Record Period and were not materially and adversely affected by the U.S. tariff policy changes starting February 2025. Therefore, based on information currently available to us, our Directors do not expect U.S. tariffs to have a material adverse impact on our business operations or financial performance.

We cannot predict how tariff policies in various countries may further evolve or how they may affect our business and results of operations. If additional tariffs are imposed on our products, we may be unable to pass on the increased costs to our customers, and our customers that resell our products to the U.S. may choose other suppliers due to the impact of U.S. import tariffs. As a result, we may have to absorb all or part of the additional tariff expenses and may lose some customers due to direct tariffs borne by our customers in the U.S. We may also be exposed to second-order effects of U.S. tariffs borne by our customers in third countries who may resell our products to the U.S., or the competition from other market players that may shift their focus to non-U.S. markets. In addition, our products' price competitiveness and gross margins could be materially and adversely affected by tariffs. Since February 2025 when the United States began to impose multiple rounds of tariffs on a wide range of goods imported from China and other countries, we have not experienced any material order cancellations, requests to suspend delivery of products or requests to reduce purchase prices from our U.S. customers, nor have we experienced any material decrease in our sales, whether in the U.S. market due to resale of our products by customers located outside the U.S. (if any), or in non-U.S. markets due to competition in these markets. Instead, our revenue derived from the U.S. increased by 90.7% from 2024 to 2025 and increased by 95.8% from the six months ended June 30, 2025 to the same period in 2026. Therefore, we do not anticipate any significant decrease in our sales revenue derived from the U.S. due to U.S. tariffs in the foreseeable future. As a result of the foregoing, our Directors believe that U.S. tariffs did not during the Track Record Period, and are not expected in the foreseeable future to, directly or indirectly have a material adverse impact, including second-order effects, on our business operations and financial performance. We will continue to monitor changes of relevant tariff policies and adjust our production arrangements accordingly, including to increase manufacturing at our U.S. production facility if needed. However, there is no assurance that these measures will adequately mitigate any impact of U.S. tariffs to our business. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

Additionally, the U.S. government has implemented policies restricting outbound investment in China, which could affect our access to capital. In October 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rule**"), which became effective on January 2, 2025. The Outbound Investment Rule targets investments involving persons and entities associated with "countries of concern," currently only China (including Hong Kong and Macau), and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in covered activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. Under the Outbound Investment Rule, a covered foreign person includes (i) a person of a country of concern that engages in a covered activity, and (ii) a person that directly or indirectly holds relevant interests (including a board seat, a voting or equity interest, or contractual power to direct or cause the direction of the management or policies) in persons of a country of concern engaged in covered activities that contributed, individually or in the aggregate, at least 50% of its consolidated revenue, net income, capital expenditures or operation expenses for the most recent year. With limited exceptions, equity investments by a U.S. person (as defined in the Outbound Investment Rule) in a covered foreign person are subject to prohibition or notification requirements, depending primarily on the nature of technology involved. Therefore, if a company is deemed to be a covered foreign person, its ability to raise capital and the value of its shares could be negatively affected. Based on the advice from our U.S. counsel, Cleary Gottlieb Steen & Hamilton (Hong Kong), we concluded that we are not a covered foreign person within the meaning of the Outbound Investment Rule, because (a) our Company is not engaged in covered activities within the meaning of that rule, including covered activities concerning semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems, and (b) our Company does not hold relevant interests in persons engaged in covered activities meeting the financial metrics described in limb (ii) of the definition of "covered foreign person" above. Covered activities under the Outbound Investment Rule concerning semiconductors and microelectronics include electronic design automation software; certain fabrication and advanced packaging tools; and the design, fabrication, or packaging of certain advanced integrated circuits. Covered transactions related to the design, fabrication, or packaging of integrated circuits not otherwise covered by the prohibited transaction definition would be subject to the notification requirement. As advised by our U.S. counsel, based on its due diligence into our business, we are not engaged in covered activities concerning semiconductors and electronics because our products, by their nature, do not fall within the technologies described in the Outbound Investment Rule's covered transaction definitions, including that our laser chips, by their nature, are not integrated circuits. Therefore, as advised by the same counsel, our Directors are of the view that the Outbound Investment Rule does not have any material adverse impact on our Group, as it does not impose any prohibitions or notification requirements for U.S. persons to invest in our ordinary shares in the Global Offering or otherwise. In particular, based on the advice from our U.S. counsel, we understand that under the Outbound Investment Rule, U.S. persons will be able to rely on the publicly traded securities exception to trade our ordinary shares publicly traded on the Stock Exchange after the Listing without prohibition or any requirement to notify Treasury.

Subsequent to the implementation of the Outbound Investment Rule, the U.S. government issued the broadly worded "America First Trade Policy" on January 20, 2025 and "America First Investment Policy" on February 21, 2025, directing reviews and contemplating changes to U.S. trade and investment rules, including potential expansion of the Outbound Investment Rule to more technologies and investments. Any expansion of the restrictions under the

Outbound Investment Rule may further increase uncertainties for cross-border collaboration, investment, and funding opportunities for companies with operations in China. Relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a covered foreign person in the future due to different views taken by Treasury, potential amendments to the Outbound Investment Rule or the introduction of similar laws or regulations. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), as part of the National Defense Authorization Act for Fiscal Year 2026, became law. The COINS Act will supersede the Outbound Investment Rule following the adoption of implementing regulations, the content of which is uncertain. Investors, including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their own legal counsel if they have questions regarding the Outbound Investment Rule, the COINS Act and their implications to any investment in us. If our ability to raise capital from U.S. investors is impaired by the Outbound Investment Rule, the COINS Act or similar laws, our business, financial position, and prospects could be harmed. Under extreme circumstances, the value of our Shares could decline significantly or even become worthless.

Any losses of, unauthorized access to, or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our business involves the utilization and storage of confidential information, including personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and aboard. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. For instance, our operations in the United States are governed by a range of federal and state laws and regulations on data protection, storing, privacy, and information security. See "Regulatory Overview — Laws and Regulations in the U.S. — U.S.-Based Data Privacy Regulations." Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Our security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents. Any failure by us to comply with applicable privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition, our IT systems and the systems of our third-party IT service providers may be vulnerable to interruptions beyond our control. Cybersecurity attacks may also result in disruptions to our systems, unauthorized release of confidential or otherwise protected information, or corruption of data, and may require us to incur significant expenses to implement additional security measures. All these factors may lead to reputational impacts and significant penalties or legal liabilities.

You may have difficulties in effecting service of legal processes or enforcing foreign judgments against us, our Directors and our senior management.

A substantial portion of our assets are located in the PRC. In addition, most of our Directors and senior management reside in the PRC, and their assets may also be substantially located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region of the PRC signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). On January 18, 2019, the Supreme People's Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between Chinese mainland and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement broadens the scope of judgments that may be enforced between Chinese mainland and Hong Kong under the Arrangement. The New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024, both in Chinese mainland and in Hong Kong and replaced the Arrangement. However, the Arrangement remains applicable to a written choice of court agreement within the meaning of the Arrangement that was made before the effective date of the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a Chinese mainland court.

Non-PRC resident holders of our Shares may be subject to PRC income tax obligations.

Our Company has been certified as a PRC resident enterprise for tax purposes. Under the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) ("**EIT Law**") and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise. Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from the PRC sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in the PRC.

If PRC income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements. The interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities may change and new taxes may be imposed, which may also have a negative impact on the value of your investment in our Shares.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC resident enterprises for tax purposes and may be subject to the PRC ENTERPRISE INCOME TAX at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "**Circular 82**") also applies. See "Regulatory Overview — Other Regulations Relating to Doing Business in China — Regulations on Taxation."

As our Company has been certified as a PRC resident enterprise for tax purposes, our offshore subsidiaries may be questioned by competent regulatory authorities. If our offshore subsidiaries are deemed PRC resident enterprises, competent regulatory authorities may request our offshore subsidiaries to pay enterprise income tax at a rate of 25% on their global income. However, dividends that our offshore subsidiaries receive from our PRC subsidiaries, if any, may be exempt from the enterprise income tax to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what types of enterprises would be deemed a "PRC resident enterprise" for such purposes. The enterprise income tax on our offshore subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments and supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between these currencies in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars and we expect a portion of which to be spent in RMB. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB against the Hong Kong dollars may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, the vast majority of our revenue from overseas sales and the related cost of sales are denominated in foreign currencies such as US dollars. We recorded foreign exchange gains of RMB2.8 million in 2023 and RMB10.0 million in 2025, and foreign exchange losses of RMB10.4 million in 2024 and RMB31.6 million in the six months ended June 30, 2026.

During the Track Record Period, we entered into forward currency contracts to manage our exposure to currency risks. The fair value changes of our derivative financial instruments (forward currency contracts) were recognized in other gains and other expenses and losses. We recorded fair value gains on derivative financial instruments of RMB3.0 million, RMB61 thousand, RMB2.1 million and RMB4.9 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and fair value losses on derivative financial instruments of RMB0.7 million, RMB4.2 million, RMB0.3 million and RMB0.2 million, respectively. Relatedly, we also recognized gains and losses on disposal of derivative instruments during the Track Record Period. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Gains" and "— Other Expenses and Losses." There can be no assurance that we will be able to manage our exposure to foreign exchange rate risk successfully, especially since the effect of the derivative financial instruments with respect to RMB are limited at reasonable costs. Our financial condition and results could nevertheless be adversely affected by adverse fluctuations of the foreign exchange rates. All of these factors could have a material adverse impact on our business, results of operations and financial condition.

We are subject to the currency exchange regulatory system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) (the "**SAFE**"), but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

PRC regulations have established related procedures for some acquisitions of Chinese companies by foreign investors, which could make it complicated for us to pursue growth through acquisitions in China.

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), adopted by six PRC regulatory agencies in 2006 and amended in 2009, established specific procedures and requirements for merger and acquisition activities by foreign investors. Moreover, the Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**NPCSC**") which became effective in 2008 and subsequently amended in 2022 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be costly, and any required approval processes, including obtaining approval or clearance from the competent governmental authority, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Any failure to comply with relevant regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Notices**"). Pursuant to the Notices, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees (i) who are PRC citizens or who reside in the PRC for a continuous period of not less than one year, and (ii) who have been or will be granted incentive shares or options, are or will be subject to these regulations. Failure to complete the relevant SAFE registrations under the Notices may subject us and them to fines and legal sanctions, and there may be additional restrictions on their ability to exercise their stock options or remit proceeds gained from the sale of their stock into the PRC.

We may be adversely affected if our Shareholders and beneficial owners who are PRC entities fail to comply with the relevant PRC overseas investment regulations.

On December 26, 2017, the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the "**NDRC**") promulgated the Measures for the Administration of Overseas Investments of Enterprises (《企業境外投資管理辦法》), Also according to the Foreign Exchange Administration Rules on Outbound Direct Investment of the PRC Organizations (《境內機構境外直接投資外匯管理規定》) promulgated by SAFE on and the Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), PRC entities are required to complete relevant foreign exchange registration and comply with applicable foreign exchange administration requirements for outbound direct investment. See "Regulatory Overview — Regulations on Overseas Investment." In addition, pursuant to the Circular on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**," promulgated by SAFE and which became effective on July 4, 2014, PRC domestic residents, including both individuals and entities, shall apply to the SAFE for registration of foreign exchange for offshore investment before making contributions to special purpose vehicles with domestic and overseas legal assets or equities. In addition, any domestic resident who is a shareholder of an overseas special purpose vehicle shall complete the registration formality of foreign exchange alteration for offshore investment with the SAFE in a timely manner in the event of any change of significant matters of such overseas special purpose vehicle such as capital increase or decrease, equity transfer or swap, merge and spin-off. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties. We may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC entities have fully complied or will comply with regulatory requirements to complete the overseas investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas investment regulations, the relevant authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time, which may affect our business, financial condition and results of operations.

We are subject to PRC regulation on loans to and direct investment in PRC entities by offshore holding companies and governmental regulations of currency conversion when we use the proceeds of this Global Offering to fund the operations of our PRC subsidiaries.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. If we are to make available any of our offshore funds to our PRC subsidiaries, we may make loans or additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities investments other than banks' principal-protected products unless otherwise permitted by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

In light of the above requirements imposed by PRC regulations, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed, including making the proceeds available to our PRC subsidiaries in accordance with our intended usage disclosed in "Future Plans and Use of Proceeds." If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this Global Offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have.

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including for services of any debt we may incur. Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of each of their registered capitals. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Separately, in recent years, the People's Bank of China (中國人民銀行) ("**PBOC**") and SAFE have implemented a series of capital control measures, including vetting procedures for PRC-based companies to remit foreign currency for dividend payments. See "— We are subject to the currency exchange regulatory system." Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

In addition, dividends paid by our PRC subsidiaries to our non-PRC resident enterprises are generally subject to PRC withholding tax. Under applicable PRC tax laws and relevant tax arrangements between Chinese mainland and the Hong Kong Special Administrative Region, the withholding tax rate on dividends paid by a PRC enterprise to a Hong Kong resident enterprise may be reduced from 10% to 5%, subject to the satisfaction of applicable conditions and requirements, including the "beneficial owner" requirement and anti-treaty abuse rules. The relevant PRC tax authorities have broad discretion in determining whether such conditions are satisfied and may deny or adjust any preferential tax treatment if they determine that the relevant structure or arrangement is primarily tax-driven. See "Regulatory Overview — Other Regulations Relating to Doing Business in China — Regulations on Taxation." Accordingly, our Hong Kong subsidiary may be able to benefit from the 5% withholding tax rate for the dividends it receives from our PRC subsidiaries, if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. Accordingly, there is no assurance that the reduced 5% will apply to dividends received by our Hong Kong subsidiary from our PRC subsidiaries. This withholding tax will reduce the amount of dividends we may receive from our PRC subsidiaries.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to the completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after the completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of our Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland listed in Hong Kong may affect the price of and trading volumes for our Shares. The share price of some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of such companies at the time of or after their offerings may affect the overall investor sentiment toward Chinese mainland based companies listed in Hong Kong and may impact the trading performance of our Shares. These factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or publishes inaccurate or unfavorable research about our business, we could lose visibility and attractiveness in the financial markets, or the market price or trading volume for our Shares would likely decline.

Future sales or perceived sales of substantial amounts of our Shares in the public market could negatively affect the price of our Shares and our ability to raise additional capital in the future.

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance as to whether and when we will declare and distribute any dividends.

We have declared dividends in the past. However, there can be no assurance that we will declare and distribute any amount of dividends in the future. Our historical dividends may not be indicative of our dividend policy for the future. We currently do not have a formal dividend policy or a pre-determined dividend payout ratio. The declaration, payment, and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability, and other factors as they may deem relevant, and subject to the approval at a Shareholders' meeting. We may not have sufficient or any profits to enable us to distribute dividends to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividends."

Investors may experience difficulties in enforcing Shareholder rights.

We are an exempted company registered by way of continuation in the Cayman Islands with limited liability, and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The rights of our Shareholders to take legal actions against us and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands, and from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under the Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may reside. In particular, the Cayman Islands has a less developed body of securities law. As a result of all the above, our Shareholders may have more difficulty in exercising their rights in the face of actions taken by our executive officers, Directors or Controlling Shareholders (who have significant influence over us, and whose interests may not be aligned with those of other Shareholders, including in potential change of control situations) than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions.

Certain statistics contained in this document are derived from various official government sources.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the optical communication industry in China and globally. Certain of such information and statistics have been derived from various official government publications. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other parties involved in the Global Offering, and no representation is given as to their accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the Global Offering, press and media coverage regarding us, our business, our industry and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us, the Joint Sponsors, the Sponsor-overall Coordinators, the Overall-Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media coverage, or accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Accordingly, prospective investors should not rely on any such information or publication in making their decision whether to invest in our Shares. Prospective investors are reminded that, in making their investment decisions as to whether to purchase our Shares, they should rely only on the financial, operational, and other information included in this document. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and senior management of our Group are primarily based in the PRC and the United States, where the Group's management is best able to attend to its functions. Our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Group and therefore would not be in the best interests of our Company and Shareholders as a whole. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. The following measures will be established to maintain regular and effective communication with the Stock Exchange:

- we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Ms. Wang Hui ("**Ms. Wang**"), executive Director and a joint company secretary, and Mr. Tse Yu Yeung ("**Mr. Tse**"), a joint company secretary (together, the "**Authorized Representatives**"). The Authorized Representatives will be readily contactable by the Stock Exchange by telephone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

- each of the Authorized Representatives will have all necessary means to contact the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;

- all the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice;

- our Company will retain a Hong Kong legal advisor to advise on matters relating to the application of the Listing Rules and other applicable Hong Kong laws and regulations after Listing;

- Quam Capital Limited, our compliance advisor, will act as an additional channel of communication with the Stock Exchange, and we will ensure that the compliance advisor will have access to our Authorized Representatives, Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the compliance advisor may need or may reasonably request in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A of the Listing Rules; and

- pursuant to Rule 3.20 of the Listing Rules, each Director will provide his or her mobile phone number, office phone number, e-mail address and fax number, where available, to the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong). Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience", the Stock Exchange will consider the individual's: (i) length of employment with the issuer and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"), the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Wang, our executive Director and chief financial officer, and Mr. Tse of Computershare Hong Kong Investor Services Limited, as the joint company secretaries of our Company. Please see the section headed "Directors and Senior Management — Joint Company Secretaries" in this document for their biographies.

Mr. Tse is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Wang, who is a member of the senior management and an employee of our Company and who has day-to-day knowledge of our Company's affairs. Ms. Wang has the necessary nexus to the Board and close working relationship with the management of our Company to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the Listing Date, in accordance with Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Mr. Tse is appointed as a joint company secretary to assist Ms. Wang in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; (ii) the waiver will be revoked immediately if Mr. Tse, during the three-year period, ceases to provide assistance to Ms. Wang as a joint company secretary; and (iii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Wang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Wang and the need for on-going assistance of Mr. Tse will be further evaluated by our Company. We must demonstrate and seek the Stock Exchange's confirmation that Ms. Wang, having benefited from the assistance of Mr. Tse for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Hong Kong Listing Rules, following the completion of the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (where applicable) the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Hong Kong Listing Rules for such continuing connected transactions. For further details, please refer to the section headed "Connected Transactions" in this document.

ALLOCATION OF OFFER SHARES TO CLOSE ASSOCIATES OF EXISTING SHAREHOLDERS AS CORNERSTONE INVESTORS

Rule 9.09(b) of the Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of an issuer (except as permitted by Rule 7.11 of the Listing Rules) from 4 clear business days before the expected hearing date until listing is granted.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his/her/its own name or through nominees if the following conditions in Rule 10.03 of the Listing Rules are fulfilled:

(a) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and

(b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Paragraph 14 of Chapter 4.15 in the Guide provides guidance as to the conditions subject to which the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in a global offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed (the "**Existing Shareholders Conditions**").

Paragraph 18 of Chapter 4.15 in the Guide states that the Stock Exchange will grant consent and/or waiver to allow an existing shareholder and/or its close associates and a cornerstone investor to subscribe or purchase further securities in the IPO without fulfilment of the Existing Shareholders Conditions subject to the disclosure of details of the allocation in the listing document and/or the allotment results announcement, and the following size exemption conditions being fulfilled:

(a) The offer (excluding any over-allocation) has a total value of at least HK$1 billion;

(b) Securities allocated to all existing shareholders and their close associates (whether as cornerstone investors and/or as placees) as permitted under this exemption do not exceed 30% of the total number of securities offered; and

(c) Each director, chief executive, controlling shareholder and, in the case of PRC issuers, supervisor of the applicant must have confirmed that no securities have been allocated to them or their respective close associates under this exemption.

Primavera Investment Fund

Primavera Cornflower Investment Fund L.P. ("**Primavera Investment Fund**") intends to participate in the International Offering as a Cornerstone Investor. Given that (a) Primavera Investment Fund is controlled by its general partner, Primavera Cornflower Investment GP L.P., which is ultimately controlled by Primavera Capital Group; (b) Global Optical is ultimately controlled by Primavera Capital Group; and (c) Global Optical is an existing Shareholder and a core connected person of the Company as at the date of this prospectus, Primavera Investment Fund is a close associate of Global Optical and, accordingly, a core connected person of the Company. Please refer to the section headed "Cornerstone Investors" of this prospectus for further details of Primavera Investment Fund.

Our Company has applied to, and the Stock Exchange has granted, a waiver from strict compliance with Rules 9.09(b) of the Listing Rules, and a consent under paragraph 18 of Chapter 4.15 of the Guide, to permit the Company to allocate Offer Shares in the International Offering to Primavera Investment Fund as a cornerstone investor, subject to the following conditions:

(a) the final offering size of the Global Offering, excluding any over-allocation, will be of a total value of at least HK$1 billion;

(b) the Offer Shares allocated to all existing Shareholders and their close associates as permitted under the Size-based Exemption (as defined in the Guide) do not exceed 30% of the total number of the Shares offered under the Global Offering;

(c) each Director, Controlling Shareholder and chief executive of the Company confirms that no Offer Shares have been allocated to them or their respective close associates under the Size-based Exemption;

(d) the allocation to Primavera Investment Fund will not affect the Company's ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 8.08 of the Listing Rules; and

(e) details of the allocation to Primavera Investment Fund under the Size-based Exemption will be disclosed in this prospectus and the allotment results announcement.

China Securities (International) Investment Company Limited

China Securities (International) Investment Company Limited (建投(海外)投資有限公司) intends to participate in the International Offering as a Cornerstone Investor pursuant to the CSC OTC Swap. Given that (a) China Securities (International) Investment Company Limited is an indirect wholly-owned subsidiary of CSC Financial Co., Ltd. (中信建投証券股份有限公司); (b) the general partner of Xiamen TorchRunxin is owned as to 60% by China CAPITAL Management Co., Ltd. (中信建投資本管理有限公司) which is a wholly-owned subsidiary of CSC Financial Co., Ltd.; and (c) Xiamen TorchRunxin is an existing Shareholder holding approximately 0.46% of the total issued Shares as at the date of this prospectus, China Securities (International) Investment Company Limited is a close associate of Xiamen TorchRunxin. Please refer to the section headed "Cornerstone Investors" of this prospectus for further details of the CSC OTC Swap.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules and a written consent under paragraph 1C(2) of Appendix F1 to the Listing Rules for the subscription of shares by China Securities (International) Investment Company Limited as a cornerstone investor, on the following grounds which are consistent with the Existing Shareholders Conditions:

(a) Xiamen TorchRunxin (the "**Minority Existing Shareholder**") holds less than 5% of the voting rights in the Company prior to the completion of the Global Offering;

(b) the Minority Existing Shareholder is not a core connected person (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the Global Offering;

(c) the Minority Existing Shareholder has no right to appoint Directors (which, for the avoidance of doubt, does not include the director nomination right of a Shareholder under the Articles of Association) and does not have other special rights upon the Listing;

(d) the allocation to the Minority Existing Shareholder and/or its close associates will not affect the Company's ability to satisfy the public float requirement of Rule 8.08 of the Listing Rules;

(e) the relevant information in respect of the allocation to the Minority Existing Shareholder and/or its close associates will be disclosed in this prospectus and the allotment results announcement;

(f) the Joint Sponsors confirm to the Stock Exchange in writing that based on (i) their discussions with the Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by the Company and the Overall Coordinators (confirmations (g) and (h) mentioned below), and to the best of their knowledge and belief, it has no reason to believe that the Minority Existing Shareholder or its close associates received any preferential treatment in the allocation as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation will be disclosed in this prospectus and/or the allotment results announcement;

(g) the Company confirms to the Stock Exchange in writing that (i) no preferential treatment has been, nor will be, given to the Minority Existing Shareholder or its close associates by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing

Applicants; and (ii) the cornerstone investment agreement of China Securities (International) Investment Company Limited does not contain any material terms which are more favorable to it than those in other cornerstone investment agreements; and

(h) the Overall Coordinators confirm to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Minority Existing Shareholder or its close associates by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation will be disclosed in this prospectus and/or the allotment results announcement.

CONSENT IN RELATION TO THE PROPOSED SUBSCRIPTION OF OFFER SHARES BY CERTAIN CORNERSTONE INVESTORS WHO ARE CONNECTED CLIENTS

Paragraph 1(C)(1) of the Appendix F1 to the Listing Rules — Placing Guidelines for Equity Securities (the "**Placing Guidelines**") provides that no allocations will be permitted to "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s)), without the prior written consent of the Stock Exchange.

Paragraph 1(B) of the Placing Guidelines states that "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

As further described in the section headed "Cornerstone Investors" in this prospectus, each of GF Fund Management Co., Ltd. (廣發基金管理有限公司) ("**GF Fund Management**"), GF International Investment Management Limited (廣發國際資產管理有限公司) ("**GF Fund HK**"), E Fund Management Co., Ltd. ("**E Fund Management**") and E Fund Management (Hong Kong) Co., Ltd. ("**E Fund HK**") has entered into a cornerstone investment agreement with the Company. Each of GF Fund Management, GF Fund HK, E Fund Management and E Fund HK will hold the Offer Shares in its capacity as the discretionary fund manager managing the funds for and on behalf of its underlying clients and/or investors. Each of GF Fund Management, GF Fund HK, E Fund Management and E Fund HK is a member of the same group of companies as GF Securities (Hong Kong) Brokerage Limited ("**GF Securities (Hong Kong) Brokerage**" or the "**Connected Distributor**") being one of the Joint Bookrunners and Underwriters of the Global Offering. Accordingly, each of GF Fund Management, GF Fund HK, E Fund Management and E Fund HK is a connected client of GF Securities (Hong Kong) Brokerage.

We have applied for, and the Stock Exchange has granted, a consent under paragraph 1(C)(1) of the Placing Guidelines to permit each of GF Fund Management, GF Fund HK, E Fund Management and E Fund HK (collectively, the "**Connected Client Cornerstone Investors**") to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in Paragraph 6 of Chapter 4.15 of the Guide:

(a) any Offer Shares to be allocated to each of the Connected Client Cornerstone Investors will be held on behalf of Independent Third Parties;

(b) the cornerstone investment agreement of each of the Connected Client Cornerstone Investors does not contain any material terms which are more favorable to it than those in other cornerstone investment agreements;

(c) the Connected Distributor has not participated, and will not participate, in the decision-making process or relevant discussions among the Company, the Underwriters and the Overall Coordinators as to whether Offer Shares will be allocated to the Connected Client;

(d) no preferential treatment has been, nor will be, given to each of the Connected Client Cornerstone Investors by virtue of its relationship with GF Securities (Hong Kong) Brokerage, in any allocation of Offer Shares in the International Offering other than the assured entitlement under the relevant cornerstone investment agreement;

(e) each of the Connected Client Cornerstone Investors confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of Offer Shares in the Global Offering as a cornerstone investor by virtue of its relationship with GF Securities (Hong Kong) Brokerage, other than the assured entitlement under the relevant cornerstone investment agreement;

(f) the Overall Coordinators have provided the Stock Exchange with the background and details of the relevant Connected Client Cornerstone Investors as collective investment schemes which are not authorized by the SFC;

(g) each of the Company, the Overall Coordinators, the Connected Distributor and the Connected Client Cornerstone Investors has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide; and

(h) details of the cornerstone investment and details of the allocations will be disclosed in this prospectus and the allotment results announcement.

DIRECTORS' RESPONSIBILITY STATEMENT

This document, for which the Directors (including any proposed directors who are named as such in this document) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained here is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

CSRC FILING

According to the Trial Measures, we are required to complete the filing procedures with the CSRC in connection with the Listing. We have submitted a filing to the CSRC for the application for the Global Offering and listing of our Shares on the Stock Exchange on August 27, 2025. The CSRC issued a notification dated August 4, 2026, confirming the completion of our filing pursuant to the Trial Measures. No other approvals from the CSRC are required to be obtained for the Global Offering and Listing.

INFORMATION ON THE GLOBAL OFFERING

This document is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this document sets out the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 17,201,500 Offer Shares and the International Offering of initially 154,813,200 Offer Shares (subject, in each case, to reallocation on the basis as set out in the section headed "Structure of the Global Offering"). The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Sponsor-overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around Friday, September 18, 2026.

For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting." Neither the delivery of this document nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this document or imply that the information contained in this document is correct as of any date subsequent to the date of this document.

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

Please refer to the section headed "How to Apply for Hong Kong Offer Shares."

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Please refer to the section headed "Structure of the Global Offering."

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Hong Kong Offer Shares to, confirm that he is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this document. No action has been taken to permit a public offering of the Offer Shares or the general distribution of this document in any jurisdiction other than in Hong Kong. Accordingly, this document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this document and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "Structure of the Global Offering." Assuming that the Over-allotment Option is exercised in full, the Company may be required to issue up to an additional 25,802,200 Shares.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB8,354.7 million (equivalent to approximately HK$9,663.3 million) for the year ended December 31, 2025, which exceeds HK$500 million, and (ii) our expected market capitalization of approximately HK$32.4 billion at the time of Listing based on the Offer Price, which exceeds HK$4 billion. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us for permission by or on behalf of the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All necessary arrangements have been made to enable the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our Principal Share Registrar, Ascentium (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Offer Shares issued pursuant to applications made in the

Hong Kong Public Offering and the International Offering will be registered on our Hong Kong register of members to be maintained in Hong Kong Share Registrar. Dealings in the Shares registered in our Share register will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

EXCHANGE RATE CONVERSION

Solely for your convenience, this document contains translations among certain amounts denominated in Hong Kong dollars, Renminbi and U.S. dollars. Unless otherwise specified, this document contains translations, for the purpose of illustration only, at the exchange rates: (i) US$1 = HK$7.84045; (ii) US$1 = RMB6.77870; and (iii) HK$1 = RMB0.86458. No representation is made that any amounts in Hong Kong dollars, Renminbi or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

Certain amounts and percentage figures included in this document have been subject to rounding adjustments or rounded to a set number of decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and figures rounded to the nearest thousand, million or billion may not be identical to figures that have been rounded differently to them. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between the English version of this document and the Chinese translation of this document, the English version of this document shall prevail unless otherwise stated. However, the English translations of the names of the PRC entities, enterprises, nationals, facilities and regulations in Chinese included in this document are for identification purposes only. To the extent there is any inconsistency between the Chinese names of these terms and their English translations, the Chinese names shall prevail. In addition, if there is any inconsistency between the names of any of the entities mentioned in the English version of this document which are not in the English language and their English translations, the names in their respective original language shall prevail.

DIRECTORS

Name	Address	Nationality
Non-executive Director and chairman of the Board		
Mr. Yu Zhitao (于芝濤)	Room 1826, Building 2 No. 567 Liaoyang West Road Shibei District, Qingdao Shandong Province, PRC	Chinese
Executive Directors		
Dr. Hong Jin (洪進)	221 Upton Pyne Drive Brentwood, CA 94513, United States	Canadian
Ms. Wang Hui (王惠)	Flat 1403, Building 12 No. 66 Xianju Road Shinan District, Qingdao Shandong Province, PRC	Chinese
Non-executive Directors		
Dr. Jia Shaoqian (賈少謙)	202, Unit 2, Building C No. 58 Xianju Road Shinan District, Qingdao Shandong Province, PRC	Chinese
Dr. Huang Weiping (黃衛平)	Room 1-903, Building 7 Hisense Yandao International Apartment 7 Zengcheng Road, Qingdao Shandong Province, PRC	Canadian
Mr. Zhang Jing (張晶)	Flat A, 13th Floor Tai Pak Terrace No. 36 Sands Street Kennedy Town, Hong Kong	Chinese (Hong Kong)
Independent Non-executive Directors		
Dr. Zhou Changjun (周長軍)	9-1-1602 Shandong University Leshuiju Jimo District, Qingdao Shandong Province, PRC	Chinese
Dr. Sun Ying (孫瑩)	601, Unit 4, Building 2 Aolin Garden No. 887 Tong'an Road Laoshan District, Qingdao Shandong Province, PRC	Chinese
Dr. Tong Franklin Fuk Kay (湯復基)	No. 58 Hong Lok Road East Hong Lok Yuen Tai Po, New Territories, Hong Kong	Chinese (Hong Kong)

Please refer to the section headed "Directors and Senior Management" in this document for further details.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central, Hong Kong
	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway, Hong Kong
Sponsor-Overall Coordinators, Overall Coordinators and Joint Global Coordinators	**Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central, Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway, Hong Kong
Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	**Citigroup Global Markets Asia Limited** (in relation to the Hong Kong Public Offering) 50/F, Champion Tower Three Garden Road Central, Hong Kong
	Citigroup Global Markets Limited (in relation to the International Offering) 33 Canada Square Canary Wharf London E14 5LB, United Kingdom
	CLSA Limited 18/F, One Pacific Place 88 Queensway, Hong Kong
	GF Securities (Hong Kong) Brokerage Limited 27/F, GF Tower 81 Lockhart Road Wan Chai Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

Legal advisors to our Company

As to Hong Kong and U.S. laws (including the U.S. outbound investment rule):
Cleary Gottlieb Steen & Hamilton (Hong Kong)
37/F, Hysan Place
500 Hennessy Road
Causeway Bay, Hong Kong

As to PRC law:
Grandall Law Firm (Qingdao)
6-7th Floor
Shangri-La Center Office Building
No. 9, Hong Kong Middle Road
Shinan District, Qingdao
Shandong Province, PRC

As to international sanctions laws and U.S. tariffs:
Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells)
11/F, One Pacific Place
88 Queensway, Hong Kong

As to Cayman Islands laws:
Harney Westwood & Riegels
14th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

As to U.S. laws (advising on general legal compliance matters):
Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154, United States

As to Thailand law:
Tilleke & Gibbins International Limited
Supalai Grand Tower, 26th Floor
1011 Rama 3 Road
Chongnonsi, Yannawa
Bangkok, Thailand

	As to Hong Kong laws (advising on general legal compliance matters): **Fairbairn Catley Low & Kong** 23/F Shui On Centre 6-8 Harbour Road, Hong Kong
Legal advisors to the Joint Sponsors and Underwriters	*As to Hong Kong and U.S. laws:* **Latham & Watkins LLP** 18th Floor, One Exchange Square 8 Connaught Place Central, Hong Kong
	As to PRC law: **Tian Yuan Law Firm** Unit 509, Tower A Corporate Square 35 Financial Street Xicheng District Beijing, PRC
Auditor and reporting accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road, Quarry Bay, Hong Kong
Industry consultant	**Frost & Sullivan Limited** 3006, Two Exchange Square 8 Connaught Place Central, Hong Kong
Transfer pricing tax consultant	**Ernst & Young (China) Advisory Limited Beijing Branch** Level 5, Ernst & Young Tower Oriental Plaza 1 East Chang An Avenue Dongcheng District Beijing, PRC
Receiving banks	**Bank of China (Hong Kong) Ltd** BOC Tower 1 Garden Road Central, Hong Kong
	China CITIC Bank International Limited 29/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong

Registered office in Cayman Islands	4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002, Cayman Islands
Principal place of business and head office in the PRC	26th Floor, Building A Hisense International Center No. 88, Hong Kong East Road Laoshan District, Qingdao Shandong Province, PRC
Principal place of business in Hong Kong	Suite 2701, 27/F Cityplaza One 1111 King's Road, Hong Kong
Company's website	**https://www.ligent.com/** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Ms. Wang Hui (王惠)** Flat 1403, Building 12 No. 66 Xianju Road Shinan District, Qingdao Shandong Province, PRC **Mr. Tse Yu Yeung (謝愉陽)** *(Associate Member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute)* 46F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Authorized Representatives	**Ms. Wang Hui (王惠)** Flat 1403, Building 12 No. 66 Xianju Road Shinan District, Qingdao Shandong Province, PRC **Mr. Tse Yu Yeung (謝愉陽)** 46F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Audit Committee	Dr. Sun Ying (孫瑩) *(Chairperson)* Dr. Zhou Changjun (周長軍) Mr. Yu Zhitao (于芝濤)
Remuneration Committee	Dr. Zhou Changjun (周長軍) *(Chairperson)* Dr. Tong Franklin Fuk Kay (湯復基) Dr. Hong Jin (洪進)

Nomination Committee	Mr. Yu Zhitao (于芝濤) *(Chairperson)* Dr. Tong Franklin Fuk Kay (湯復基) Dr. Sun Ying (孫瑩)
Cayman Islands Principal Share Registrar and Transfer Agent	**Ascentium (Cayman) Limited** 4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002, Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Compliance Advisor	**Quam Capital Limited** 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre 111 Connaught Road Central, Hong Kong
Principal Banks	**Industrial and Commercial Bank of China Co., Ltd** **Qingdao Shandong Road Branch** No. 7B Shandong Road Shinan District, Qingdao Shandong Province, PRC **Agricultural Bank of China Co., Ltd** **Sales Office of Qingdao Branch** 1st Floor, Agricultural Bank Building No. 19 Shandong Road Shinan District, Qingdao Shandong Province, PRC

*The information and statistics set out in this section and other sections of this document were extracted from a report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan Limited ("**Frost & Sullivan**") to prepare the Frost & Sullivan report ("**Frost & Sullivan Report**"), an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Sponsor-overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Underwriters, any of their respective directors, employees, agents or advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. For a discussion of the risks relating to our industry, see "Risk Factors." Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have a material impact on the information in this section.*

OVERVIEW OF GLOBAL OPTICAL COMMUNICATION INDUSTRY

Background of Optical Communication Industry

Optical communication is a method of transmitting information using light waves as the carrier signal, primarily relying on optical fibers as the transmission medium to facilitate communication between users. Optical communication is the dominant mode of information transmission worldwide, supporting the foundation of modern digital infrastructure and enabling high-speed, high-volume data exchange across various sectors. Globally, the optical communication industry is experiencing accelerated growth, underpinned by increasing demand for high-speed connectivity and digital infrastructure. As AI and cloud computing advance, the need for high-speed, low-latency, and highly reliable network infrastructure continues to grow. By 2030, global AI infrastructure investment is projected to further increase to RMB6,526.5 billion, with a CAGR of 22.2% from 2025 to 2030. These trends will drive continuous upgrades in optical communication technologies, reinforcing their critical role as the backbone of next-generation digital infrastructure and global intelligent connectivity.

OVERVIEW OF GLOBAL OPTICAL COMMUNICATION CORE PRODUCTS INDUSTRY

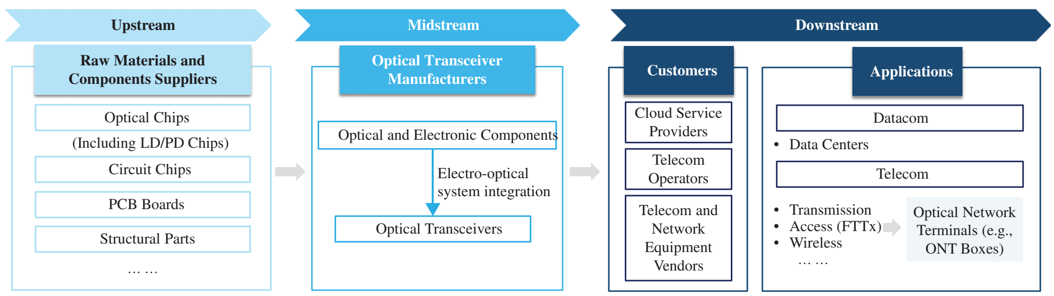
Overview of Optical Communication Core Products Industry

The core products of the optical communication industry include optical chips, optical transceivers, and optical network terminals, which together form an integrated value chain supporting high-performance optical connectivity. Among them, optical transceivers play a central role, enabling high-rate, high-reliability, and low-latency data transmission across increasingly complex datacom and telecom networks. The global market size of optical transceivers, as a percentage of the overall optical communication core products industry (the aggregate sales revenue of optical chips, optical transceivers and optical network terminals), reached nearly 30% in 2025 and is expected to increase to approximately 50% in 2030. The performance of optical transceivers is fundamentally driven by the optical chips, which provide key optoelectronic functions such as signal generation, modulation, and detection. Optical transceivers can be integrated into ONT boxes, which not only function as network edge access points but also serve as critical gateways for edge computing. Optical network terminals not only connect end-users to high-bandwidth networks, but also act as vital enablers of edge computing across end-use scenarios. Together, the three tightly-interconnected core products form the foundation of modern optical communication systems.

Value Chain Analysis of Optical Communication Core Products Industry

The figure below illustrates the value chain of optical communication core products industry:

Value Chain of Optical Communication Core Products Industry



Source: Frost & Sullivan

Introduction to Optical Transceivers

An optical transceiver is an optoelectronic functional unit that converts between optical signals and electrical signals, implemented either as a pluggable optical module or as an integrated solution such as CPO/NPO. This conversion is necessary because optical fiber enables high-speed, long-distance data transmission, while switches and other network devices operate using electrical signals. By bridging this gap, optical transceivers enable switches and other devices to communicate over fiber optic networks, serving as a critical transmission medium that supports high-speed, reliable data exchange. An optical transceiver mainly consists of optical components, circuit chips, and PCBs.

Transmission rate is one of the key performance indicators of optical transceivers, typically measured in gigabits per second (Gbps). Based on different transmission rates, optical transceivers can be classified into models such as 1G-100G, 200G, 400G, 800G and 1.6T optical transceivers.

Optical transceivers are mainly used in datacom and telecom sectors. In the datacom sector, optical transceivers are critical components that connect servers, switches, storage devices, and other infrastructure to support high-speed data transmission. In telecom networks, optical transceivers serve as key enablers across transmission, access (FTTx), and wireless segments. They are deployed in metropolitan area networks (MAN) and wide area networks (WAN) networks for long-distance backbone transmission; in PON systems to support broadband access for home and businesses; and in wireless front-haul and back-haul links to ensure reliable, low-latency connectivity between base stations.

Introduction to Optical Chips

Optical chips are miniaturized components that use photons to transmit and process signals. They are primarily made from III/V compound semiconductor-based materials such as indium phosphide (InP) and gallium arsenide (GaAs), and silicon (Si). As one of the core components of optical communication networks, optical chips are responsible for optoelectronic signal conversion, and their performance determines the transmission efficiency of optical communication systems. Optical chips can be further processed into optical components, which are then integrated into optical transceivers. Among them, LD chips are primarily used for signal transmission by converting electrical signals into optical signals, while PD chips are mainly used for signal reception by converting optical signals back into electrical signals. To reach the stringent performance parameters, LD and PD chips raise extremely high requirements for raw material usage, structural design, and precision in manufacture process. As such, optical chips have the highest technical entry barrier within the optical communication value chain.

Optical chips are advancing toward higher speed and greater integration. 100G/200G per lane high-rate optical chips have become the mainstream of technological evolution in the industry, while 400G per lane chips are expected to lead the next generation. 100G/200G per lane chips serve as fundamental building blocks, and combining multiple lanes of these speeds, enable the aggregation necessary for 800G and 1.6T optical transceivers. Among them, EML chips are emerging as a key category in the technological iteration of optical chips, thanks to their excellent modulation bandwidth, high linearity and low driving voltage. Meanwhile, high-power CW-DFB laser chips, which provide greater optical output to enable more optical lanes, are also gaining importance as demand grows from data centers. Furthermore, silicon photonics (SiPh) chips enable optical signal modulation, transmission, and processing on silicon-based fabrication platforms. Their advantages include but are not limited to low cost, high integration, compatibility with complementary metal oxide semiconductor (CMOS) manufacturing, and potential for large-scale production. These unique features make SiPh chips well-suited for next-generation data centers, high-performance computing, and optical communication systems.

Introduction to Optical Network Terminals

An ONT box is a key optical network terminal device located at the user end of a fiber-optic access network, typically within a PON architecture. ONT boxes serve as the interface between the optical fiber infrastructure and the customer’s local area network (LAN), converting optical signals transmitted over fiber into electrical signals for end-user devices.

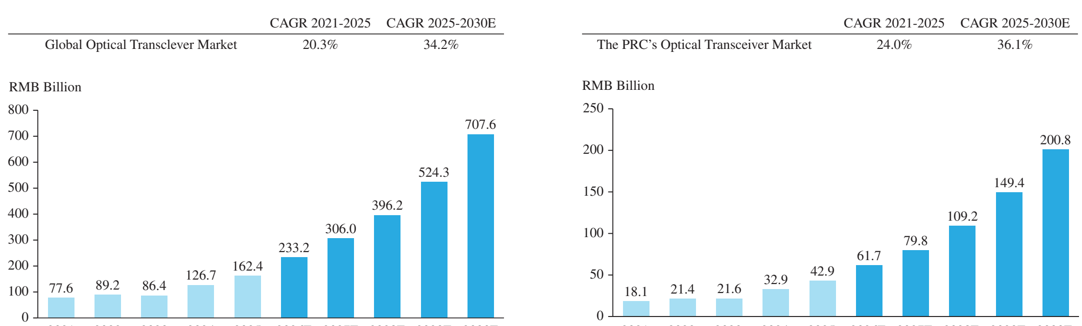
In addition to ONT boxes, optical network terminals also include wireless gateways and home routers, and multimedia set-top boxes, as these products serve as key endpoints that connect optical communication networks to end-user applications by enabling data distribution, wireless access, or content delivery within home and businesses.

Market Size of Optical Communication Core Products Industry

The market size by sales revenue of the global optical transceiver industry grew from RMB77.6 billion in 2021 to RMB162.4 billion in 2025 at a CAGR of 20.3%. Demand from customers for product may fluctuate from time to time for various factors. For example, in 2023, the optical transceiver market experienced a downturn due to an industry-wide destocking cycle, following elevated stockpiling by many cloud service providers and telecom and network equipment vendors and operators during COVID-19 outbreaks in prior years to prepare for potential supply chain disruptions. Due in part to this factor, while the sales revenue of the global datacom optical transceiver market increased from 2022 to 2023, the sales volume of this market decreased in 2023. In addition, the sales revenue of the global telecom optical transceiver market declined from 2022 to 2023. Despite these challenges, optical transceivers remain a critical enabler of digital and intelligent transformation, and therefore are poised for long-term growth. With the rapid iteration and ongoing development of optical communication technologies, the global optical transceiver market is projected to reach RMB707.6 billion by 2030, representing a CAGR of 34.2% from 2025.

In parallel, the PRC's optical transceiver market by sales revenue expanded from RMB18.1 billion in 2021 to RMB42.9 billion in 2025, achieving a CAGR of 24.0%. Looking ahead, the market is expected to reach RMB200.8 billion by 2030, with a CAGR of 36.1% from 2025. The PRC's share of the global optical transceiver market reached 26.4% in 2025 and is expected to rise further to 28.4% by 2030.

Sales Revenue of Optical Transceivers (Global and the PRC), 2021-2030E

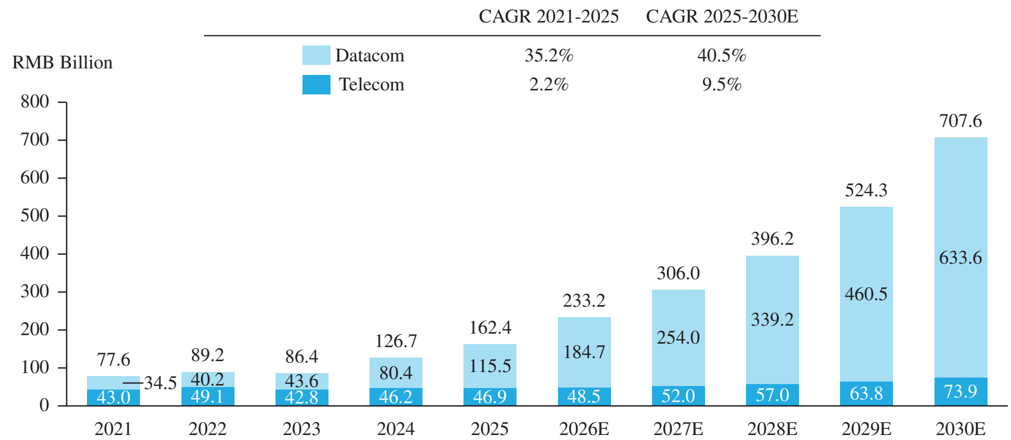


Source: LightCounting, Interviews with industry experts by Frost & Sullivan, Frost & Sullivan

In 2025, the datacom optical transceiver market reached approximately RMB115.5 billion, driven by the rapid expansion of data centers and advancements in AI. This segment is expected to grow significantly, reaching RMB633.6 billion by 2030, representing a CAGR of 40.5% from 2025.

Meanwhile, the telecom optical transceiver market reached approximately RMB46.9 billion in 2025. Although the segment experienced slight declines in 2023 due to post-pandemic demand normalization, it is projected to recover, supported by the rollout of 6G networks and the development of next-generation optical communication technologies (e.g., 25G/50G PON). By 2030, the telecom segment is expected to reach RMB73.9 billion, with a CAGR of 9.5% from 2025.

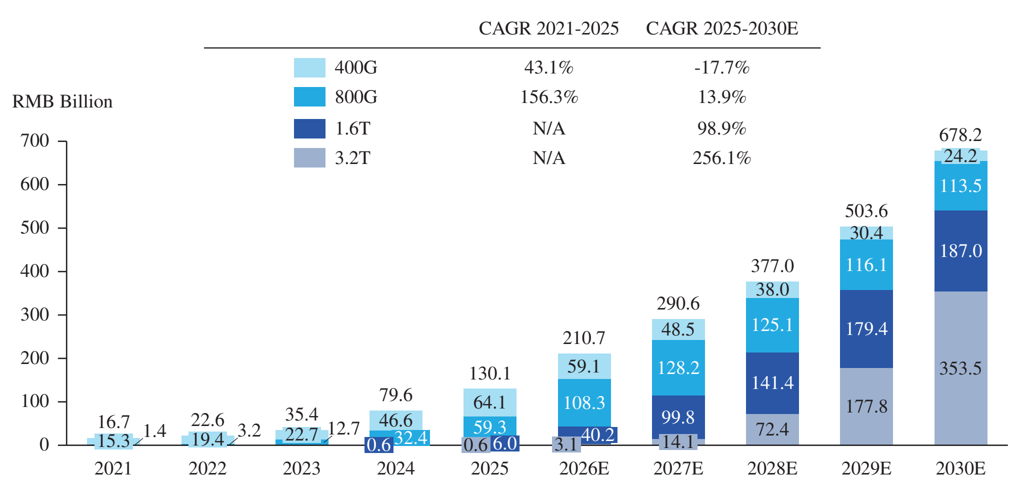
Sales Revenue of Optical Transceivers by Application Segment (Global), 2021-2030E



Source: LightCounting, Interviews with industry experts by Frost & Sullivan, Frost & Sullivan

After the mass production of new optical transceiver products, their market share often grows quickly driven by rising demand, while the share of existing products correspondingly declines. Globally, 400G and higher-rate optical transceivers are becoming the mainstream of optical transceivers. Driven by the rapid expansion of data centers and cloud computing, high-speed optical transceivers, particularly those with transmission rate of 800G and above, are experiencing accelerated growth. The sales revenue of 800G optical transceivers achieved a CAGR of 156.3% from 2021 to 2025, and is projected to maintain achieve a CAGR of 13.9% from 2025 to 2030. Meanwhile, 1.6T optical transceivers, representing the next-generation technology, are poised for rapid growth. From 2025 to 2030, sales revenue of 1.6T optical transceivers is expected to grow at a CAGR of 98.9%. As hyperscale infrastructure continues to scale, 1.6T optical transceivers are on track to become mainstream, while 3.2T technology is already beginning to emerge on the horizon.

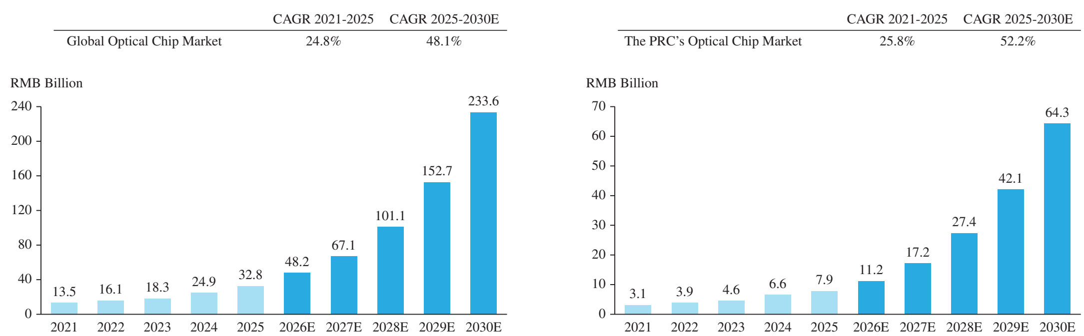
Sales Revenue of Major High-speed Optical Transceivers by Rate (Global), 2021-2030E



Source: LightCounting, Interviews with industry experts by Frost & Sullivan, Frost & Sullivan

The market size by sales revenue of the global optical chip industry increased from RMB13.5 billion in 2021 to RMB32.8 billion in 2025 at a CAGR of 24.8%. This surge has been fueled by the exponential growth of global data traffic, accelerated digital transformation across industries, and the widespread adoption of AI, 5G, and cloud computing. With emerging technologies pushing the limits of speed, integration, and energy efficiency, optical chips are expected to remain a foundational enabler of next-generation optical communication. The global optical chip market by sales revenue is expected to maintain strong momentum, reaching RMB233.6 billion in 2030, with a CAGR of 48.1% from 2025. The PRC's optical chip market by sales revenue expanded from RMB3.1 billion in 2021 to RMB7.9 billion in 2025, achieving a CAGR of 25.8%. Looking ahead, the market is expected to reach RMB64.3 billion by 2030, representing a CAGR of 52.2% from 2025.

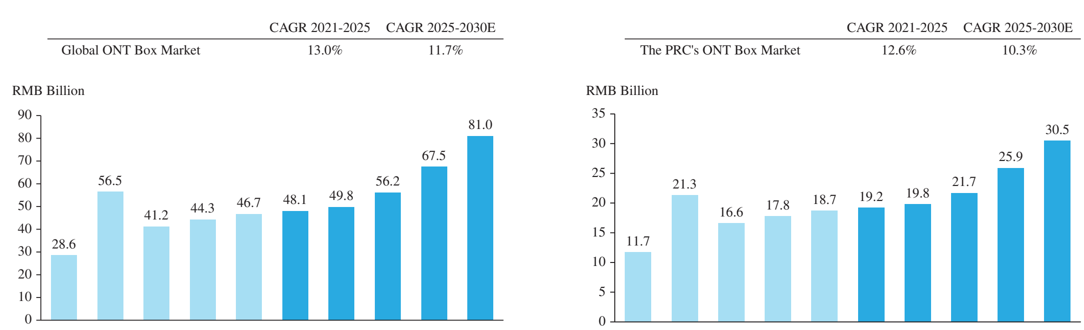
Sales Revenue of Optical Chips (Global and the PRC), 2021-2030E



Source: LightCounting, Interviews with industry experts by Frost & Sullivan, Frost & Sullivan

Driven by rapid global deployment of FTTx networks and increasing demand for high-speed and stable connectivity, the global market size by sales revenue of the ONT box segment increased from RMB28.6 billion in 2021 to RMB46.7 billion in 2025, with a CAGR of 13.0%. The ONT box market saw relatively low demand in 2021, mainly because of supply chain disruptions and telecom operators' cautious investments during the COVID-19 pandemic. A notable peak occurred in 2022, driven by the post-pandemic recovery in infrastructure construction, government stimulus programs, and accelerated fiber network rollouts. The market later experienced a slight decline in 2023 due to the normalization of demand. Looking ahead, the global ONT box market is expected to keep an upward trend, reaching RMB81.0 billion in 2030, representing a CAGR of 11.7% from 2025. This sustained growth is underpinned by the global shift toward gigabit and 10G broadband, and the continued expansion of smart home and IoT applications. The PRC's ONT box market by sales revenue expanded from RMB11.7 billion in 2021 to RMB18.7 billion in 2025, achieving a CAGR of 12.6%. Looking ahead, the market is expected to reach RMB30.5 billion by 2030, with a CAGR of 10.3% from 2025.

Sales Revenue of ONT Boxes (Global and the PRC), 2021-2030E



Source: Interviews with industry experts by Frost & Sullivan, Frost & Sullivan

Market Drivers and Developing Trends Analysis

Policy-Driven Expansion of FTTx and AI Infrastructure

Governments worldwide are actively promoting the development of broadband and AI infrastructure through strategic policy support, accelerating demand for optical communication products. Large-scale deployment of FTTx networks, driven by initiatives of different countries and regions, has boosted the adoption of ONT boxes, enabling high-speed access across residential and enterprise settings. For example, the PRC is actively advancing the "Gigabit Optical Network" initiative and the "Eastern Data, Western Computing" project, aiming to achieve universal gigabit access capabilities by 2025. In the United States, the Infrastructure Investment and Jobs Act passed in 2021 allocated US$1.2 trillion for various infrastructure projects, including US$65 billion specifically for improving broadband access and quality. At the same time, global efforts to build AI-related infrastructure, including data centers and cloud computing platforms, are generating strong demand for high-performance optical transceivers. For instance, the announcement of the Stargate Project in January 2025 intends to invest US$500 billion over the next four years building new AI infrastructure in the U.S. The PRC government strongly supports the rapid development of optical communication and AI technology through a series of policies, such as the "Guidance on the Construction of National Data Infrastructure" and the "Guideline for the Establishment of the National Comprehensive Standardization System for the AI Industry (2024 Version)." These policies encourage increased construction of optical fiber networks and support the construction of data centers and cloud computing infrastructure.

Application of AI Technology

The rapid advancement of AIGC and other AI technologies is significantly boosting the AI industry, resulting in surging demand for high-performance computing platforms. To meet the massive data processing demands of large-scale data transmission, real-time computing, and AI training, optical transceivers, as core components for data transmission, offer the advantages of higher bandwidth, lower latency, and longer transmission distances. Therefore, optical transceivers will serve as crucial components enabling the development of AI technology.

Development of Advanced PON Technologies

With the acceleration of global digital transformation and the development of emerging technologies, advanced PON technology meets the urgent need for higher bandwidth and lower latency in the market. Meanwhile, with the accelerated application of emerging technologies such as AI and IoT, the industry's demand for higher bandwidth and greater data processing capabilities has increased significantly, driving the emergence of 25G/50G PON technology. In addition, the continuously evolving PON technologies will also lead to upgrades in hardware configurations of optical network terminals by improving transmission speeds and network capacity. The advancement of emerging technologies will also continuously drive the development of optical communication products toward the direction of increasing integration and level of intelligence.

Application of 5G and Emerging 6G Technologies

The rollout of 5G and the development of 6G are accelerating upgrades in wireless communication networks, driving demand for faster, higher-capacity, and more reliable data transmission. Optical transceivers play a key role in ensuring low-latency, high-bandwidth links between different network units. In the future, as 6G moves closer to commercialization, with expectations for even greater speeds and more complex applications such as immersive communication and intelligent sensing, the need for advanced optical transceivers will continue to grow, fueling sustained innovation across the optical communication industry.

Increasing Demand for High-speed Optical Transceivers

The construction of global data centers is entering a period of rapid growth, with surging data traffic driving demand for higher bandwidth and lower-latency communication capabilities. High-speed optical transceivers (such as 400G, 800G, and 1.6T ones), have become key components for interconnecting devices within and between data centers. They not only support high-performance tasks such as large-scale parallel computing and AI training/inference, but also ensure the efficient flow of data across the cloud, edge and terminal layers. At the same time, the iteration of optical transceiver technology is accelerating. The technological leap from 100G to 400G and then to 800G was achieved within just a few years, and 1.6T optical transceivers are entering the large-scale commercial application stage. Along with the rising demand from AI computing, high-performance networking and cloud infrastructure, the optical transceiver industry is rapidly evolving to support higher-speed and lower-power connections. While 400G and 800G optical transceivers have already entered large-scale commercial deployment, the transition to 1.6T optical transceivers is actively progressing. R&D efforts for 1.6T optical transceivers began in around 2020 and 2021, and the relevant technology is currently under rapid development. Mass adoption of these products started in the first half of 2026. Looking further ahead, 3.2T optical transceivers are emerging as a key future direction, though the relevant technology is still in the early research phase and these products' commercialization is likely beyond 2028. Given the long lead time required for development, testing and qualification, early involvement in next-generation optical transceivers positions relevant companies, including the Group, to capture future growth opportunities as AI infrastructure continues to expand. The launch cycle for each product generation is becoming progressively shorter, signaling the market's entry into a phase of rapid updates. Leading manufacturers are leveraging their technological advantages to accelerate the development of next-generation products, address the growing needs of data centers and AI clusters, and drive innovation and implementation of emerging technologies across the industry.

Evolving Frontier Technologies in Optical Transceivers

Driven by strong downstream demand, companies in the optical transceiver industry are actively advancing R&D in emerging technologies. For example, SiPh-based optical transceiver technology, an advanced solution built on silicon substrates, leverages mature CMOS processes to develop and integrate optical components and transceivers. Optical transceivers embedded with silicon photonic elements are increasingly adopted in high-density, high-speed, and highly-integrated application scenarios such as data centers, and are expected to become a key solution to meet growing bandwidth and energy efficiency demands. In parallel, the development of innovative packaging technologies, such as NPO, CPO, linear receive optics (LRO) and linear-drive pluggable optics (LPO), are further enhancing the performance and energy efficiency of optical transceivers. LRO is a half-linear approach yielding high power savings while keeping the DSP only at the transmitter side to maintain flexibility and scalability of a DSP-based transceiver model. LPO, by removing DSP, significantly reduces power consumption and is emerging as a key trend of future optical communications. NPO and CPO shorten the transmission path between the two components, thereby improving electrical signal integrity and reducing energy consumption. As these emerging technologies mature, they are expected to reshape the industry's competitive landscape. Companies that take the lead in deploying cutting-edge optical transceiver technologies will gain a significant first-mover advantage, strengthening their position in an increasingly competitive market.

Strengthening of Vertical Integration Capabilities

In recent years, leading optical transceiver manufacturers in the PRC have been actively enhancing their vertical integration capabilities, building a collaborative, full-industry-chain system that spans optical transceivers, optical chips and optical network terminals. By extending upstream, these companies have begun developing and mass-producing core optical components, achieving notable breakthroughs in optical chips such as EML chips. 100G/200G per-lane EML chips have become the mainstream of high-rate optical technology, serving as fundamental building blocks for higher-speed aggregation in 800G and 1.6T optical transceivers. Global shipments of 100G/200G EML chips began in around 2024. The next-generation 400G per-lane EML chips are currently available in limited quantity and are expected to enter mass production in around 2027, supporting the rollout of 3.2T optical transceivers in AI and high-performance networking applications. By having an early layout in next-generation EML technology, companies, such as the Group, are well positioned to capture emerging demand, and the long lead time for development gives these companies a strategic advantage in securing customer adoption ahead of competitors while managing the transition from existing products. Meanwhile, these manufacturers are expanding downstream into optical network terminals such as ONT boxes, thereby covering the entire optical network value chain, from data centers to transmission networks, access networks, and terminal applications. By strengthening their industry chain integration, such companies are not only enhancing product compatibility but also improving their responsiveness to evolving market demands and accelerating product iteration, thereby improving customer retention. This, in turn, boosts their overall competitiveness in a rapidly advancing technological landscape.

Industry Barrier Analysis

Technological Research and Development

The majority of optical communication core products are characterized by exceptionally high technical entry barriers. Core technologies span cutting-edge fields such as silicon photonics and low-power, high-speed optical communication. These areas require a deep understanding of multiple fields, including materials science, optoelectronic integration, photonic packaging, and microelectronics. To remain competitive, companies must commit to long-term, sustained R&D investment and continuously adapt to rapid technological iterations. In contrast, firms lacking strong R&D foundations, cross-domain integration capabilities, and iterative R&D mechanisms face significant technological barriers in the market.

Customers

The primary customers of optical transceivers mainly include cloud service providers, telecom operators and telecom and network equipment vendors. These customers demand high standards in product performance, reliability, delivery lead time, and service capability. Due to the large scale and strategic importance of the procurement activities, customers are highly cautious in selecting suppliers. It may take up to several years of verification, pilot deployment, and relationship-building before full-scale orders are placed. High customer stickiness and switching costs create significant entry barriers for new players.

Product Comprehensiveness

The ability to offer a complete product portfolio, from optical chips to optical transceivers and optical network terminals, enables companies to deliver integrated solutions and achieve technical and resource synergies. Leading companies are active in high-speed optical transceivers and advanced optical network terminals, while also investing in the development of high-speed optical chips. This vertical integration enhances their ability to ensure supply chain stability, accelerate iteration, and reduce overall cost. Such comprehensive product portfolios, which are difficult to replicate in a short time, enable companies to lock in customers with one-stop solutions. For new entrants without full-stack capabilities or internal chip R&D, breaking into mid-to-high-end segments remains highly challenging.

Globalization

The optical communication core product industry serves a global customer base, requiring companies to have international R&D, manufacturing, and sales capabilities. Leading industry players build localized service operations and global logistics and sales networks to respond quickly to customer needs, improving delivery efficiency and service satisfaction. Constructing such global infrastructure requires not only significant capital investment but also deep operational expertise, mature internal management systems, and long-term partnerships with global customers. These are capabilities that cannot be built overnight, thus forming a formidable barrier to market entry for emerging companies.

Raw Material Price Analysis

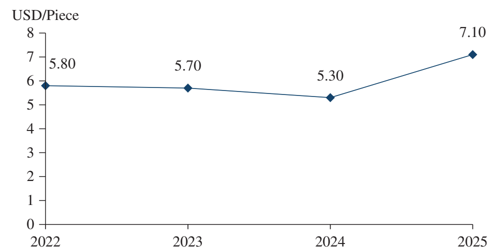
Optical chip is one of the major raw materials of optical transceivers. To meet the growing demand for higher transmission speeds in downstream applications such as data centers and telecom networks, optical chips are continuously evolving toward higher data rates and greater power output. As a result, the overall price level of optical chips has exhibited an upward trend in recent years. However, significant price differences exist among optical chips of different speeds. For a single type of optical chip, as shipment volumes increase, manufacturing technologies mature, and Chinese optical chip manufacturers enhance their localization capabilities, the price of the same model has shown a gradual decline. This trend is expected to continue as next-generation high-speed and high-power optical chips enter large-scale production.

PCB is another essential raw material used in optical transceivers, mainly serving as the substrate for circuit integration and component interconnection. The price of PCB has remained relatively stable over the past few years, supported by mature manufacturing technologies and a well-established supply chain. In 2025, driven by rising copper prices and stronger downstream demand from data centers and AI-related applications, the prices of PCBs used in optical transceivers increased noticeably. Looking ahead to 2026, PCB prices are expected to maintain a relatively fast growth trend, as demand for high-speed and high-performance PCB materials continues to rise.

DRAM chips are widely used in optical network terminals. After a significant price increase in 2021 driven by pandemic-related demand for consumer electronics, DRAM prices entered a downward cycle before rebounding in 2025. Since the fourth quarter of 2025, DRAM prices have shown a clear increase, with the average price of the selected specification in the chart further rising to approximately USD3.68 per piece in December 2025. This increase has been mainly driven by the rapid expansion of AI computing demand and shipment controls by major original manufacturers. Given the continued growth of AI servers and data center infrastructure, DRAM prices are expected to maintain an upward trend in 2026.

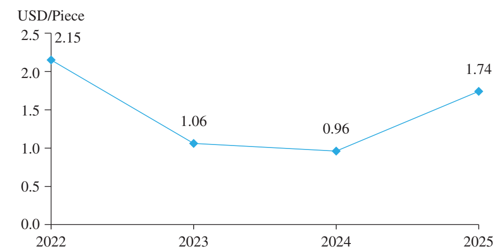
Average Price of PCB, 2022-2025

PCB*



Average Price of DRAM, 2022-2025

DRAM*



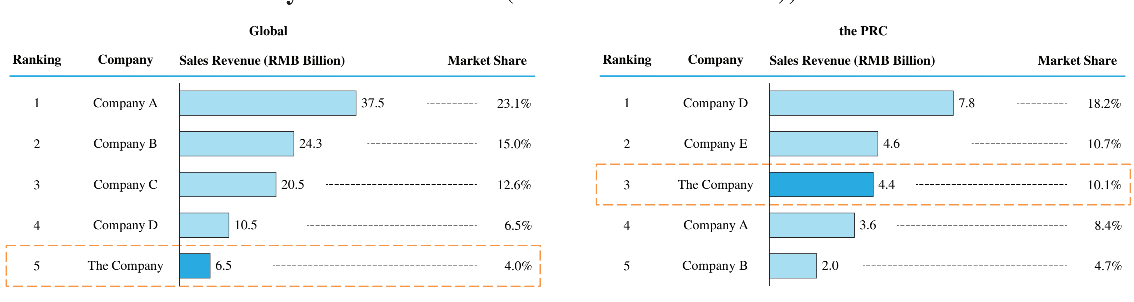
Notes: (1) PCB for 400G optical transceivers (2) DRAM DDR3(4Gb(512Mx8), 1600MHz) (3) Due to the price variations among different chip models and types, the selected chip prices above do not represent the industry average.

Competitive Landscape of Optical Communication Core Products Industry

The overall global optical communication industry is highly fragmented, characterized by a vast number of participants operating across different segments of the value chain. The market spans a wide spectrum of technologies and products, such as chips, optical fibers, optical transceivers, network devices and equipment. Companies face intense competition across the optical communication industry's entire value chain, both in China and globally, spanning all product categories and price ranges. For example, the competitive landscape in the telecom optical transceiver market has intensified in recent years. This competitive landscape is expected to further intensify as new domestic players actively seek to enter the market.

The global optical transceiver industry is relatively competitive with a total market size of RMB162.4 billion in 2025. The top five specialized optical transceiver manufacturers globally had an aggregate of 61.1% of the market share in terms of global revenue from optical transceivers in 2025. For the same year, we achieved the sales revenue of RMB6.5 billion from sales of optical transceivers globally, ranking 5th among all specialized optical transceiver manufacturers with a market share of 4.0% in the global optical transceiver industry. The total market size by sales revenue of the PRC's optical transceiver industry reached RMB42.9 billion in 2025. In the same year, the top five specialized optical transceiver manufacturers globally had 52.1% of the market share in terms of revenue from optical transceivers sold in China. In 2025, we achieved the sales revenue of RMB4.4 billion from sales of optical transceivers in the PRC market, ranking third with a market share of 10.1%.

Ranking of Specialized Optical Transceiver Manufacturers by Sales Revenue (Global and the PRC), 2025



Source: Annual reports of listed companies, interviews with industry experts by Frost & Sullivan, Frost & Sullivan

Notes: * Companies with multiple product coverage refer to companies that possess in-house manufacturing capabilities for two or more categories of optical communication core products: optical chips, optical transceivers, and optical network terminals.

(1) Headquartered in Shandong, China, **Company A** is a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. It was established in 2005, with a business focus on the development and manufacturing of optical transceivers. The Company's products cover major markets in North America, Europe, and Asia.

(2) Headquartered in Sichuan, China, **Company B** is a company listed on the Shenzhen Stock Exchange and established in 2008, which is a manufacturer of optical transceivers. The Company's products are sold to North America, Europe, Asia, and more than 60 countries and regions worldwide.

(3) Headquartered in Pennsylvania, the U.S., **Company C** is a company listed on the New York Stock Exchange and established in 1966, which is a vertically integrated manufacturer that develops, manufactures, and markets lasers, transceivers, and other optical and optoelectronic devices, modules, and systems, and engineered materials, for use in the communications, industrial, instrumentation and electronics markets. The Company's largest market is North America, followed by Europe and Asia.

(4) Headquartered in Hubei, China, **Company D** is a company listed on the Shenzhen Stock Exchange and established in 2001, which is a developer and manufacturer of optoelectronic components and modules, including optical transceivers. The Company's products cover major markets in China, North America and Europe.

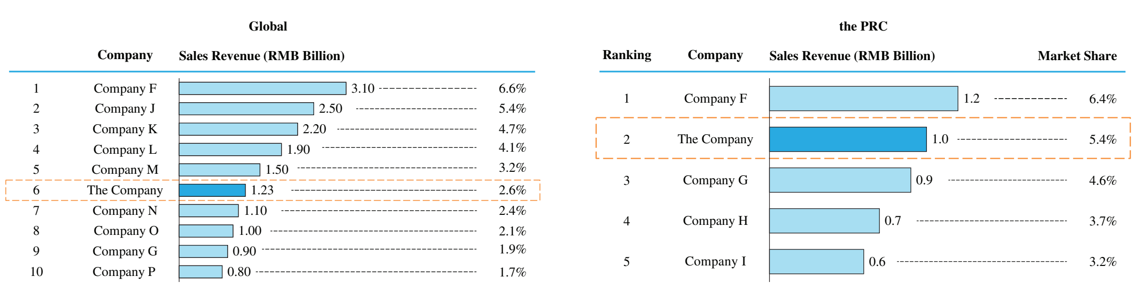
(5) Headquartered in Hubei, **Company E** is a private company established in 2002, which is a developer and manufacturer of optical transceivers. Company E is a subsidiary of a company listed on the Shenzhen Stock Exchange. The Company's products are sold to China, North America, Europe, and Southeast Asia.

The global ONT box market is fragmented, with numerous regional and specialized companies. Competition in this market is shaped by technology innovation, product quality, and scalability, as telecom operators accelerate fiber network expansion and upgrade. Growing demand for high-speed connectivity and smart home integration is pushing ONT box manufacturers to enhance product performance, strengthen customization for customers, and ensure smooth evolution to new technologies.

The total market size of the global ONT box industry by sales revenue reached RMB46.7 billion in 2025. The top ten specialized ONT box manufacturers had an aggregate of 34.8% market share in terms of revenue from ONT boxes sold globally in 2025. In 2025, we achieved global sales revenue of RMB1.23 billion from sales of ONT boxes, which ranked 6th with a market share of 2.6% among all manufacturers globally.

The total market size of the PRC's ONT box industry by sales revenue reached RMB18.7 billion in 2025. The top five specialized ONT box manufacturers globally had 23.3% of the market share in terms of revenue from ONT boxes sold in China. In 2025, we achieved the sales revenue of RMB1.0 billion from sales of ONT boxes in the PRC market, which ranked 2nd among all specialized ONT box manufacturers in China with a market share of 5.4%.

Ranking of Specialized ONT Box Manufacturers by Sales Revenue (Global and the PRC), 2025



Source: Annual Reports of Listed Companies, Interviews with industry experts by Frost & Sullivan, Frost & Sullivan

Note:

(1) Headquartered in Guangdong, **Company F** is a company listed on the Shanghai Stock Exchange and established in 1998, with a business focus on the development and manufacturing of network communication products, including ONT boxes. Its products are sold worldwide, with key markets including China, the Americas, Europe, and Southeast Asia.

(2) Headquartered in Sichuan, **Company G** is a company listed on the Shenzhen Stock Exchange and established in 2001, which specializes in the design and manufacturing of broadband network terminal equipment, including ONT boxes. The Company's products are sold to over 80 countries, primarily in Asia, North America, and Europe.

(3) Headquartered in Guangdong, **Company H** is a private company established in 2009, with a business focus on the development, manufacturing and sales of optical transmission equipment, including ONT boxes. The Company's products are sold to more than 20 countries and regions worldwide, including China, Europe, the Americas, and Southeast Asia.

(4) Headquartered in Guangdong, **Company I** is a company listed on the Shenzhen Stock Exchange established in 2002, which is a developer and manufacturer of smart terminals, including broadband terminals and set-top boxes. The Company's products are sold globally, covering countries and regions including China, Europe, Southeast Asia, India, Africa, and Latin America.

(5) Established in 2006, **Company J** is a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, with a business focus on the development and manufacturing of high-speed optical transceivers, wireless and broadband access, carrier Ethernet and edge computing, including ONT boxes.

(6) **Company K** is a company listed on the Taiwan Stock Exchange and established in 2003, which specializes in the design and manufacturing of broadband/wireless/multimedia products, including ONT boxes.

(7) **Company L** is a company listed on the Taiwan Stock Exchange and established in 1992, whose product portfolio includes FTTx products, cable DOCSIS equipment, integrated access devices, small cells, smart home, mobile IoT and SMB products, including ONT boxes.

(8) **Company M** is a company listed on the Taiwan Stock Exchange and established in 2003, which specializes in networking products, including ONT boxes.

(9) **Company N** is a company listed on the Taiwan Stock Exchange and established in 1989, which has a portfolio of mobile and fixed-line broadband access products, including ONT boxes.

(10) **Company O** is a company listed on the Taiwan Stock Exchange and established in 1996, which specializes in the design and manufacturing of communication products, including ONT boxes.

(11) **Company P** is a company listed on the Taiwan Stock Exchange and established in 1988, which primarily engages in the development and manufacture of networking and communication solutions, including ONT boxes.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global optical communication industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay US$48,000 to Frost & Sullivan for compiling the Frost & Sullivan Report. In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research, which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research, which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for estimated total market sizes from historical data analysis plotted against macroeconomic data, and considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements during the research phase of the project. These elements primarily include the expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables. The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and the PRC is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

REGULATIONS RELATING TO THE DESIGN, MANUFACTURE, AND SALE OF THE GROUP'S PRODUCTS IN CHINA

Regulations on Providing the Group's Products

According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), promulgated by the State Council of the PRC and last revised on February 6, 2016, telecommunications terminal equipment, radio telecommunications equipment and interconnection-related equipment accessing public telecommunications networks are subject to a network connection licensing regime and must comply with applicable national standards and regulatory requirements. Manufacturers are required to ensure the quality and reliability of licensed equipment and may be subject to administrative penalties for violations. Pursuant to the Radio Regulations of the PRC (《中華人民共和國無線電管理條例》), promulgated by the State Council of the PRC and the Central Military Commission and last revised on November 11, 2016, the production or import of radio transmitting equipment for domestic sale and use is subject to regulatory approval (including model confirmation, except for exempted low-power equipment) and ongoing supervision, and violations may result in administrative penalties, confiscation and fines. According to the Regulations on the Management of Radio Transmitting Equipment (《無線電發射設備管理規定》), published on December 22, 2022 by the Ministry of Industry and Information Technology (the "**MIIT**") and implemented on July 1, 2023, the development, production, import, sale and maintenance of radio transmission equipment within the territory of the PRC shall comply with these regulations. The radio transmission equipment referred to in the preceding paragraph refers to equipment that transmits radio waves for the purpose of carrying out various types of radio services. The production or import of radio transmission equipment other than micro-power short-range radio transmission equipment for sale and use in China shall apply to the national radio management agency for radio transmission equipment model approval. According to the Measures for the Administration of Telecommunications Equipment Network Access (《電信設備進網管理辦法》), as revised by MIIT on January 18, 2024 and effective on the same day, manufacturers of telecommunications equipment are required to obtain network access licenses and ensure that such equipment complies with applicable national and industry standards and MIIT requirements, and maintain sound quality assurance and after-sales service systems. Licensed manufacturers are subject to supervision by local communications authorities. Forgery, fraudulent use or transfer of network access licenses or fabrication of license numbers may result in confiscation of illegal gains and fines. On October 22, 2019, the MIIT issued guiding opinions encouraging the development of new-type infrastructure and the upgrading of internal networks to enable interconnection of people, machines and things. Specifically, the guiding opinions stipulated that the construction of new-type infrastructure, including 5G, artificial intelligence, the industrial Internet, and the Internet of Things, shall be strengthened, and the coverage scope of high-speed, large-capacity, and low-latency networks shall be expanded.

Regulations on Construction and Environmental Protection

Regulations on Construction: According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) which was promulgated by the NPCSC on October 28, 2007 and came into effect from January 1, 2008 and recently amended with immediate effect on April 23, 2019, the Construction Law of the PRC (《中華人民共和國建築法》) which was promulgated by the NPCSC on November 1, 1997 and came into effect from March 1, 1998 and recently amended with immediate effect on April 23, 2019 and the Regulation on Quality Management of Construction Projects (《建設工程質量管理條例》) which was promulgated on January 30, 2000 and amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages and areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the Urban and Rural Planning Law of the PRC. The construction entity shall obtain the construction land planning permit and the construction project planning permit from the competent department of urban and rural planning under the people's government at the county level and shall obtain the construction permit from the competent department of housing and urban and rural construction under the people's government at municipal and county level or above of the place of the construction project before commencement of construction. After receiving the construction project completion report, the construction entity shall organize the entities of design, construction, project supervision and other relevant entities to complete the acceptance.

Regulations on Environmental Protection: According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the NPCSC on December 26, 1989 and last amended on April 24, 2014 and which came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the NPCSC on October 28, 2002 and came into effect on September 1, 2003 and latest amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and last amended on July 16, 2017 and which came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Regulations on Pollutant Discharge Permits: According to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations. Those who have not obtained pollutant discharge permits are not allowed to discharge pollutants. According to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

Regulations on Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the NPCSC on April 29, 1998 and implemented since September 1, 1998, and last amended on April 29, 2021 and implemented since the same date, together with the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design for Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and implemented since June 1, 2020, and last amended on August 21, 2023 and implemented since October 30, 2023, the fire prevention design and construction work of a construction project must conform to the national fire prevention technical standards. For construction projects which are required to have fire prevention design in accordance with the national fire prevention technical standards for project construction, the examination and acceptance system on fire prevention design for construction project shall be applied. Where, upon the completion of construction projects, application for acceptance on fire prevention is required by the competent department of housing and urban-rural development under the State Council, the construction entities shall apply to the competent department of housing and urban-rural development for acceptance checks for fire prevention. With respect to construction projects other than those mentioned above, construction entities shall, after an acceptance check, file their results to the competent department of housing and urban-rural development for record purposes, and such department shall conduct random inspections thereof. Construction projects that are subject to fire prevention acceptance check in accordance with the laws are prohibited from being put into use if they do not go through or fail the fire prevention acceptance check. Other construction projects that fail the random inspections according to laws shall be suspended from using.

Regulations on Production Safety

On June 29, 2002, the NPCSC promulgated the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which was recently amended by the NPCSC on June 10, 2021 and became effective on September 1, 2021. According to the Production Safety Law, enterprises that are engaged in production and business activities shall abide by the relevant laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the NPCSC on February 22, 1993 and recently amended with immediate effect on December 29, 2018, producers shall: (i) be responsible for the quality of the products they produce; (ii) not produce products that have been explicitly eliminated by the state; (iii) not forge the place of origin, forge or falsely use the name and address of another person's factory; and not forge or fraudulently use quality marks such as certification marks; (iv) not produce or market adulterated products or use fake goods as genuine or sub-standard products as standard; and (v) ensure that the packaging quality of fragile, flammable, explosive, toxic, corrosive, radioactive and other dangerous goods, products that cannot be inverted during storage and transportation and other products with special requirements meets the corresponding requirements, and make warning signs or warning instructions in Chinese, or indicate matters needing attention during storage and transportation. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

OTHER REGULATIONS RELATING TO DOING BUSINESS IN CHINA

Regulations on the Import and Export of Goods and Technology

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994, most recently revised on December 27, 2025 and came into effect on March 1, 2026, and the Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it. According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) promulgated by the NPCSC on February 21, 1989 and implemented since August 1, 1989, and last amended on April 29, 2021, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) promulgated by the State Council on August 31, 2005 and implemented since December 1, 2005, and last amended on March 29, 2022 and implemented since May 1, 2022, the General Administration of Customs shall be responsible for inspection of import and export commodities in the PRC. The entry-exit inspection and quarantine authorities shall conduct inspection on the import and export of commodities listed in the catalog and on the import and export other commodities that shall be subject to the inspection by the entry-exit inspection authorities as prescribed by laws and administrative regulations. Imported commodities subject to inspection may not be sold or used if they have not been inspected. Exported commodities subject to inspection may not be exported if they have not been inspected or fail to pass the inspection.

Regulations on Intellectual Property Rights

Copyright: In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 (some provisions amended by the Administrative Licensing Law issued in 2004), software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts may be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

Patent: According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPCSC on March 12, 1984 and last amended on October 17, 2020 and effective on June 1, 2021 and the Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001 and last amended on December 11 2023 and effective on January 20, 2024, patents are divided into invention patents, utility model patents and design patents. The validity period of patents is 20 years for inventions, 10 years for utility models and 15 years for designs, starting from the application date.

Trademark: Trademarks are protected by the Trademark Law of the PRC (Revised in 2019) (《中華人民共和國商標法(2019年修正)》) which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019 respectively and by the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office of the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) (the "**SAMR**") handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record.

Regulations on Labor Protection

Labor Law and Labor Contract Law: Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), last amended and effective on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), last amended on December 28, 2012 and effective on July 1, 2013 and the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), effective on September 18, 2008, an employer unit shall establish and improve its rules and regulations to ensure workers enjoy labor rights and perform labor obligations. A written labor contract is required when an employment relationship is established between an employer and an employee.

Social Insurance and Housing Provident Fund: The Law on Social Insurance (《中華人民共和國社會保險法》), which was promulgated on 28 October 2010 and came into effect on 1 July 2011, and was amended on 29 December 2018 regulates that all employees are required to participate in basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, which must be contributed by both the employers and the employees. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times of the overdue amount. The Supreme People's Court Interpretation No. 2 on Several Issues Concerning the Application of Law in Labour Dispute Cases (the "Interpretation No. 2") came into effect on September 1, 2025. Article 19 of the Interpretation No. 2 stipulates that if an employer and employee agree, or if an employee commits to the employer that the employer is not required to contribute to social insurance for the employee, the people's courts shall deem such an agreement or commitment invalid. If the employer fails to make social insurance contributions pursuant to applicable PRC laws and regulations, and the employee requests to terminate the labor contract and seeks economic compensation from the employer in accordance with Article 38(3) of the Labor Contract Law, the people's courts shall support this request. The Supreme People's Court's interpretation aligns with the regulatory requirements set forth in Articles 26, 38 and 46 of the Labor Contract Law, which took effect on July 1, 2013. Interpretation No. 2 explicitly requires all people's courts nationwide to support employees' requests to terminate their labor contracts and receive economic compensation when employers fail to make mandatory social insurance contributions, this ensures that employees can terminate their labor contracts and seek economic compensation through legal proceedings. In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated by the State Council in 1999 and amended in 2002 and 2019, employers must register at the designated administrative centers and open bank accounts for depositing employee's housing provident funds. Employer and employee are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

Regulations on Foreign Investment in the PRC

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), effective on January 1, 2020. According to the Foreign Investment Law of the PRC, "foreign-invested enterprises" refers to enterprises wholly or partly invested by foreign investors and registered under the PRC laws within China, and "foreign investment" refers to any foreign investor's direct or indirect investment activities in China, including: (i) establishing foreign-invested enterprises in China either individually or jointly with other investors; (ii) obtaining stock shares, equity shares, shares in properties or other similar interests of Chinese domestic enterprises; (iii) investing in new projects in China individually or jointly with other investors; and (iv) investing through other methods provided by laws, administrative regulations or provisions prescribed by the State Council. On December 26, 2019, the State Council issued Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Rules**") which came into effect on January 1, 2020. According to the Implementation Rules, in the event of any discrepancy between the Foreign Investment Law, the Implementation Rules and the relevant provisions on foreign investment promulgated prior to January 1, 2020, the Foreign Investment Law and the Implementation Rules shall prevail. Our PRC Subsidiaries operate in the industry that is categorized as computer, communications, and other electronic equipment manufacturing according to the National Economic Industry Classification, and primarily develop and manufacture optical transceivers, optical chips, and optical network terminals. Our PRC Legal Advisor has confirmed that these industry and business activities are not included in the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單) (2024年版)》), which was jointly issued by the National Development and Reform Commission and the Ministry of Commerce, or the MOFCOM, on September 6, 2024. Therefore, our Company's foreign investment in its PRC Subsidiaries is not prohibited or restricted in this regard.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation, or the SAMR, jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), effective on January 1, 2020, and replacing the Interim Measures for the Administration of Record-filing of the Establishment and Changes in Foreign-Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). Our PRC Legal Advisor has advised that Qingdao Broadband and Guangdong Broadband completed their respective foreign investment information reporting obligations in all material respects during the Track Record Period and up to the Latest Practicable Date.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, providing for security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the "**Office of the Working Mechanism**") will be established under the NDRC to lead the task together with the MOFCOM. Foreign investor or relevant parties in

China must declare security review to the Office of the Working Mechanism prior to (i) investments in the military industry, military industrial supporting and other fields relating to security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. Control exists when the foreign investor (i) holds over 50% equity interests in the target, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target even when it holds less than 50% equity interests in the target, or (iii) has material impact on target's business decisions, human resources, accounting and technology. As confirmed by our PRC Legal Advisor, we are not subject to foreign investment security review because (i) the industry in which our PRC Subsidiaries operate and the business they conduct do not fall under the categories requiring proactive security review declarations; and (ii) our PRC Subsidiaries had not been required by, nor had they received any notification from, relevant authorities to declare a security review during the Track Record Period and up to the Latest Practicable Date.

Regulations on Overseas Investment

On May 5, 2026, the State Council promulgated the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》) (the "Outbound Investment Provisions"), which came into effect on July 1, 2026. Pursuant to the Outbound Investment Provisions, outbound investment refers to activities whereby investors within the PRC, including enterprises, other organizations and resident individuals, directly or indirectly acquire ownership, control, operation and management rights or other relevant interests in enterprises or assets in other countries or regions by contributing assets or equity interests or providing financing or guarantees. Investors shall, where applicable, complete the relevant approval or record-filing, information reporting and cross-border funds registration procedures, and shall not export or use goods, technologies, services or relevant data prohibited from export, or restricted from export without the requisite approval. Outbound investments that affect or may affect national security are subject to security review by the NDRC, the MOFCOM and other relevant authorities. Investors and their overseas invested enterprises shall also establish appropriate governance, compliance, internal control, production safety and emergency response systems. Non-compliance may result in orders to rectify or cease the relevant investment activities, disposal of shares or assets, confiscation of illegal gains, fines, revocation of approval or record-filing documents, or temporary restrictions on conducting outbound investment activities.

The Measures for Overseas Investment Management (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, amended on September 6, 2014 and effective on October 6, 2014. Overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration. The Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. Overseas investment there means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment projects, reporting relevant information and cooperating with the supervision and inspection. According to (i) the Foreign Exchange Administration Rules on Outbound Direct Investment of the PRC Organizations (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and became effective on August 1, 2009 and (ii) the Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and became effective on June 1, 2015, which was partially abolished by the SAFE, a PRC enterprise which has completed the approval or filing procedures at the outbound investment regulatory authorities shall make the registration with SAFE through its designated banks in connection with its outbound direct investment and obtain a corresponding SAFE registration certificate. With the approval or filing certificate issued by the outbound investment regulatory authorities and the SAFE registration certificate, the PRC enterprise can remit funds outside the PRC through the designated banks for the purpose of outbound direct investment. In the event of changes to certain basic information of the offshore company registered at SAFE's system, the PRC enterprise shall make the alteration registration with SAFE through its designated banks.

Regulations on Data Security

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was issued by the NPCSC on June 10, 2021 and came into effect on September 1, 2021, any organization or individual that conducts data processing activities shall comply with laws and regulations, respect social morality and ethics, uphold business ethics and professional ethics, be honest and trustworthy, fulfill data security protection obligations, and assume social responsibilities, and shall not endanger national security or public interests, or harm the legitimate rights and interests of individuals or organizations. Any organization or individual collecting data shall do so in a lawful and legitimate manner, and shall not steal or obtain data in other illegal means.

According to the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021, and effective on September 1, 2021, critical information infrastructure means network facilities and information systems in important industries and fields. The Regulations emphasize that no individual or organization may engage in any activity of illegally hacking into, interfering with, or damaging any critical information infrastructure or endanger the critical information infrastructure security. Competent authorities shall, in accordance with identification rules, be responsible for organizing the identification of critical information infrastructure of respective industries and fields, notify the operators concerned of the identification results in a timely manner, and report the same to the public security department under the State Council. We have not been notified that we are recognized by any competent authority or regulatory authority as a critical information infrastructure operator.

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Measures**"), which was jointly issued by the CAC, the National Development and Reform Commission, the MIIT, and ten other PRC regulatory authorities on December 28, 2021 and came into effect on February 15, 2022, any procurement of network products and services by critical information infrastructure operators or any data processing activities by network platform operators, that affect or may affect national security, shall be subject to cybersecurity review. Any network platforms operators in possession of the personal information of more than one million users that is going to be listed abroad shall file for cybersecurity review with the Cybersecurity Review Office.

Our PRC Legal Advisor has advised that we are not obliged to apply for a cybersecurity review under the Measures for Cybersecurity Review because: (i) our PRC Subsidiaries are not critical information infrastructure operators defined by the Regulations on Protecting the Security of Critical Information Infrastructure; (ii) we have not received notifications from relevant authorities recognizing us as a critical information infrastructure operator; and the data we process has not been identified as core data or important data by PRC authorities; (iii) we are not a network platform operator; and (iv) we had not received inquiries, notifications, warnings or penalties from relevant authorities regarding cybersecurity reviews during the Track Record Period and up to the Latest Practicable Date.

Pursuant to the Measures for Security Assessment Measures for Cross-border Data Transfers (《數據出境安全評估辦法》) issued by CAC on July 7, 2022 and came into effect as of September 1, 2022, a PRC data processor is required to apply for a security assessment for cross-border data transfers before providing data overseas under certain circumstances, including where (i) critical data is provided abroad; (ii) a key information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals has been cumulatively provided abroad since January 1 of the preceding year; or (iv) other circumstances as prescribed by the CAC.

According to the Regulations on Promoting and Regulating Cross-Border Data Transfer (《促進和規範數據跨境流動規定》) issued by the CAC and became effective on March 22, 2024, data processors other than operators of critical information infrastructure who provide important data overseas or to who have provided personal information (excluding sensitive personal information) of more than one million people or sensitive personal information of more than 10,000 people cumulatively since January 1 of that year should declare security assessment for cross-border data transfers, except for those specified in Articles 3, 4, 5, and 6 of the regulations. According to the relevant provisions of Articles 2 and 3 of the regulations, data collected and generated in activities such as international trade and provided overseas, excluding personal information or important data, are exempt from the requirement of declaring security assessment for cross-border data transfers, establishing the standard contract for cross-border transfer of personal information, and obtaining personal information protection certification. Additionally, if such data has not been notified or publicly disclosed by relevant departments or regions as important data, data processors do not need to declare security assessment for cross-border data transfers. In case of any inconsistency between the Regulations and other regulations such as the Measures for Security Assessment Measures for Cross-border Data Transfers (《數據出境安全評估辦法》) issued on July 7, 2022, the Regulations shall prevail.

On December 8, 2022, the MIIT promulgated the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), which took effect on January 1, 2023. These Measures apply to data processing activities in the industry and information technology sector within the PRC and impose data security compliance obligations on data processors, including the establishment of data security management systems and compliance with filing and management requirements for important and core data.

Regulations on Foreign Exchange

Under the PRC Foreign Exchange Administration Rules (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange (the "**SAFE**"), and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans, and repatriation of investment, requires the prior approval from SAFE or its local office.

On March 30, 2015, the SAFE promulgated the Notice on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which came into effect on June 1, 2015 and was last amended on March 23, 2023. According to Circular 19, the foreign exchange capital of FIEs shall be subject to the discretional foreign exchange settlement (the "**Discretional Foreign Exchange Settlement**") and its proportion is temporarily determined as 100%. Furthermore, Circular 19 stipulates that the use of capital by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for certain purposes as prescribed in the Circular 19. The Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which was promulgated by the SAFE on June 9, 2016 and was revised on December 4, 2023, unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions.

Regulations on Taxation

Enterprise Income Tax: According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the Corporate Income Tax Law, last amended and became effective on December 29, 2018, and the Implementation Regulations for the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Regulations for the Corporate Income Tax Law, last amended on December 6, 2024, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%, except for the high-tech enterprises provided by the state, which will be subject to enterprise income tax at the reduced rate of 15%, or the qualified small low-profit enterprises, which will enjoy the reduced enterprise income tax rate of 20%. Enterprises that are recognized as High and New Technology Enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science on April 14, 2008 and amended on January 1, 2016, the Ministry of Finance of the PRC (中華人民共和國財政部) and the SAT are entitled to enjoy a preferential corporate income tax rate of 15%. The validity period of the High and New Technology Enterprise qualification is three years from the date of issuance of the certificate. An enterprise can re-apply for recognition as a High and New Technology Enterprise before or after the previous certificate expires.

Value-added Tax: Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), both came into effect on January 1, 2026 entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay value added tax ("**VAT**") in accordance with this Law. Taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods are subject to a tax rate of 13% unless otherwise specified in the aforesaid regulations.

Dividend Withholding Tax: The Corporate Income Tax Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors which do not have an establishment or place of business in the PRC, or which have an establishment or place of business that is not effectively connected with the relevant income, to the extent such dividends are derived from sources within the PRC. Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise self-assesses that it satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), or the SAT Circular 81, issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties (《關於稅收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the SAT and took effect on April 1, 2018, when determining the applicant's status as a "beneficial owner" with respect to the tax treatment of dividends, interest or royalties under certain tax treaties, several factors, including whether the applicant is obligated to pay more than 50% of his or her income over a twelve-month period to residents of a third country or region, whether the business operated by the applicant constitutes actual business activities; and whether the counterparty country or region to the tax treaty does not levy any tax, exempts the relevant income from tax or levies tax at an extremely low rate, will be taken into account and be analyzed according to the actual circumstances of specific cases. The Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Treaties (《關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》), which was issued on October 14, 2019 and took effect on January 1, 2020, provides that applicant who intend to prove his or her "beneficial owner" status shall gather and retain relevant documents, and shall submit the relevant documents to the competent tax bureau upon post-request by such tax bureau.

PRC Resident Enterprise for Enterprise Income Tax Purposes: Under the EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, an enterprise established outside Chinese mainland whose "de facto management body" is located in China is considered a "resident enterprise in Chinese mainland" and will generally be subject to the uniform 25% EIT rate, on its global income. Under the implementation rules of the EIT Law, "de facto management body" is the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise. On April 22, 2009, the SAT released the Circular 82 that sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within China. Further to Circular 82, on July 27, 2011, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) ("**SAT Bulletin 45**"), to provide more guidance on the implementation of Circular 82; the bulletin became effective on September 1, 2011 and most recently amended on June 15, 2018. SAT Bulletin 45 clarified certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures. Under Circular 82, a foreign enterprise controlled by a mainland Chinese enterprise or mainland Chinese enterprise group is considered a mainland Chinese resident enterprise if all the following apply: (i) senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. If the PRC tax authorities determine that one company or any of its subsidiaries outside of China to be a PRC resident enterprise for enterprise income tax purposes, it would be subject to a 25% enterprise income tax on its global income, in according to the Circular 82 and SAT Bulletin 45.

Regulations on the Management of Leasing

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. The relevant parties may entrust others in writing to complete the house leasing registration and filing. If the relevant parties fail to make registration, they may be ordered to make corrections within a specified time limit by the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county. And if such company fails to make corrections, a fine not less than RMB1,000 and not more than RMB10,000 will be imposed on each lease agreement.

Regulations on Merger and Acquisition

On August 8, 2006, the Ministry of Commerce together with other organizations of the PRC promulgated the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Provisions**"), which became effective on September 8, 2006 and revised on June 22, 2009. Pursuant to the M&A Provisions, merger and acquisition of domestic enterprises by foreign investors shall mean acquisition of equity of shareholders of non-foreign investment enterprises in China ("**domestic companies**") or subscription to additional capital of domestic companies by foreign investors to convert such domestic companies into foreign investment enterprises ("**equity acquisition**"); or incorporation of foreign investment enterprises by foreign investors to acquire and operate assets of domestic enterprises by such foreign investment enterprises by agreement, or acquisition of assets of domestic enterprises by foreign investors by agreement and investment of such assets to establish foreign investment enterprises for operation of such assets ("**assets acquisition**").

Merger and acquisition of domestic enterprises by foreign investors for incorporation of foreign investment enterprises shall be subject to approval by the examination and approval authorities pursuant to the M&A Provisions and change registration or incorporation registration formalities shall be completed with the registration administration authorities. Examination and approval authorities shall mean the Ministry of Commerce of the PRC or the provincial commerce administration authorities; the registration administration authorities shall mean the State Administration for Industry and Commerce of the PRC or the local administration for industry and commerce authorized by the State Administration for Industry and Commerce; the foreign exchange control authorities shall mean the State Administration of Foreign Exchange of the PRC or its branches. And in the case of equity acquisition or assets acquisition by a foreign investor, the investor shall submit specific documents to the examination and approval authorities.

In addition, the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) issued by the MOFCOM that became effective in September 2011 specifies that the merger and acquisition of domestic enterprises by foreign investors falls within the scope of security review on mergers and acquisitions specified in the Notice of the General Office of State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "**Notice**"), the foreign investor shall submit an application for security review on mergers and acquisitions to the Ministry of Commerce. And for mergers and acquisitions of domestic enterprises by foreign investors, the merger and acquisition transactions shall be analyzed based on their substantial contents and actual impact to determine whether they fall within the scope of security review on mergers and acquisitions; foreign investors shall not substantially avoid security review on mergers and acquisitions in any way, including but not limited to holding shares on behalf of others, trust, re-investment at multiple levels, lease, loan, control through agreement, overseas transactions, etc. Besides, the scope of security review for mergers and acquisitions according to the Notice shall be: mergers and acquisitions of domestic enterprises and supporting enterprises involved in the military industry, enterprises located near key and sensitive military facilities, and other units related to national defense and security by foreign investors; mergers and acquisitions of domestic enterprises involved in key agricultural products, key energy and resources, vital infrastructure, important transportation services, core technologies, significant equipment manufacturing, etc which are related to national security by foreign investors, in which the actual controlling rights of the enterprises may be obtained by foreign investors.

Regulations on Overseas Listing

The Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), or the Overseas Listing Trial Measures and relevant five guidelines were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023. The Overseas Listing Trial Measures has comprehensively improved and reformed the previous regulatory regime for overseas offering and listing of shares of PRC domestic companies and it regulates both direct and indirect overseas offering and listing of shares of PRC domestic companies by adopting a filing-based regulatory regime.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and market securities in overseas markets, directly or indirectly, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas offering and listing of shares is explicitly prohibited where:

(i) such offering and listing of shares is explicitly prohibited by PRC laws and regulations, (ii) the proposed offering and listing of shares has been reviewed by competent authorities under the State Council in accordance with law and is determined such proposed offering and listing of shares will endanger national security, (iii) the domestic company which proposed to offer and list its shares overseas, or its controlling shareholder(s) and the actual controller of the company, have committed crimes in relation to corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (iv) the domestic company which proposed to offer and list its shares overseas is currently under investigations due to suspected crimes or major violations of laws and regulations, and no conclusion has yet been made thereof, or (v) there are material ownership disputes over the shares held by controlling shareholder(s) or controlled by the controlling shareholder(s) and/or actual controller of the domestic company. The proposed overseas offering and listing of shares of domestic unlisted companies shall be in strict compliance with laws and regulations on national security in respect of foreign investment, cybersecurity, data security etc., and duly fulfill their obligations to protect national security. If national security review is triggered by the proposed overseas offering and listing of share of the company, the application for such offering and listing of shares shall not be submitted to the overseas security regulatory authorities or oversea stock exchange prior to the completion of the national security review in accordance with PRC laws and regulations. The Overseas Listing Trial Measures further provides that the domestic companies that seek to offer and market securities in overseas markets shall file the application for the overseas initial public listing and offering of shares with the CSRC within three business days after the application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control, or voluntary or forced delisting of the issuer who have completed overseas offerings and listings. Where a domestic company fails to fulfill filing procedure or in violation of the provisions as stipulated above, in respect of its overseas offering and listing, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine ranging from RMB1,000,000 to RMB10,000,000. Also, the directly liable persons and actual controllers of the domestic company that organize or instruct the aforementioned violations shall be warned and/or imposed fines.

On February 24, 2023, the CSRC and other PRC authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which became effective on March 31, 2023. The rules require PRC domestic enterprises to complete approval and filing procedures before providing or publicly disclosing materials involving state secrets or working secrets to overseas parties in connection with overseas listings, require accounting archives to be handled in accordance with PRC regulations, and require working papers formed within the PRC by intermediaries to be kept within the PRC unless outbound transfer approvals are obtained.

LAWS AND REGULATIONS IN THE U.S.

Laws and Regulations Concerning International Trade

Importation of goods into the customs territory of the United States is principally governed by the Tariff Act of 1930, as amended, the Customs Modernization Act of 1993, and regulations administered by U.S. Customs and Border Protection ("**CBP**"). Under these laws, U.S. importers are responsible for determining the proper valuation, classification, and duty rates applicable to imported merchandise, and must exercise "reasonable care" when providing CBP with the information and documentation necessary to assess duties, collect import statistics, and determine compliance with applicable import laws. Civil penalties may be imposed for false or misleading statements made in connection with the entry of goods. When assessing penalties, CBP evaluates the importer's level of culpability, with violations categorized as negligence, gross negligence, or fraud. Negligence involves a failure to exercise reasonable care to ensure the accuracy and completeness of information submitted or to perform required acts. Gross negligence and fraud involve more serious misconduct, including actual knowledge, willful disregard, or intentional acts, and are subject to higher statutory penalties when they affect the assessment of duties.

The United States also imposes a range of tariffs on imported goods. Although Congress has constitutional authority over tariffs, various statutes authorize the President to impose tariffs under specified conditions. Several federal agencies play key roles in trade regulation, including CBP, the U.S. International Trade Commission ("ITC"), and the Office of the U.S. Trade Representative ("USTR"). CBP collects tariffs during customs clearance. The ITC administers certain U.S. trade remedy laws and conducts investigations, including those under Section 337 of the Tariff Act of 1930 involving unfair trade practices and under Section 201 of the Trade Act of 1974 involving import surges that cause serious injury to U.S. industries. The USTR may take action under Section 301 of the Trade Act of 1974, including imposing tariffs or other import restrictions, where it determines after investigation that a foreign government has engaged in unfair trade practices. For example, following a Section 301 investigation in 2018, the United States imposed tariffs on certain imported goods originating from China. Section 301 tariffs are assessed in addition to any other duties that may apply, including anti-dumping duties, countervailing duties, and tariffs imposed under Section 232 of the Trade Expansion Act of 1962 on aluminum and steel.

Intellectual Property Law

The United States has both federal and state laws that govern intellectual property rights. Some intellectual property rights are governed exclusively by federal law, while others are governed by both federal and state laws. Copyrights and patents are exclusively federal rights. A copyright protects original works fixed in a tangible medium of expression and applies only to the expression of an idea, not the idea itself. U.S. copyright law is governed by the Copyright Act of 1976, codified at 17 U.S.C. § 101 et seq. Patents provide the owner with the right to exclude others from making, using, selling, or importing a claimed invention in the United States. A patent is obtained through an application filed with the U.S. Patent and Trademark Office (USPTO), which evaluates whether the claimed invention is useful and novel and meets the requirements of the Patent Act, codified at 35 U.S.C. § 1 et seq. Patent owners may bring infringement actions in federal court or, in cases involving the importation of infringing products, before the International Trade Commission, and may seek injunctive relief, monetary damages, and, in exceptional cases, enhanced damages and attorneys' fees.

Other intellectual property rights, including trademarks and service marks, are governed by both federal and state law. U.S. trademarks and service marks generally must (i) be different from prior marks, (ii) not be generic, and (iii) not be descriptive. U.S. federal trademark law is governed by the Lanham Act, codified at 15 U.S.C. § 1051 et seq. The USPTO is responsible for examining trademark and service mark applications and either granting or rejecting applications to register marks. Once granted, a trademark or service mark provides its owner with nationwide exclusivity within one or more particular fields of use. State law is an alternative basis for trademark and service mark rights, either under specific state laws or under common law. States generally provide common law rights in trademarks and service marks upon their first use in commerce, without requiring registration.

U.S.-Based Data Privacy Regulations

The U.S. federal government, states and governmental agencies have adopted or are considering adopting laws, regulations, and standards regarding the collection, use, retention, security, disclosure, transfer, and other processing of sensitive and personal information. In addition, certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international, or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, in 2018, California enacted the California Consumer Privacy Act, which came into effect on January 1, 2020, and has since been amended by the California Privacy Rights Act which came into effect on January 1, 2023 (collectively, the "**CCPA**"). The CCPA grants privacy rights to California residents and imposes obligations on entities handling personal information. Additionally, the CCPA's expansion under the California Privacy Rights Act, including the establishment of the California Privacy Protection Agency to administer and enforce the CCPA alongside the California Attorney General, may require us to incur additional costs and expenses, and potentially change our business practices, in an effort to comply.

U.S. Environmental Protection Laws and Regulations

The Clean Air Act regulates air emissions from stationary and mobile sources and authorizes the Environmental Protection Agency (EPA) to set national air quality standards. It also establishes requirements for hazardous air pollutants, including technology-based standards such as Maximum Achievable Control Technology for major sources, and periodic EPA review to determine whether additional controls are necessary. These requirements may obligate facilities to obtain air permits, meet emission limits, and implement controls to reduce air pollution. The Clean Water Act governs the discharge of pollutants into U.S. waters. It authorizes the EPA to establish wastewater and water quality standards and prohibits the discharge of pollutants from point sources without a permit under the National Pollutant Discharge Elimination System. Facilities that discharge wastewater or stormwater directly into surface waters may be required to obtain and comply with these permits, which typically impose discharge limits, monitoring, sampling, and reporting obligations. The Resource Conservation and Recovery Act (RCRA) establishes a "cradle-to-grave" regulatory program for the management of hazardous waste, including requirements governing its generation, storage, transportation, treatment, and disposal. RCRA also regulates certain non-hazardous solid waste and underground storage tanks containing petroleum or hazardous substances. These requirements may impose obligations relating to waste handling, accumulation, labeling, recordkeeping, and corrective actions for releases. The Emergency Planning and Community Right-to-Know Act requires facilities to provide information regarding the storage, use, and releases of certain hazardous chemicals to federal, state, and local agencies. This reporting framework is intended to support emergency planning and public access to chemical information, and may require annual submissions regarding chemical inventories or releases. The Occupational Safety and Health Act of 1970 (OSH Act) requires employers to provide workplaces free from recognized hazards that could cause death or serious injury. The Occupational Safety and Health Administration (OSHA) establishes and enforces workplace safety and health standards and administers inspection, training, and hazard-communication requirements intended to reduce injuries and illnesses.

At the state level, our facility in New Jersey is subject to regulation by the New Jersey Department of Environmental Protection. New Jersey's air permitting program under N.J.A.C. 7:27 imposes preconstruction and operating permit requirements for emissions sources and may require monitoring, recordkeeping, and reporting to demonstrate continued compliance with emission limits and control requirements. The New Jersey Pollutant Discharge Elimination System under N.J.A.C. 7:14A governs discharges to state waters and land, requiring permits with discharge limits, sampling, and reporting obligations. New Jersey also regulates the management of solid and hazardous waste under N.J.A.C. 7:26, which sets standards for the handling, storage, transport, treatment, and disposal of such materials, including manifesting and other tracking requirements.

LAWS AND REGULATIONS IN THAILAND

Laws and Regulations Relating to Foreign Ownership and Investment Promotion

Under the FBA, foreigners (including companies with 50% or more foreign shareholding) are prohibited from operating certain restricted businesses in Thailand unless they obtain a Foreign Business License from the Department of Business Development or meet applicable exemptions under the FBA including by obtaining privilege under other laws, such as the Investment Promotion Act. The Investment Promotion Act B.E. 2520 (1977) provides the legal framework for investment promotion, offering tax incentives (corporate income tax exemptions, import duty exemptions) and non-tax incentives (foreign ownership rights, land ownership rights, relaxed foreign labor regulations). The Thailand Board of Investment administers these incentives. Under the Land Code, foreigners (including companies with foreign shareholding exceeding 49% of capital or where foreign shareholders constitute more than half of total shareholders) are prohibited from owning land in Thailand. However, exceptions are available under the Investment Promotion Act.

Laws and Regulations Relating to Land and Building

The Land Code governs land ownership and possession, including management, categorization, issuance of title documents, and registration of land rights. It also establishes restrictions on foreign ownership of land in Thailand. Freehold land is transferable, mortgageable, and disposable. Various rights may be formed over land (encumbrances, liens, servitudes, superficies, mortgages). Transactions relating to land and immovable property (except leases of less than three years) must be registered with the competent land office. Under the Expropriation and Acquisition of Immovable Properties Act B.E. 2562 (2019), the Thai Government may expropriate land and buildings for public purposes. Expropriation requires a Royal Decree specifying the purpose, period, land boundaries, and expropriation officer. Owners of expropriated land are entitled to compensation for damages incurred. The Building Control Act B.E. 2522 (1979) ("**BCA**") governs building construction, covering architecture, stability, safety, and environmental concerns. In areas subject to the BCA, building owners must obtain a construction permit from the local government office. Local administrative agencies may have additional construction rules. Controlled buildings (commercial buildings, office buildings exceeding 300 sqm, and factories) must obtain a certificate prior to use. Changes in building use require a separate permit. The Town Planning Act B.E. 2518 (1975) and the Town Planning Act B.E. 2562 (2019) ("**TPA**") regulate land utilization through master city plans published in ministerial regulations. The plans zone land into various categories and impose restrictions on land use, including prohibitions on certain building types in specific zones. The TPA works in conjunction with the Factory Act-factories must comply with both Factory Act requirements and applicable zoning regulations under the city plan.

Laws and Regulations Related to Environmental Protection

The licensing, construction, and operation of factories in Thailand are subject to certain environmental protection laws and regulations, particularly concerning a factory's location and its impact on the surrounding environment. The issuance and continued validity of factory licenses under the Factory Act B.E. 2535 (1992) ("**Factory Act**") are contingent on compliance with applicable zoning laws, such as the TPA, and the BCA, including ministerial regulations in force at the time of construction. For the Group's factories located in Nonthaburi province in Thailand, Ministerial Regulation No. 46 (B.E. 2540 (1997)), issued under the BCA, is particularly relevant. Under this ministerial regulation, only factories that operate without causing a nuisance within the meaning of Section 25 of the Public Health Act B.E. 2535 (1992) ("**PHA**") or causing pollution to the community or environments, are permitted to be constructed in the areas where the Group's factories are currently situated. For these purposes, nuisance or pollution include any action that generates odor, light, noise, heat, vibration, dust, or other impacts to an extent that causes degradation or may be hazardous to health. If competent authorities determine that a factory's operations cause such a nuisance or pollution, it could constitute grounds for the revocation of its factory license.

Laws and Regulations Related to Business License

Under Thai law, the Factory Act governs factories in Thailand. A "factory" is defined as any building, premises, or vehicle utilizing machinery with a total capacity of 50 horsepower or more, or employing 50 or more workers with or without machinery to operate a business. The Department of Industrial Works under the Ministry of Industry ("**DIW**") is the governmental authority responsible for supervising compliance with the Factory Act and related regulations. Critically, factory location must comply with zoning requirements under the TPA. If a factory is situated in an area not zoned for industrial use, the DIW and/or the administrative court may revoke the factory license, even if previously issued, subject to procedural due process under Thai law. Pursuant to the PHA and the Ministry of Public Health Notification on Health-Hazardous Businesses B.E. 2558 (as amended), and relevant local regulations, businesses involved in the manufacturing of electronics appliances and parts are classified as businesses detrimental to health and are prohibited unless a license from the competent local authority is obtained. The license for operating a business detrimental to health is valid for one year from the issuance date and may be renewed prior to its expiration. The Personal Data Protection Act B.E. 2562 (2019) ("**PDPA**") is the primary legislation governing the collection, use, and disclosure of personal data in Thailand and applies to data controllers and processors in Thailand, regardless of where the data processing takes place. Under the PDPA, personal data may only be collected, used, or disclosed with the data subject's consent, unless otherwise permitted by law. Data controllers and processors must comply with obligations under the PDPA such as data security and record-keeping. Data subjects are also afforded rights under the PDPA such as to access or delete their personal data. Non-compliance may result in civil, criminal, and administrative penalties.

Laws and Regulations Related to the Repatriation of Capital and Remittance of Profits

Under the Civil and Commercial Code ("**CCC**"), the registered capital of a limited company can be reduced and returned to shareholders with approval from a shareholders' meeting by the required vote. The company must publish notice of capital reduction in a local newspaper, notify creditors, and allow 30 days for objections. If objections arise, the company must settle the debts or provide security before capital reduction. A limited company may be dissolved by a shareholders' resolution passed by required votes, or by other grounds under the

CCC. Upon dissolution, a liquidator must be appointed to distribute the company's assets. Under the CCC, dividends can only be paid out of the profits of a company, and after legal reserve of no less than 5% of the profits is set aside until the legal reserve of the company reaches 10% of the company's registered capital. Foreign exchange transactions are supervised by the Bank of Thailand (the "**BOT**") under the Exchange Control Act B.E. 2485 (1942) and must be conducted through authorized agents, such as commercial banks. Outward remittance of dividends, capital return, or liquidation proceeds to shareholders outside Thailand does not require specific BOT approval. However, the Thai company (or the liquidator) may need to submit supporting documents to the authorized agent of the BOT evidencing the underlying transaction. The documentation requirements may be waived if the remittance is below USD200,000 (or equivalent) or if the company passed the Know-Your-Business process. On withholding tax, typically there will be 15%, and 10% rate deducted from the repatriation of reduced capital or capital return and dividends to shareholders outside Thailand respectively, subject to any applicable double taxation treaty for reduced rate, if any.

LAWS AND REGULATIONS IN HONG KONG

As our Group carries out business in Hong Kong, we are subject to the profits tax regime under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("**IRO**"). The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. The standard profits tax rate for corporations is 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

U.S. TRADE RELATED REGULATIONS

Regulations on Outbound Investments

On August 9, 2023, the U.S. government issued an executive order and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking providing a conceptual framework for U.S. outbound investment controls focused on China, including Hong Kong and Macau. To implement the executive order, on October 28, 2024, Treasury issued a final rule on the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rule**"). The Outbound Investment Rule took effect on January 2, 2025.

The Outbound Investment Rule targets investments by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau. The Outbound Investment Rule imposes investment prohibitions and notification requirements on "covered transactions" by U.S. persons (including U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, branches of U.S. entities outside the United States, and any person in the United States) or their non-U.S. person subsidiaries in "covered foreign persons," broadly covering companies engaged in certain covered activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. For example, covered activities under the Outbound Investment Rule concerning semiconductors and microelectronics include electronic design automation software; certain fabrication and advanced packaging tools; and the design, fabrication, or packaging of certain advanced integrated circuits. Covered transactions related to the design, fabrication, or packaging of integrated circuits that are not otherwise covered by the Outbound Investment Rule's prohibited transaction definition are subject to its notification requirement. Our U.S. counsel, based on its due diligence into our business, concluded that (a) our Group is not engaged in covered activities concerning semiconductors and electronics because our optical chips, by their nature, do not fall within the technologies described in the Outbound Investment Rule's covered transaction definitions, and (b) our Company is not a covered foreign person under the Outbound Investment Rule.

A "covered transaction" includes certain purchases of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund, involving covered foreign persons. A "covered foreign person" includes (i) a person of a country of concern that engages in a covered activity, and (ii) a person that directly or indirectly holds relevant interests (including a board seat, a voting or equity interest, or contractual power to direct or cause the direction of the management or policies) in persons of a country of concern engaged in covered activities that contributed, individually or in the aggregate, at least 50% of its consolidated revenue, net income, capital expenditures or operation expenses for the most recent year. We do not believe that we are a covered foreign person under the Outbound Investment Rule, because (a) our Company is not engaged in covered activities within the meaning of that rule, and (b) our Company does not hold relevant interests in persons engaged in covered activities meeting the financial metrics described in limb (ii) of the definition of "covered foreign person" above. The Outbound Investment Rule requires U.S. persons that are the parents of non-U.S. person entities to "take all reasonable steps to prohibit and prevent any transaction by" their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. person. The Outbound Investment Rule's notification requirements also apply to U.S. persons that are the parents of non-U.S. person entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person. In addition, the Outbound Investment Rule prohibits U.S. persons from knowingly directing a non-U.S. person to enter into a transaction that would be prohibited if entered into by a U.S. person.

The Outbound Investment Rule includes certain exceptions, which, if applicable, exclude from the Outbound Investment Rule's prohibitions and notification requirements transactions that would otherwise be either prohibited transactions or notifiable transactions if engaged in by a U.S. person. These exceptions include one applicable to certain U.S. person investments in publicly traded securities that are traded on a national stock exchange or the over-the-counter markets, provided that such U.S. persons are not afforded rights beyond standard minority shareholder protections with respect to the issuer. Following completion of the Global Offering, our Shares will be listed and authorized to be publicly traded on the Stock Exchange and therefore would be considered "publicly traded securities" under the Outbound Investment Rule. This means that a purchase of such "publicly traded securities" by a U.S. person or its non-U.S. person subsidiaries after the completion of the Global Offering would be eligible for the publicly traded securities exception, provided that such U.S. person or its non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections with respect to our Company. Failing to comply with the Outbound Investment Rule notification requirements or provide accurate and complete information in the filing under the Outbound Investment Rule may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years.

Regulations on Export Control

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls restrictions on China through the EAR, administered by the BIS, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. On September 29, 2025, the BIS issued an immediately effective interim final rule that extended Entity List and Military End-User List restrictions to entities that are 50% or more owned, directly or indirectly, by shareholders on those lists. Subsequently, it was reported that this rule would be suspended for one year following the China-U.S. trade negotiations on October 30, 2025. In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "**Commerce Control List**"). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, and transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number.

SANCTIONS LAWS AND REGULATIONS

United States: The OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC. OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions program against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations: The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes. The UNSC sanctions have taken different forms, in pursuit of a variety of goals. The measures range from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation. There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union: Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories: As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime-by-regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia: The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

OVERVIEW

We are an established optical communication and connectivity product provider that develops, manufactures and sells optical transceivers, optical chips and optical network terminals, serving customer in China and overseas. Our history traces back to the establishment of two of our key operating subsidiaries, Ligent Tech and Qingdao Broadband, in the 2000s. Ligent Tech was established by Hisense Group Co., Ltd. (海信集團有限公司) ("**Hisense Company**") and TransLight Limited (formerly known as Ligent International Inc.) ("**TransLight**") in 2002, while Qingdao Broadband was established by, amongst others, Hisense Group Holding and TransLight in 2003. Since inception, Ligent Tech and Qingdao Broadband have been engaged in operations across the optical communications sector with each leveraging its geographical advantages to drive synergistic growth in the global market. Dr. Huang Weiping, our founder and a director of Ligent Tech and Qingdao Broadband since the date of their establishment, led us in the entry of the global optical communication and connectivity market and accomplished multiple significant acquisitions.

Our Company was incorporated in the BVI with limited liability on February 20, 2009 and has been the holding company of the Group's operating subsidiaries, including Qingdao Broadband and Ligent Tech. On May 27, 2025, our Company was re-domiciled from the BVI to the Cayman Islands.

KEY BUSINESS MILESTONES

The following table sets out the key milestones in our business development:

Year	Event
Early 2000s . .	Our key operating subsidiaries Ligent Tech and Qingdao Broadband were established, marking our entry into the optical communication industry
2011	We expanded into data communication markets through the acquisition of data communication business of SAE Technologies Development (Dongguan) Co., Ltd. (東莞新科技術研究開發有限公司)
2012	We completed acquisition of LigentCom, an active optical component manufacturer in the United States, and attained the Fabry-Pérot and distributed feedback laser technologies, expanding our business to the optical chip market
	We achieved the number one global market share in optical transceivers for FTTx application
2013	We attained electro-absorption modulated laser and tunable laser technologies through an asset acquisition from Multiplex, Inc., a U.S. developer and manufacturer of opto-electronic components, strengthening our capabilities in optical chips

Year	Event
2017	We established our Silicon Valley R&D center in the United States
	Our FTTx optical transceivers were awarded the "single champion product in the manufacturing industry" (製造業單項冠軍產品) by the Ministry of Industry and Information Technology
2019	We marked our business footprint in Southeast Asia region by establishing our Thailand production facilities
2023	We ranked sixth amongst all optical transceiver manufacturers globally and fourth amongst all specialized optical transceiver manufacturers globally
2024	We formed Ligent Inc. which integrated our North American and Thailand operations
	We were named as a leading enterprise in the manufacturing industry (製造業單項冠軍企業) in 2024 by the Ministry of Industry and Information Technology of China
2025	We successfully raised approximately RMB1 billion to enhance our R&D capabilities and expand our production capacity for optical chips
2026	Our Singapore R&D centre commenced operations

OUR MAJOR SUBSIDIARIES

Details of the major subsidiaries of our Company which made a material contribution to our results of operation during the Track Record Period are set out below.

Name of subsidiary	Date and place of establishment	Attributable interest to our Group	Principal business activities
Ligent Tech	June 21, 2002 Delaware, U.S.	100%	R&D and sales of optical transceivers
Qingdao Broadband....	April 4, 2003 PRC	100%	R&D, manufacturing and sales of optical chips, optical transceivers, and optical network terminal products
Guangdong Broadband....	June 28, 2012 PRC	100%	R&D, manufacturing and sales of optical transceivers and optical network terminal products
LigentComm....	November 20, 2019 Thailand	99.9999976%	Manufacturing of optical transceivers and optical network terminal products
Xiamen Lianzhiguang ..	April 9, 2025 PRC	94.63%	R&D, production and sales of optical chips and optical device products
Qingdao Lianzhiguang ..	April 15, 2025 PRC	94.63%	R&D, production and sales of optical chips and optical device products

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(1) Establishment of Our Company

On February 20, 2009, our Company was incorporated in the BVI as a business company limited by shares with 13,446,601 authorized shares of US$1.00 par value each. Upon our incorporation, 10,231,517 ordinary shares were issued and fully paid up, of which 5,116,466 shares, 3,410,022 shares and 1,705,029 shares were issued to Hisense Group Holding, TransLight, and Hisense Company, respectively, representing 50.01%, 33.33% and 16.66% of the then issued share capital of the Company. In return as subscription consideration, TransLight transferred the entire equity interest in Qingdao Broadband to the Company. Simultaneously, Hisense Company transferred its 50% equity interest in Ligent Tech to the Company, whilst Hisense Group Holding transferred its remaining 50% equity interest in Ligent Tech and contributed standard definition set-top box digital TV system platform technology as technology-in-kind, in satisfaction of their respective subscription consideration. As a result, Ligent Tech and Qingdao Broadband have become wholly owned subsidiaries of our Company since our establishment.

(2) Investment by Global Optical and TransLight in July 2011

Pursuant to an investment agreement dated June 9, 2011 entered into by, among others, our Company and Global Optical Holdings Limited (全球光通控股有限公司) ("**Global Optical**"), Global Optical agreed to subscribe for, and our Company agreed to issue and allot, 2,632,879 ordinary shares for a consideration of US$20,000,000. Pursuant to a capital increase agreement dated June 21, 2011 entered into by, among others, our Company and TransLight, TransLight agreed to subscribe for, and our Company agreed to issue and allot, 300,000 ordinary shares for a consideration of US$2,280,000. See further in "— Pre-IPO Investments".

Upon completion of the investment and capital increase, 13,164,396 ordinary shares were issued and fully paid up, of which Hisense Group Holding held 5,116,466 shares (38.87%), TransLight held 3,710,022 shares (28.18%), Global Optical held 2,632,879 shares (20.00%), and Hisense Company held 1,705,029 shares (12.95%).

(3) Investment by Archcom LLC in November 2011

On November 14, 2011, our Company entered into a share purchase agreement with Archcom Delaware Holding LLC ("**Archcom LLC**") and LigentCom (as amended and supplemented by a subsequent agreement dated April 25, 2012), pursuant to which our Company agreed to issue and allot 1,880,628 ordinary shares to Archcom LLC and in return Archcom LLC agreed to transfer all of the issued and outstanding shares of common stock of LigentCom to our Company. Upon completion of the aforesaid transaction, LigentCom became our wholly owned subsidiary in July 2012. See further in "— Pre-IPO Investments".

LigentCom was principally engaged in manufacturing of opto-electronic components at the time of the acquisition. The consideration for the acquisition of LigentCom was determined based on arm's length negotiation among the parties after taking into account, among others, the then financial performance, business operation status and prospects of LigentCom and our Company.

Upon completion of the aforesaid transaction, 15,045,024 ordinary shares were issued and fully paid up, of which Hisense Group Holding held 5,116,466 shares (34.01%), TransLight held 3,710,022 shares (24.66%), Global Optical held 2,632,879 shares (17.50%), Archcom LLC held 1,880,628 shares (12.50%) and Hisense Company held 1,705,029 shares (11.33%).

(4) Establishment of Our Onshore Employee Shareholding Platform in November 2013 and Share Transfers between 2014 and 2024

On November 21, 2013, Bolangde was established as our onshore employee shareholding platform to facilitate the administration of the then existing employee incentive share purchase plan. Our employees may hold shares either directly as an individual Shareholder or indirectly via Bolangde. Simultaneously, the Company repurchased from Archcom LLC certain shares for purposes of grants to its then employees (including Dr. Tong Franklin Fuk Kay) pursuant to the then existing employee incentive share purchase plan, and the excess of such repurchased shares had been issued and allotted to Hisense Group Holding, TransLight and Global Optical on a pro-rata basis. Concurrently, as part of a strategic restructuring in November 2013, Hisense Company divested all ordinary shares held by it to Hisense Group Holding, exiting its shareholding position in the Company.

Between 2014 and 2024, the Company underwent various share transfers and repurchases which primarily involved Bolangde and our employees. Such transfers were made in connection with the operation of the abovementioned employee incentive share purchase plan, for example due to departure of the participating employees. Save for Dr. Huang Weiping, Dr. Hong Jin, Dr. Tong Franklin Fuk Kay (who had been a Shareholder between November 2013 and July 2014) and Dr. Zhang Hua, all individual Shareholders between 2014 and 2024 are Independent Third Parties who are our employees or former employees.

As of December 31, 2024, 15,045,024 ordinary shares were issued and fully paid up, of which Hisense Group Holding held 7,205,473 shares (47.89%), TransLight held 3,766,015 shares (25.03%), Global Optical held 2,672,615 shares (17.76%), Archcom LLC held 731,483 shares (4.86%), Bolangde held 566,621 shares (3.77%), certain individual shareholders collectively held 55,538 shares (0.37%) and 47,279 treasury shares (0.31%). Such individual Shareholders comprised Dr. Huang Weiping (our Director), Dr. Hong Jin (our Director), Dr. Zhang Hua (張華) (a director of our subsidiaries) and Mr. Jia Ning (賈寧) (our employee).

(5) Re-domiciliation

On May 27, 2025, our Company was re-domiciled from the BVI to the Cayman Islands.

(6) Establishment of Our Offshore Employee Shareholding Platform in July 2025

On July 17, 2025, Talents Holdings was established as our offshore employee shareholding platform. Our employees may hold shares of the Company indirectly either via Bolangde or Talents Holdings. In connection with the restructuring of our employee shareholding arrangements, the Company repurchased certain shares from Bolangde and the individual Shareholders, respectively, and issued and allotted such shares to Talents Holdings. Other than Dr. Hong Jin (our executive Director), Dr. Huang Weiping (our non-executive Director), Dr. Li David Dawei (a director of our subsidiaries), Mr. Tan Yi (a director of our subsidiaries) and Dr. Zhang Hua (a director of our subsidiaries), all of the shareholders of Talents Holdings are our employees who are Independent Third Parties. Upon completion of these transactions, there were no individual Shareholders directly holding any shares, and no treasury shares remained.

Following the aforementioned transactions, 15,045,024 ordinary shares were issued and fully paid up, of which Hisense Group Holding held 7,207,473 shares (47.91%), TransLight held 3,766,015 shares (25.03%), Global Optical held 2,672,615 shares (17.76%), Archcom LLC held 731,483 shares (4.86%), Bolangde held 532,919 shares (3.54%), and Talents Holdings held 134,519 shares (0.89%).

(7) Investment by Xiamen Entities and CKL in July 2025

On July 24, 2025, our Company entered into a share purchase agreement with, amongst others, Xiamen Guojuxiang Equity Investment Partnership Enterprise (Limited Partnership) (廈門國炬翔股權投資合夥企業(有限合夥)) ("**Xiamen Guojuxiang**"), Xiamen Advanced Manufacturing Equity Investment Fund Partnership Enterprise (Limited Partnership) (廈門先進製造業股權投資基金合夥企業(有限合夥)) ("**Xiamen Advanced Manufacturing Fund**"), and Xiamen TorchRunxin Technology Equity Investment Fund Partnership Enterprise (Limited Partnership) (廈門火炬潤信科技股權投資基金合夥企業(有限合夥)) ("**Xiamen TorchRunxin**") (together with Xiamen Guojuxiang and Xiamen Advanced Manufacturing Fund, collectively referred to as "**Xiamen Entities**"), pursuant to which Xiamen Guojuxiang, Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin agreed to subscribe for and our Company agreed to issue and allot, 212,210 ordinary shares, 209,051 ordinary shares, and 75,225 ordinary shares, respectively, for considerations of RMB141,050,000, RMB138,950,000, and RMB50,000,000, respectively. See further in "— Pre-IPO Investments".

On the same day, our Company entered into another share purchase agreement with, amongst others, CKL, pursuant to which CKL agreed to subscribe for and our Company agreed to issue and allot 677,026 ordinary shares for a consideration of US$62,861,453.36. See further in "— Pre-IPO Investments".

Upon completion of the share purchase agreements, 16,218,536 ordinary shares were issued and fully paid up, of which Hisense Group Holding held 7,207,473 shares (44.44%), TransLight held 3,766,015 shares (23.22%), Global Optical held 2,672,615 shares (16.48%), Archcom LLC held 731,483 shares (4.51%), CKL held 677,026 shares (4.17%), Bolangde held 532,919 shares (3.29%), Xiamen Entities held 496,486 shares (3.06%), and Talents Holdings held 134,519 shares (0.83%).

(8) Share Sub-division in August 2025

On August 11, 2025, our Shareholders resolved, among others, that each of the issued and unissued ordinary shares then of US$1.00 par value be subdivided into 50 ordinary shares of par value of US$0.02 each ("**Share Sub-division**"). Immediately following the Share Sub-division, the authorized share capital of our Company became US$20,000,000, divided into 1,000,000,000 ordinary shares of par value of US$0.02 each, and the issued share capital of our Company became US$16,218,536 divided into 810,926,800 ordinary shares of US$0.02 each. Immediately following the Share Subdivision, the shareholding structure of the Company was as follows: Hisense Group Holding held 360,373,650 shares (44.44%), TransLight held 188,300,750 shares (23.22%), Global Optical held 133,630,750 shares (16.48%), Archcom LLC held 36,574,150 shares (4.51%), CKL held 33,851,300 Shares (4.17%), Bolangde held 26,645,950 shares (3.29%), Xiamen Entities held 24,824,300 shares (3.06%), and Talents Holdings held 6,725,950 shares (0.83%).

On the same day, our Shareholders resolved to increase the authorized share capital from US$20,000,000 divided into 1,000,000,000 ordinary shares of par value of US$0.02 each to US$60,000,000 divided into 3,000,000,000 ordinary shares of par value of US$0.02 each.

MAJOR ACQUISITIONS, MERGERS AND DISPOSALS

Qingdao Optical Interconnection Disposal

Qingdao Broadband and Qingdao Gaoshi Industrial Investment Holding Co., Ltd. (青島高實產業投資控股有限公司) ("**Qingdao Gaoshi**") (an Independent Third Party) entered into a share transfer agreement dated January 26, 2025 (as amended and supplemented by a subsequent agreement dated June 20, 2025) (the "**Share Transfer Agreement**"), in respect of the sale of the entire equity interest held by Qingdao Broadband of Qingdao Optical Interconnection Technology Co., Ltd. (青島光互連技術有限公司) ("**Qingdao Optical Interconnection**"). Pursuant to the Share Transfer Agreement, Qingdao Broadband agreed to sell its entire equity interests in Qingdao Optical Interconnection to Qingdao Gaoshi, at a consideration of RMB700 million (the "**Qingdao Optical Interconnection Disposal**"). At the time of the Share Transfer Agreement, Qingdao Optical Interconnection was an investment holding company which held 50% equity interests in Qingdao Xinghang Photoelectric Technology Co., Ltd. (青島興航光電技術有限公司) ("**Qingdao Xinghang**"), while the remaining 50% equity interests in Qingdao Xinghang was held by Jonhon Optronic Technology Co., Ltd. (中航光電科技股份有限公司) (Shenzhen Stock Exchange: 002179) and an Independent Third Party. Qingdao Xinghang is a PRC-incorporated company primarily engaged in the R&D, manufacturing and sale of highly reliable opto-electronic products for special applications, along with the provision of technical support services for such products.

The Qingdao Optical Interconnection Disposal was a strategic decision by the Group to concentrate on our core business of optical transceivers, optical chips and optical terminal networks for general applications, and to optimise our investments by divesting product lines with specialized applications on which Qingdao Xinghang was focused. Qingdao Xinghang's opto-electronic products are differentiated from the Group's offerings in terms of product design, target markets, and operational approach. Qingdao Xinghang specialises in high-reliability products engineered for extreme conditions (e.g., a working temperature range of -40°C to 85°C) and bespoke applications with custom-designed form factors based on individual customer specifications (including form factor, optical interface and electrical interface) that exceed commercial-grade standards. By contrast, the Group focuses on optical transceivers, chips, and terminal network products designed for general commercial applications (e.g., a working temperature range of 0°C to 70°C), such as data centres, telecommunications networks, and enterprise connectivity. Qingdao Xinghang serves distinct customers in specialised sectors through more complex sales processes, whilst the Group operates through efficient commercial sales channels serving telecommunications and data communications customers with an emphasis on bandwidth expansion, cost competitiveness, and alignment with commercial market trends. Qingdao Xinghang's products are typically supplied in quantities of only tens to thousands of units per batch, reflecting the bespoke nature of its offerings. The Group's products are typically supplied in significantly larger quantities per batch, reflecting a fundamentally different economy of scale. Consequently, the two businesses demonstrate minimal overlap in customer base, distribution channels, and operational requirements, with Qingdao Xinghang requiring specialised expertise and resources that differ substantially from those needed for the Group's commercial operations.

The consideration was determined after arm's length negotiations between the parties with reference to the valuation of Qingdao Xinghang and Qingdao Optical Interconnection as of December 31, 2024 as appraised by an independent valuer.

The industrial and commercial registration of the share transfer underlying the Qingdao Optical Interconnection Disposal was completed on January 27, 2025. The transfer of shareholder rights and obligations, and accordingly completion of the Qingdao Optical Interconnection Disposal, occurred upon settlement of the consideration on June 30, 2025. Following the Qingdao Optical Interconnection Disposal, our Company has ceased to hold any equity interest in Qingdao Optical Interconnection or Qingdao Xinghang. The PRC Legal Advisor confirmed that the Qingdao Optical Interconnection Disposal was in compliance with the applicable PRC laws and regulations in all material aspects and was properly completed. For further information about Qingdao Optical Interconnection Disposal or the disposal of Qingdao Xinghang, see Note 16 to the Accountants' Report in Appendix I and the section headed "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Share of Profits of a Joint Venture and Gains on Disposal of a Joint Venture".

Qingdao Optical Interconnection and Qingdao Xinghang were solvent immediately before the Qingdao Optical Interconnection Disposal, and did not have any material non-compliance with relevant laws or regulations nor any material litigations during the Track Record Period and up to the date of completion of the Qingdao Optical Interconnection Disposal.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not conduct any acquisitions, mergers or disposals that we consider to be material to us.

PRE-IPO INVESTMENTS

Overview

We have received several rounds of Pre-IPO Investments since our incorporation, which are summarized as below:

Name of Pre-IPO Investor	Date of investment	Number of shares acquired	Date of settlement of consideration	Approximate total consideration	Cost per Share[(1)]	Discount to the Offer Price[(2)]	Shareholding in our Company upon Listing (assuming the Over-allotment Option is not exercised)
TransLight	February 20, 2009	3,410,022	July 3, 2009	US$3,410,022[(3)]	HK$0.16	99.49%	19.16%
	June 21, 2011	300,000	August 29, 2011	US$2,280,000[(4)]	HK$1.19	96.10%	
	November 22, 2013	55,993	December 24, 2013	US$431,146.10	HK$1.20	96.05%	
Global Optical	June 9, 2011	2,632,879	July 29, 2011	US$20,000,000	HK$1.19	96.10%	13.59%
	November 22, 2013	39,736	December 19, 2013	US$305,968.76	HK$1.20	96.05%	
Archcom LLC	November 14, 2011 (as amended on April 25, 2012)	1,880,628	July 20, 2012[(5)]	US$14,283,225	HK$1.19	96.10%	3.72%
CKL	July 24, 2025	677,026	July 29, 2025	US$62,861,453.36	HK$14.52	52.31%	3.44%
Xiamen Guojuxiang	July 24, 2025	212,210	July 31, 2025	RMB141,050,000	HK$15.37	49.64%	1.08%
Xiamen Advanced Manufacturing Fund	July 24, 2025	209,051	August 1, 2025	RMB138,950,000	HK$15.37	49.64%	1.06%
Xiamen TorchRunxin	July 24, 2025	75,225	August 1, 2025	RMB50,000,000	HK$15.37	49.64%	0.38%

Notes:

(1) Calculated by dividing the total consideration paid by the relevant Pre-IPO Investor by the number of Shares held by it, as adjusted to reflect the Share Sub-division and converted to Hong Kong dollars for reference.

(2) Calculated based on the assumption that the Offer Price is HK$32.96 per Share.

(3) The consideration consisted of 100% equity interest in Qingdao Broadband. See further in "— Major Shareholding Changes of Our Company — (1) Establishment of Our Company".

(4) The consideration consisted of (i) cash of US$867,000, and (ii) transfer from TransLight of the intellectual property of "low cost optical transceiver packaging platform for digital home and consumer electronics" valued at US$1,413,000. The date of settlement of consideration was the later of (i) the date on which the cash consideration was fully paid and (ii) the date on which the said intellectual property was transferred, which was August 29, 2011.

(5) The Company issued and allotted 1,880,628 ordinary shares to Archcom LLC as consideration for Archcom LLC's transfer of all of the issued and outstanding shares of common stock of LigentCom to our Company, see further in "— Major Shareholding Changes of Our Company — (3) Investment by Archcom LLC in November 2011". As such, the date of settlement of consideration was the date of completion of the transfer of the then issued and outstanding shares of common stock of LigentCom to our Company.

Other Principal Terms of the Pre-IPO Investments

Set out below are the principal terms of the Pre-IPO Investments:

Basis of determination of consideration	The consideration for the Pre-IPO Investments were determined based on arm's length negotiations between the Pre-IPO Investors and our Group, as applicable after taking into account of the timing of the investments, the operations and prospects of our business, the financial performance of our Group, and the valuation of the then comparable companies.
Use of proceeds from the Pre-IPO Investments	We have been utilizing the proceeds from the Pre-IPO Investments for our principal business, including R&D of optical transceivers and optical chips and expansion of production capacity. As of the Latest Practicable Date, approximately 41% of the proceeds from the Pre-IPO Investments had been utilized and we plan to use the remaining proceeds for our optical chip business.
Strategic benefits brought to our Company by the Pre-IPO Investors . . .	We are of the view that our Company can benefit from the additional capital injected by the Pre-IPO Investors. Their investments also demonstrate their confidence in our Group's business and operations, and serve as an endorsement of our Group's performance, strengths and prospects. We are also of the view that the Pre-IPO Investors, as operators and investors in relevant industries, can provide us with their knowledge, experience and professional advice on our Group's development strategies from non-managerial perspective and are beneficial to our Group's global market expansion and overall future development.
Lock-up Period	The Pre-IPO Investors have undertaken to retain all of their beneficial interests in the Company for at least six months from the Listing Date. Furthermore, the Pre-IPO Investors have also undertaken that certain portion of their beneficial interests in the Company as at the Listing Date will be subject to a lock-up period of up to twelve months from the Listing Date, with such portion being released in stages during the course of the twelve-month period. For further details of the customary lock-up arrangements, please refer to the subsection headed "Underwriting — Undertakings by the Existing Shareholders".

Special Rights of the Pre-IPO Investors

Pursuant to various agreements entered into by, among others, our Company and one or more of the Pre-IPO Investors, the Pre-IPO Investors were granted certain special rights, including but not limited to right of first refusal, pre-emption right, right of co-sale, anti-dilution right, redemption right, information right and inspection right.

Pursuant to termination provisions as contained in the aforesaid agreement or separate termination agreements entered into by the Company with the Pre-IPO Investors in August 2025 (collectively, the "**Termination Agreements**", as amended or supplemented), all these special rights (save for the right of co-sale, right of first refusal, pre-emption right, anti-dilution right and information right) have been terminated either on the day of the relevant Termination Agreements, or one day prior to our Company's first submission of the listing application to the Stock Exchange (the "**First Filing**") for the purpose of the Global Offering, in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange, provided that certain special rights granted to the Pre-IPO Investors will be reinstated upon the earliest of the occurrence of any of the following events: (i) the listing application is rejected or denied by the Stock Exchange, (ii) the listing application is terminated or withdrawn, or (iii) the qualified initial public offering does not take place within a prescribed period of time (which ranges from 24 to 96 months pursuant to the respective Termination Agreement with the Pre-IPO Investors) after the First Filing or the date of the relevant Termination Agreement (where applicable).

No redemption right had been granted to any of the Pre-IPO Investors with the following exceptions: (i) Global Optical and Xiamen Entities were the only Pre-IPO Investors that held active redemption right during the Track Record Period; and (ii) the redemption right previously granted to Archcom LLC had been terminated and nullified before the commencement of the Track Record Period.

Specifically, the redemption rights granted by the Company to Xiamen Entities have been terminated before the First Filing, and will be reinstated upon the occurrence of the aforementioned events. Accordingly, the Company's redemption obligations in favor of the Xiamen Entities have been recognized as financial liabilities as of June 30, 2026. For additional information in relation to the redemption rights granted to such Pre-IPO Investors, see Note 32 to the Accountants' Report.

Pursuant to the relevant Termination Agreement dated August 8, 2025, the redemption right granted by the Company to Global Optical has been terminated on the date thereof, and will be reinstated upon occurrence of certain events. The Company and Global Optical, amongst others, have entered into a supplemental agreement dated September 2025 to agree that the provision that would have allowed Global Optical's redemption right to be reinstated upon occurrence of certain events was permanently removed as if it had never been included in the aforementioned Termination Agreement. Accordingly, Global Optical's redemption right has been irrevocably terminated and cannot be reinstated. As a result, whilst the Company had recognised such redemption obligation in favor of this Pre-IPO Investor as financial liabilities at fair value through profit or loss during the Track Record Period, such financial liabilities were transferred to equity in September 2025. For additional information in relation to the redemption rights granted to this Pre-IPO Investor, see Note 31 to the Accountants' Report.

The right of co-sale, rights of first refusal, pre-emption right, anti-dilution rights and information rights shall be terminated one day prior to Listing and no special rights granted to the Pre-IPO Investors will survive after the Listing, in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Compliance With the Guide for New Listing Applicants

On the basis that (i) the consideration for the Pre-IPO Investments was settled no less than 120 clear days before the Listing Date, being the first day of trading of the Shares on the Stock Exchange; (ii) the redemption rights granted to the Pre-IPO Investors have been terminated before the Company first filed its listing application to the Stock Exchange; and (iii) all other special rights granted to the Pre-IPO Investors shall be terminated upon Listing, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Information about Our Pre-IPO Investors

Set out below is a description of our Pre-IPO Investors. To the best of our Directors' knowledge and belief having made all reasonable enquiries, save as disclosed below, each of the following Pre-IPO Investors and their ultimate beneficial owners is an Independent Third Party.

TransLight

TransLight is a company incorporated in the BVI on June 11, 2002, which is held as to (i) 31.88% by Dr. Huang Weiping, one of our non-executive Directors; (ii) 21.76% by Huaxin Optrans Limited (a limited company incorporated under the laws of Hong Kong), 91.336% of which is held by Shanghai Zhongping Guoyu Merger and Acquisition Equity Investment Fund Partnership (Limited Partnership) (上海中平國瑀併購股權投資基金合夥企業(有限合夥)) (a limited partnership established in the PRC which operates as a private equity investment fund); and (iii) 11.96% by FML Holdings Limited, a company incorporated under the laws of BVI and none of whose beneficial owners held more than 10% of its interest. There are two minority shareholders of TransLight who are connected persons of our Company, including (i) Dr. Li David Dawei (a director of our subsidiaries), who holds 17.85% equity interests in TransLight, and (ii) Ms. Shi Yilan, the spouse of Mr. Tan Yi (a director of our subsidiaries), who holds 6.50% equity interests in TransLight. Save for the aforementioned, all the other remaining shareholders of TransLight are Independent Third Parties.

Global Optical

Global Optical is a company incorporated in Hong Kong on April 28, 2011 and is an investment vehicle ultimately controlled by Primavera Capital Group. Primavera Capital Group mainly engages in investments targeting consumer and retail, technology, energy transition, healthcare, advanced manufacturing, business services, and financial services sectors. Mr. Zhang Jing, one of our non-executive Directors, currently serves as a partner of Primavera Capital Group.

Archcom LLC

Archcom LLC is a limited liability company incorporated in the state of Delaware of the United States on October 5, 2011 and is an investment vehicle without any substantial operating activities. It is owned as to approximately 27.02% by its largest shareholder, Tirong Chen and Yuhua Zhuang Living Trust. With the remaining 72.98%, 12.47% is held by Man Hsuan Peng and 11.56% is held by Joint Discovery Holdings. Ltd., and approximately 48.95% is held by 25 other shareholders, with none of the shareholders holding more than 10% of the equity interest.

CKL

CKL is a limited company incorporated under the laws of Hong Kong on December 19, 2017 and primarily engaged in consulting services. CKL is a wholly owned subsidiary of Hisense Group Holding and is one of the Controlling Shareholders. Please refer to "Relationship with Our Controlling Shareholders" for further details.

Xiamen Entities

Xiamen Guojuxiang is a limited partnership established in the PRC on July 22, 2025. It is owned as to (i) 0.0701% by its general partner Xiamen Guosheng Development Private Equity Fund Management Co., Ltd. (廈門國升發展私募基金管理有限責任公司), which is ultimately 100% owned and controlled by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會) ("**Xiamen SASAC**"), (ii) 36.4863% by its largest limited partner, Xiamen Xiang'an Entrepreneurship Investment Co., Ltd. (廈門市翔安創業投資有限公司), which is in turn 100% owned and controlled by Xiamen Municipal Xiang'an District Finance Bureau (廈門市翔安區財政局), (iii) 31.5624% and 10.6271% by its two limited partners who are wholly owned subsidiaries of Xiamen Torch Group Co., Ltd. (廈門火炬集團有限公司) ("**Torch Group**"), namely, Xiamen Torch Industry Equity Investment Management Co., Ltd. (廈門火炬產業股權投資管理有限公司) ("**Torch Industry**") and Xiamen Torch Group Venture Capital Co., Ltd. (廈門火炬集團創業投資有限公司), respectively. Torch Group is in turn 100% owned and controlled by Xiamen SASAC, and (iv) 21.2541% by its limited partner Xiamen State-owned Capital Investment Co., Ltd. (廈門國有資本投資有限責任公司) (formerly known as Xiamen Hairuntong Asset Management Co., Ltd. (廈門海潤通資產管理有限公司)), which is also ultimately 100% owned and controlled by Xiamen SASAC.

Xiamen Advanced Manufacturing Fund is a limited partnership established in the PRC on June 19, 2024 and is managed and held as to 0.1% and 0.0125% by its respective general partners, (i) Xiamen Haiyi Investment Co., Ltd. (廈門海翼投資有限公司), a wholly owned subsidiary of CCRE Group Co., Ltd. (廈門海翼集團有限公司) ("**CCRE**"), which is ultimately wholly owned and controlled by Xiamen SASAC and (ii) Brics (Xiamen) Equity Investment Fund Co., Ltd. (金磚(廈門)股權投資基金有限公司), which is held as to 51% by Fujian Pingtan Brics Think Tank Investment Consulting Co., Ltd. (福建省平潭金磚智庫投資諮詢有限公司), an Independent Third Party, and 49% by CCRE. Xiamen Advanced Manufacturing Fund has five limited partners, namely, Xiamen Xinyi Technology Industry Co., Ltd. (廈門新翼科技實業有限公司) ("**Xinyi Technology**"), CCRE, Xiamen Jimei Industrial Investment Group Co., Ltd. (廈門集美產業投資集團有限公司), Torch Industry, and Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司), holding 62.5%, 24.8750%, 7.5%, 5.0% and 0.0125% interests in the partnership respectively. CCRE holds 60% equity interest in Xinyi Technology. Accordingly, Xinyi Technology is a subsidiary under the control of CCRE and is thus ultimately controlled by Xiamen SASAC.

Xiamen TorchRunxin is a limited partnership established in the PRC on January 29, 2024. It is owned as to (i) 1.0333% by its general partner, Xiamen TorchRunxin Private Equity Fund Management Co., Ltd. (廈門火炬潤信私募基金管理有限公司), which is owned as to 60% by China CAPITAL Management Co., Ltd. (中信建投資本管理有限公司) ("**CCMC**"), a wholly owned subsidiary of CSC Financial Co., Ltd. (中信建投証券股份有限公司) (a company listed on the Stock Exchange, stock code 6066 and Shanghai Stock Exchange, stock code 601066) and 40% by Torch Group, (ii) 25.6667% by Torch Group as its largest limited partner, (iii) 20% by Xiamen Guosheng Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (廈門市國升發展股權投資基金合夥企業(有限合夥)) as its limited partner which is ultimately controlled by Xiamen SASAC, (iv) 18.6333% by CCMC and (v) 34.6667% by seven other limited partners who are all Independent Third Parties with none of them interested therein as to more than 10%.

PUBLIC FLOAT AND FREE FLOAT

Public Float

Rule 8.08(1) of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Where the expected market value of the class of securities at the time of listing is over HK$30 billion, the minimum prescribed percentage is determined at the higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$4.5 billion at the time of listing; and (ii) 10%.

Based on (i) the Offer Price of HK$32.96 per Offer Share, and (ii) 982,941,500 Shares which are expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), it is expected that the market value of the Shares at the time of Listing will be approximately HK$32.4 billion. Accordingly, based on the Offer Price, at least approximately 13.88% of the total number of issued Shares must be held by the public at the time of Listing.

Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), 749,528,350 Shares held by Hisense Group Holding, TransLight, Global Optical, Bolangde, CKL and Talents Holdings will not be counted towards the public float. In addition, 7,136,300 Shares expected to be allocated to Primavera Investment Fund (a close associate of Global Optical) as a cornerstone investor will also not be counted towards the public float.

Save as disclosed above, and to the best knowledge of the Company, the following number of Shares will be counted towards the public float: (i) 61,398,450 Shares held by the other Shareholders who are not our core connected persons, being the Shares held by them immediately prior to completion of the Global Offering; and (ii) 164,878,400 Shares to be issued pursuant to the Global Offering (excluding the Shares to be allocated to Primavera Investment Fund).

Accordingly, 226,276,850 Shares, representing 23.02% of the total number of Shares in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), will be counted towards the public float, which is in compliance with the minimum public float requirement under Rule 8.08(1) of the Listing Rules.

Free Float

Rule 8.08A of the Listing Rules requires that there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing must (i) represent at least 10% of the total number of issued Shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50 million; or (ii) have an expected market value at the time of listing of not less than HK$600 million.

Shares held by the Controlling Shareholders, the Pre-IPO Investors and our employee shareholding platforms will be subject to certain lock-up restrictions immediately upon Listing and therefore will not be counted towards the free float for the purpose of Rule 8.08A of the Listing Rules. Except as stated above, to the best knowledge of the Company and based on its shareholding structure as of the Latest Practicable Date, on the basis that (i) no Offer Shares will be allocated under the Global Offering to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules, (ii) all Shares that may be allocated and issued to the cornerstone investors and all Shares held by existing Shareholders are subject to lock-up undertakings and therefore are excluded for the purpose of satisfying the free float requirement (assuming the Over-allotment Option is not exercised), it is expected that 91,138,000 Shares, with an expected market value at the time of Listing of approximately HK$3,004 million (based on the Offer Price of HK$32.96 per Offer Share), will be held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of the Listing. Accordingly, our Company will comply with the free float requirement under Rule 8.08A of the Listing Rules.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that all applicable regulatory approvals in relation to the equity transfers in respect of the PRC companies in our Group as described above have been obtained, such equity transfers have been legally completed, and the procedures involved have been carried out in accordance with applicable PRC laws and regulations in all material aspects.

M&A Rules

According to Article 2 of the M&A Rules, a foreign investor is required to obtain necessary approvals when it (i) acquires equity of a domestic enterprise to convert the domestic enterprise into a foreign-invested enterprise, (ii) subscribes for new equity via an increase in registered capital of a domestic enterprise to convert the domestic enterprise into a foreign-invested enterprise, (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required.

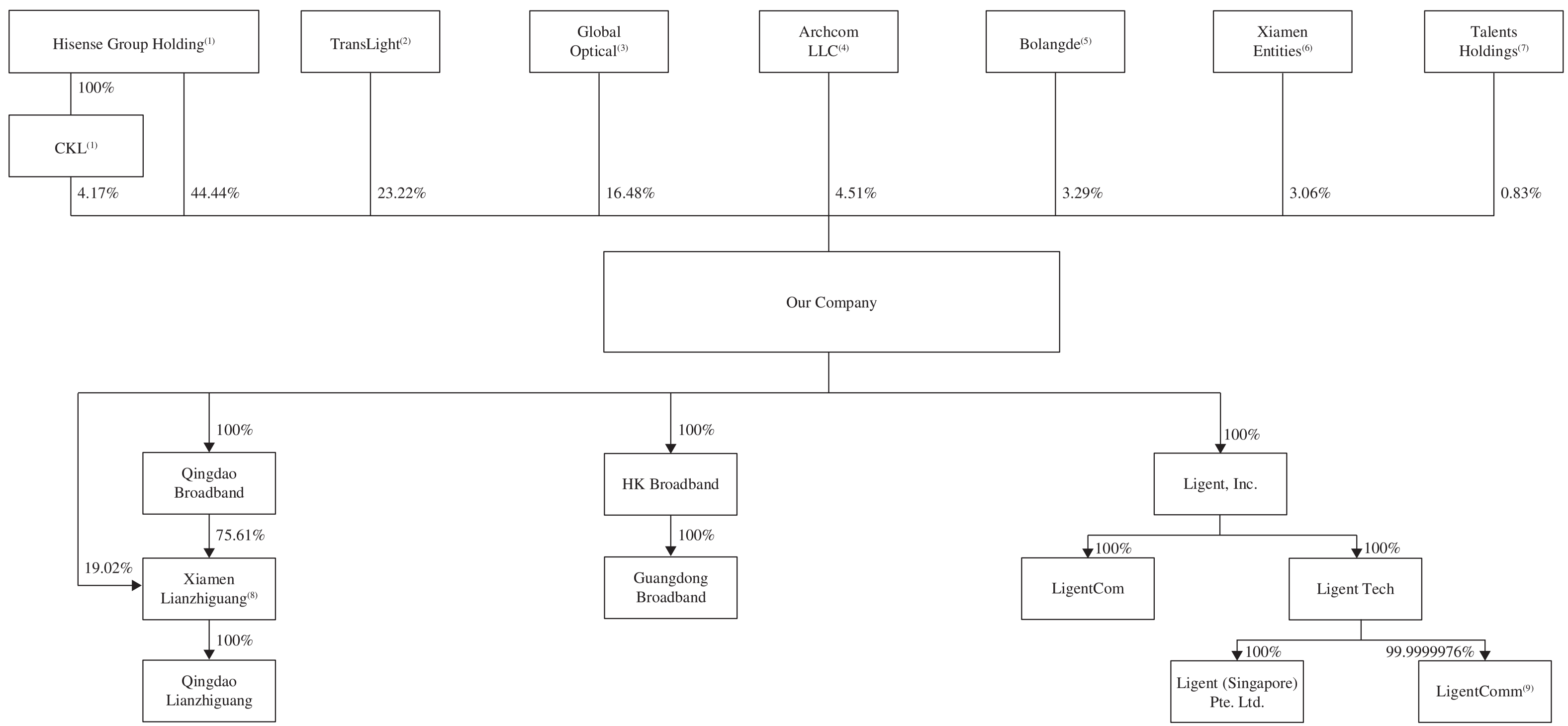
As advised by our PRC Legal Advisor, (i) Qingdao Broadband was a foreign-invested enterprise prior to the Company's acquisition of its equity interest, therefore such equity acquisition was not subject to approval from the MOFCOM under the Article 11 of the M&A Rules; (ii) the Company's acquisition of equity interest in Guangdong Broadband had obtained necessary approvals in accordance with the Article 2 of the M&A Rules; and (iii) Qingdao Lianzhiguang and Xiamen Lianzhiguang were established either by a foreign-invested enterprise or its domestic reinvestment entity, and as such, their establishment is not subject to the M&A Rules.

SAFE Registration

As of the Latest Practicable Date, our direct shareholders are PRC entities, offshore institutional investors or offshore entities established by PRC entities by way of offshore investments through applicable legal procedures. As advised by our PRC Legal Advisor, our direct shareholders who are PRC entities have completed the SAFE registration for overseas investments according to PRC laws and regulations. For details with respect to the SAFE Registration, please see the section headed "Risk Factors — We may be adversely affected if our Shareholders and beneficial owners who are PRC entities fail to comply with the relevant PRC overseas investment regulations" to this document.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

The following chart illustrates our simplified corporate and shareholding structure immediately prior to the completion of the Global Offering:



Notes:

(1) As of the Latest Practicable Date, Hisense Group Holding, directly and indirectly via its wholly owned subsidiary CKL, held in aggregate 394,224,950 Shares, representing approximately 48.61% of the total issued Shares of our Company. Please refer to the section headed "Relationship with Our Controlling Shareholders" for further details.

(2) As of the Latest Practicable Date, TransLight held 188,300,750 Shares, representing approximately 23.22% of the total issued Shares of our Company.

(3) As of the Latest Practicable Date, Global Optical held 133,630,750 Shares, representing approximately 16.48% of the total issued Shares of our Company.

(4) As of the Latest Practicable Date, Archcom LLC held 36,574,150 Shares, representing approximately 4.51% of the total issued Shares of our Company.

(5) As of the Latest Practicable Date, Bolangde, an onshore employee shareholding platform of our Company, was held by 110 individuals who are employees and former employees of our Group. All of the shareholders of Bolangde are Independent Third Parties, save for Ms. Wang Hui (our executive Director) (6.7%), Ms. Xu Min (許敏) (a director of one of our subsidiaries) (6.5%), Mr. Shen Wenhui (沈文輝) (a director of our subsidiaries) (1.3%), Mr. Zhao Yuming (趙玉明) (a director and chief executive officer of one of our subsidiaries) (1.0%), Mr. Wang Wenzhong (王雯仲) (a director and general manager of one of our subsidiaries) (1.0%), Mr. Zhong Ming (鍾鳴) (a director of one of our subsidiaries) (1.5%) and Mr. Li Shanwen (李善文) (a director of one of our subsidiaries) (0.5%). None of the shareholders of Bolangde held or is expected to hold more than 30% equity interests in Bolangde as of the Latest Practicable Date and upon Listing. All shareholders of Bolangde are subject to (i) a minimum three-year lock-up period upon Listing with their equity interests in Bolangde unlocking in tranches upon satisfaction of certain customary conditions as further stipulated in the articles of association and internal policies of Bolangde and (ii) transfer restrictions triggered by, amongst others, a shareholder's resignation, retirement and demotion from their position in the Group.

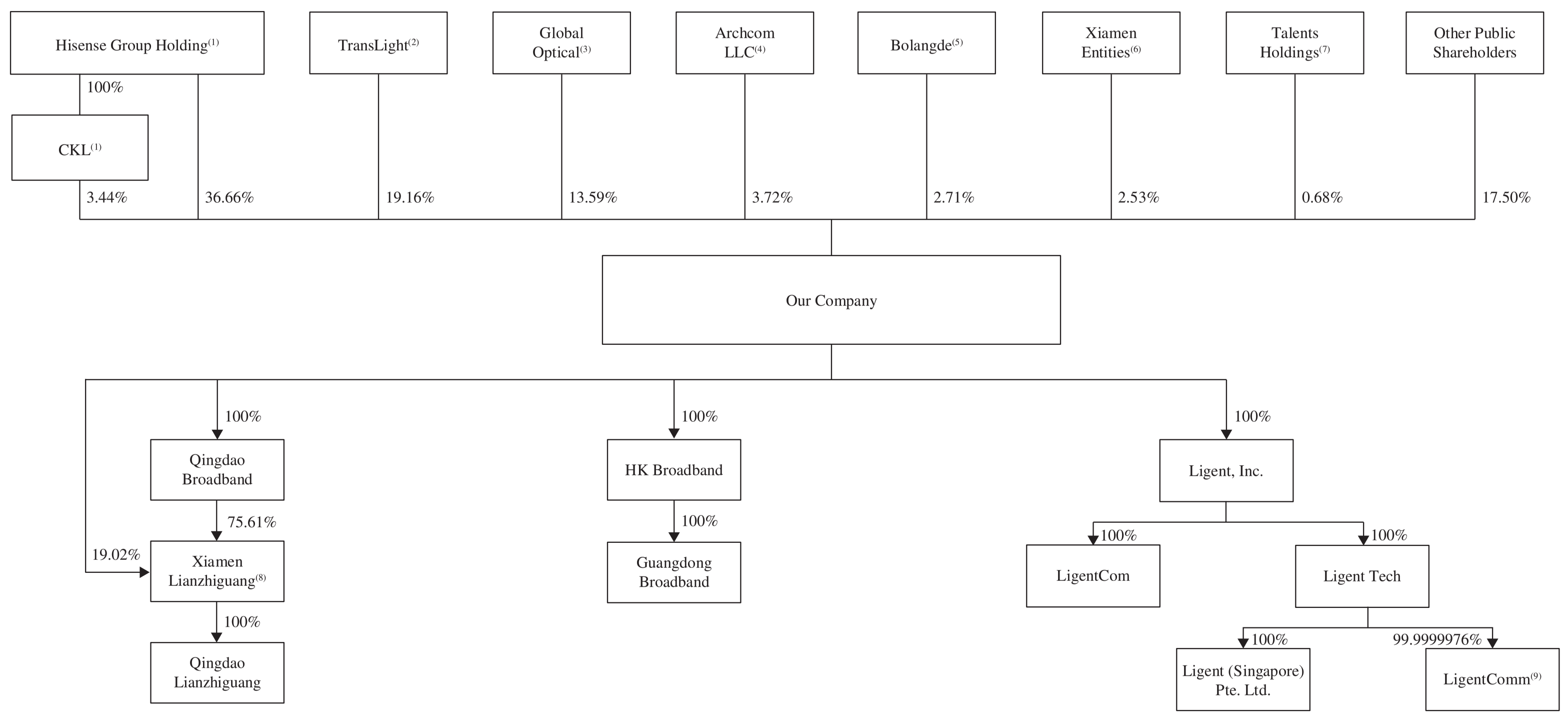
(6) As of the Latest Practicable Date, Xiamen Guojuxiang, Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin held 10,610,500 Shares, 10,452,550 Shares, and 3,761,250 Shares, respectively, representing approximately 1.31%, 1.29% and 0.46% of the total issued Shares of our Company, respectively.

(7) Talents Holdings was held by seven individual shareholders who are our Directors and current employees of our Group. Other than Dr. Hong Jin (our executive Director) (27.7%), Dr. Huang Weiping (our non-executive Director) (18.8%), Dr. Li David Dawei (a director of our subsidiaries) (17.3%), Mr. Tan Yi (a director of our subsidiaries) (5.5%) and Dr. Zhang Hua (a director of our subsidiaries) (9.7%), all of the shareholders of Talents Holdings are our employees who are Independent Third Parties. None of the shareholders of Talents Holdings held or is expected to hold more than 30% equity interests in Talents Holdings as of the Latest Practicable Date and upon Listing. All shareholders of Talents Holdings are subject to (i) a minimum three-year lock-up period upon Listing with their shareholding interests in Talents Holdings unlocking in tranches upon satisfaction of certain customary conditions as further stipulated in the articles of association and internal policies of Talents Holdings and (ii) transfer restrictions triggered by, amongst others, a shareholder's resignation, retirement and demotion from their position in the Group.

(8) Xiamen Lianzhiguang was established pursuant to a cooperation framework agreement dated March 28, 2025, by and among, inter alia, the Company and the People's Government of Xiang'an District in Xiamen City. Pursuant to the cooperation framework agreement, the Company established a new headquarter in Xiamen to expand its production capacity. Pursuant to a capital increase agreement dated July 15, 2025 (the "**Capital Increase Agreement**", as amended or supplemented), the Company, Torch Industry and Qingdao Broadband made a capital contribution in Xiamen Lianzhiguang in cash in the sum of RMB780 million, RMB220 million and RMB100 million, respectively, for the purpose of R&D, production, and sales of optoelectronic chips and optical device products. Upon the completion of such capital increase, Xiamen Lianzhiguang was owned as to approximately 75.61%, 19.02% and 5.37% by Qingdao Broadband, the Company and Torch Industry, respectively. Torch Industry is a limited partner of Xiamen Guojuxiang and Xiamen Advanced Manufacturing Fund with partnership interests of 31.5624% and 5%, respectively, and is ultimately controlled and indirectly owned as to 100% by Xiamen SASAC. The sole director and general manager of Torch Industry is Mr. Liu Zhibin (劉志斌) (a director of one of our subsidiaries). Torch Industry shall have the right to request Xiamen Lianzhiguang or Qingdao Broadband to repurchase or purchase its equity interests in Xiamen Lianzhiguang if Xiamen Lianzhiguang fails to complete a qualified listing within eight years following the capital contribution by Torch Industry, unless its exit from Xiamen Lianzhiguang is otherwise achieved through specific mandate, restructuring and share swap through separate commercial agreement reached with the Company after the Company achieves Listing within eight years following the capital contribution by Torch Industry. The repurchase consideration shall be determined with reference to price per share at the time of capital contribution and simple interest at the annual rate equivalent to the five-year-and-above loan prime rate prevailing at the time of repurchase, and shall be settled by cash. The aforementioned arrangements were implemented primarily due to that state-owned investment entities are subject to regulatory requirements mandating downside protection mechanisms to safeguard against loss of state assets, whilst simultaneously allowing the Company to leverage on the investor relationship for a strategic development of production facilities in Xiamen and retaining the optionality to gain complete operational control of such facilities over the longer term.

(9) The remaining 0.0000024% equity interest in LigentComm is collectively held by Mr. Tan Yi (a director of our subsidiaries) and Mr. Zhao Yuming (趙玉明) (a director of one of our subsidiaries), holding one share and two shares in LigentComm, respectively. It was understood that such shareholding arrangement does not contravene any applicable laws or regulations in Thailand.

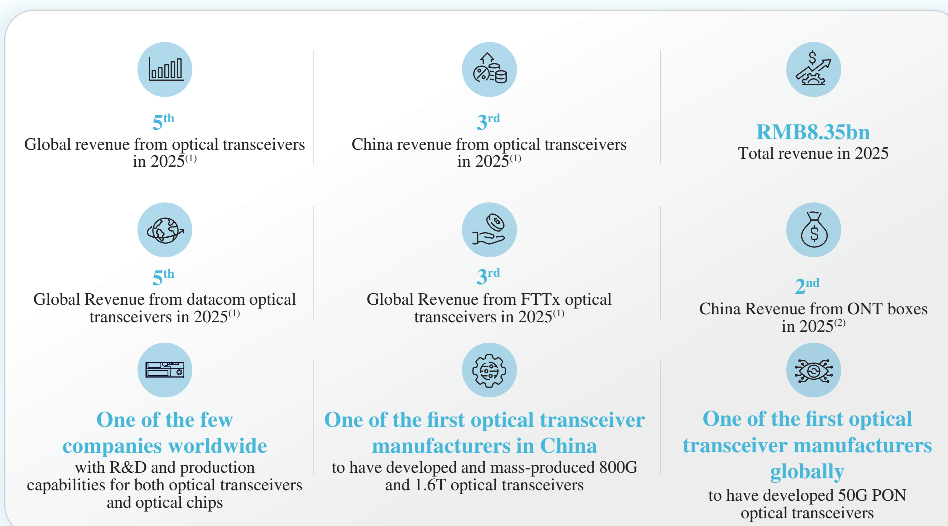
The following chart illustrates our simplified corporate and shareholding structure immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes (1) to (9): Please refer to the details on the preceding page.

OVERVIEW

We are an established optical communication and connectivity product provider that develops, manufactures and sells optical transceivers, optical chips and optical network terminals, serving customers in China and overseas. In 2025, among all specialized optical transceiver manufacturers globally, we ranked 5th in global revenue from optical transceivers with a market share of 4.0% and 3rd in revenue from optical transceivers sold in China with a market share of 10.1%, according to Frost & Sullivan. In addition, according to the same source, in 2025, we ranked 5th in global revenue from datacom optical transceivers with a market share of 4.7% and 3rd in global revenue from FTTx optical transceivers with a market share of 5.4% among all specialized optical transceiver manufacturers globally, and 2nd in revenue from ONT boxes sold in China with a market share of 5.4% among all specialized ONT box manufacturers globally. As of the Latest Practicable Date, we were also one of the few companies in the world that has R&D and production capabilities for both optical transceivers and optical chips, according to Frost & Sullivan. We have been empowering cloud service providers, telecom and network equipment vendors and operators worldwide with our ability to produce and deliver a wide range of high-quality products across AI, cloud computing, FTTx, transmission network and wireless applications.



Source: Frost & Sullivan for industry data

Notes: (1) In terms of revenue from optical transceivers among all specialized optical transceiver manufacturers globally in 2025.
(2) In terms of revenue from ONT boxes among all specialized ONT box manufacturers globally in 2025.

The recent thrive of generative AI has led to huge demand for AI training and inference, which has catalyzed unprecedented massive data transmission. By 2030, global AI infrastructure investment is projected to further increase to RMB6,526.5 billion, with a CAGR of 22.2% from 2025 to 2030. Optical communication technologies provide a key solution to the unprecedented market demand for data transmission with high rate, low latency and low power consumption. As such, the global optical transceiver market is expected to grow at a CAGR of 34.2% from RMB162.4 billion 2025 to RMB707.6 billion in 2030.

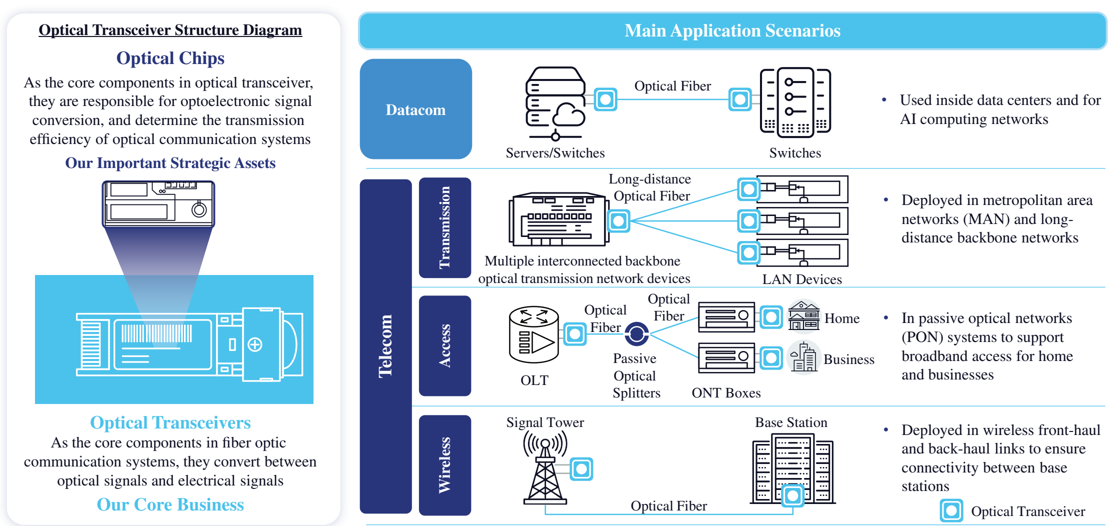
Optical communication is a core technology for high-speed data transmission, empowering AI computing, data centers, metropolitan-area and long-distance backbone networks, and edge computing. Optical chips play a key role in photoelectric conversion by optical transceivers. At the same time, optical network terminals empower different terminal applications by serving as the entrance to edge computing. We believe that we are well positioned to capture the market growth opportunities with our various products that strategically covers important sectors of the value chain of the optical communication industry. Specifically:

Optical transceivers. We provide major customers of datacom and telecom sectors with a broad selection of optical transceivers. With respect to datacom transceivers, according to Frost & Sullivan, we are one of the first optical transceiver manufacturers in China to have developed and mass-produced 800G and 1.6T optical transceivers. In addition, we are actively engaged in research of next-generation 3.2T optical transceivers and 6.4T optical engines. On telecom transceivers, according to Frost & Sullivan, we are one of the first optical transceiver manufacturers worldwide to have developed 50G PON optical transceivers. Moreover, we believe there are significant market opportunities arising from AI and cloud computing, especially large-scale parallel computing, AI training, inference and other high-performance tasks, which require high-rate, low-power-consumption and cost-effective connectivity products. To capitalize on these opportunities, we have been actively developing optical transceivers adopting latest photoelectric conversion technologies to cater to demands of AI computing networks. We have developed and commenced mass production of our linear-drive pluggable optics (LPO) based optical transceivers and linear receive optics (LRO) based optical transceivers in 2025 and the first quarter of 2026, respectively. As of the Latest Practicable Date, we had achieved early-stage commercialization of external-laser small-form-factor pluggable (ELSFP) modules supporting NPO and CPO technologies and delivered 3.2T NPO optical engine samples for customer validation. We have also been proactively developing 6.4T NPO optical engines and next-generation 12.8T XPO optical transceivers jointly with our customers.

Optical chips. As core components in optical transceivers, optical chips play a critical role in determining optical transceivers' performance and functionality. As of the Latest Practicable Date, we were also one of the few companies in the world that have R&D and production capabilities for both optical transceivers and optical chips. We have successfully developed and produced distributed feedback (DFB) laser chips, including 75mW and 100mW high-power CW-DFB laser chips, and are currently developing 150mW/400mW CW-DFB laser chips. We expect to commence production of 150mW and 400mW CW-DFB laser chips by the end of 2026 and the first quarter of 2027, respectively. We have also developed 100G EML laser chips and are currently developing 200G EML laser chips and 400G InP laser chips. We expect to commercialize the 200G EML and 400G InP laser chips by the fourth quarter of 2026 and the first half of 2028, respectively. These products lay a solid foundation for our future expansion into high-end datacom transceivers. Meanwhile, according to Frost & Sullivan, we are one of the first manufacturers in China to have developed and produced 10G EML laser chips. We are also developing 50G EML laser chips. Both of these EML chips are for PON optical transceivers targeting the FTTx market. We believe our in-house R&D and production capabilities for optical chips enable us to ensure timely and stable deliveries and maintain pricing competitiveness.

Optical network terminals. We currently focus on broadband access and Wi-Fi coverage products. In particular, for broadband access products, we have mass-produced optical network terminals at all major and common rates in compliance with the latest industry standards. In addition, we are actively engaged in the R&D of products incorporating emerging technologies, including FTTR+X gateways embedded with computing functions. We are also developing AI-integrated smart terminals, which are a type of smart terminal devices embedded with edge computing capability. We expect to complete the development and commence delivery of this product in the third quarter of 2026.

The chart below illustrates our product lines, our products' application scenarios, and synergies between our product lines:



Our various products are attributable to our R&D capabilities. As of the Latest Practicable Date, we had 1,581 patents and 726 pending patent applications worldwide, and we were a founding or general member of 18 industry standardization organizations and had participated in the formulation of 61 industry standards. We have established a cross-regional R&D network, comprising four R&D centers in Qingdao, Wuhan, Silicon Valley and Singapore. Through continuous and substantial R&D investments, we have accumulated core proprietary technologies and a variety of products that cover key aspects of the optical communication value chain. For optical transceivers, we possess proprietary capabilities in circuit designs and have managed to deploy core packaging technologies, including TO-CAN, BOX, COB and silicon photonics (SiPh) based packaging technologies. In terms of optical chip designs, we have developed two mature processing platforms for buried heterostructure and ridge waveguide. Moreover, we have proprietary capabilities in developing a wide range of optical network terminals.

We have established a multi-regional production and delivery network currently encompassing four production facilities located in Qingdao and Jiangmen, China, Thailand, and the United States. We deliver optical communication products across the value chain from optical chips to optical transceivers and optical network terminals. In 2025, our aggregate designed production capacity for optical transceivers, optical chips and optical network terminals amounted to approximately 27.2 million, 12.2 million and 28.3 million units, respectively. We are upgrading and expanding our production facilities for both optical transceivers and optical chips. We have also been establishing a new R&D and production facility in Xiamen to strategically focus on the development and production of high-end laser chips. Based on our 20+ years' industry experience, we have built manufacturing capabilities with high automation and intelligence levels, which enable us to continuously improve our production efficiency, reduce costs and achieve economies of scale. Our multi-regional supply chain allows us to swiftly and efficiently respond to needs of customers in China and overseas and strengthen our customer relationships.

Leveraging our technological advantages, scalable production capacity and mature supply chain management capabilities, we have built a solid customer base worldwide. Our core customers span major cloud service providers, telecom and network equipment vendors in China and overseas, including Asia, North America and Europe, which provide us with an invaluable opportunity to capitalize on the growth in demand for optical communication and connectivity products for AI computing networks. We collaborate closely with our customers to accurately identify and satisfy their needs and continuously provide them with technical support and product iterations. Attributable to our in-depth understanding of customer needs and superior efficiency, we have been recognized as a trusted partner by our customers.

OUR STRENGTHS

An established optical communication and connectivity product provider well positioned to capture substantial growth opportunities in the AI era

Benefiting from the increasing connectivity demand in the AI era, particularly from AI computing networks, the optical communication industry is expected to experience robust growth in coming years. Specifically, the global market of optical transceivers, which are core components for optical communication and connectivity, is projected to reach RMB707.6 billion in 2030, representing a CAGR of 34.2% from 2025. In addition, the global datacom optical transceiver market is expected to grow at a CAGR of 40.5% from 2025 to 2030, while the global telecom optical transceiver market is expected to grow at a CAGR of 9.5% during the same period. The global optical chip market is also expected to maintain strong growth momentum at a CAGR of 48.1% from 2025 to reach RMB233.6 billion in 2030. Meanwhile, the global market of ONT boxes is expected to grow at a CAGR of 11.7% from 2025 to reach RMB81.0 billion in 2030. As an established and reputable optical communication and connectivity product provider with multi-regional presence, we believe that we are well positioned to capture these growth opportunities. In 2025, among all specialized optical transceiver manufacturers globally, we ranked 5th in global revenue from optical transceivers and 3rd in revenue from optical transceivers sold in China. In the same year, we ranked 5th in global revenue from datacom optical transceivers and 3rd in global revenue from FTTx optical transceivers among all specialized optical transceiver manufacturers globally, as well as 2nd in revenue from ONT boxes sold in China among all specialized ONT box manufacturers globally. As of the Latest Practicable Date, we were also one of the few companies in the world that has R&D and production capabilities for both optical transceivers and optical chips. Additionally, we were named as a leading enterprise in the manufacturing industry (製造業單項冠軍企業) in 2024 by the Ministry of Industry and Information Technology of China. We have also received the Provisional Science and Technology Progress Award issued by the People's Government of Shandong Province multiple times.

Various products across the optical communication value chain

Our various products include optical transceivers, optical chips and optical network terminals, which cover the important sectors of value chain of the optical communication industry.

Optical Transceivers: We offer a full range of datacom optical transceivers. In response to increasing demand from the datacom sector, we have rolled out a series of high-end optical transceivers supporting high rates and incorporating latest technologies. For example, we jointly developed a 400G QSFP112 SiPh-based optical transceiver with a leading Chinese cloud service provider in 2024. According to Frost & Sullivan, this made us one of the first optical transceiver manufacturers in China to have developed and mass-produced 400G SiPh-based optical transceivers; additionally, we are one of the first optical transceiver manufacturers in China to have developed and mass-produced 800G and 1.6T optical transceivers. We are actively engaged in research of next-generation 3.2T optical transceivers, 6.4T optical engines and 12.8T XPO optical transceivers, and as of the Latest Practicable Date, we had delivered 3.2T NPO samples for customer validation. In addition, our datacom optical transceivers leverage various photoelectric conversion technologies, and different optical chip production platforms to cater to customers' requirements on power consumption and costs. Our 1.6T LPO optical transceivers have achieved power consumption as low as 10 watt, representing an approximately 60% cut compared with conventional DSP based transceivers. In terms of telecom optical transceivers, we have developed a wide range of products spanning FTTx, transmission network and wireless applications. For example, according to Frost & Sullivan, for FTTx applications, we are one of the first manufacturers worldwide to have developed and mass-produced 10G PON optical transceivers. We have delivered product samples for customer validation of our asymmetrical and symmetrical 50G PON optical transceivers both in the form factor of SFP-DD. In addition, we are one of the first optical transceiver manufacturers worldwide to have developed 50G PON optical transceivers. Our FTTx optical transceivers support the multi-generation coexistence of 10G PON and 50G PON standards and are compatible with varying connectivity scenarios of telecom operators with the support of our proprietary laser chips. Benefiting from large-scale commercialization of 5G technologies globally, we also offer a product portfolio of 10G to 50G optical transceivers that can satisfy multiple connectivity needs of the 5G front-, middle- and back-haul networks, thus reinforcing our market position in the wireless application sector. We are also developing 100G optical transceivers supporting 6G front-haul networks.

Optical Chips: Optical chips are a key component that affects optical transceivers' performance and functionality. Scalable optical chip supplies are a significant market barrier in the optical communication industry. Optical chips' production requires exceptional design capacity and ultrahigh stability for precision manufacturing, and an optical chip manufacturer can achieve production only after it has continuously devoted significant R&D resources to the whole process from chip designs to manufacturing. As of the Latest Practicable Date, we were one of the few companies in the world that have R&D and production capabilities for both optical transceivers and optical chips. This has enabled us to maintain differentiated competitive advantages in prevailing products and those incorporating emerging technologies. Moreover, we are able to achieve synergies with optical transceiver customers and enjoy cost advantages as we develop and commercialize more optical transceivers. We have successfully developed and produced a number of DFB, EML and high-power CW-DFB laser chips. We are also developing our 200G EML laser chips and 400G InP laser chips. This lays a solid foundation for our future expansion into high-end datacom transceivers. With respect to telecom applications, we are one of the first manufacturers in China to have developed and produced 10G EML laser chips, according to Frost & Sullivan. We have also been expanding our offerings by developing 50G EML laser chips to support next-generation 50G PON optical transceivers for FTTx applications, further solidifying our market position. In addition, we are currently developing 150mW/400mW CW-DFB laser chips.

Optical Network Terminals: Our optical network terminals primarily cover broadband access and Wi-Fi coverage products, with a strategic focus on the emerging edge computing terminal market. For broadband access products, we have mass-produced optical network terminals at all major and common rates in compliance with the latest industry standards. In addition, we have provided our NG-PON2 ONU stick samples, a new-generation pluggable ONT supporting higher-rate connectivity, to customers for validation. We have also delivered product samples for customer validation of 25G ONT boxes, and are actively researching next-generation 50G ONT boxes. Our Wi-Fi coverage products include wireless gateways and home routers. For example, our products that support Wi-Fi 5 and Wi-Fi 6 standards have been validated by mainstream telecom operators and achieved delivery at scale globally. We have also started to market products complying with Wi-Fi 7 standards. In addition, we are also developing AI-integrated smart terminals, which are a type of smart terminal devices embedded with edge computing capability.

A cross-regional R&D network to drive innovations, with proprietary core technologies reassuring our market position in the optical communication industry

Our ability to achieve significant technological development and quickly innovate and upgrade our products in line with industry trends is critical to our success. We have made significant investments in R&D activities, facilities and personnel. For example, our cross-regional R&D network comprises four R&D centers in Qingdao, Wuhan, Silicon Valley and Singapore. As of June 30, 2026, our R&D team consisted of over 950 personnel, accounting for approximately 77.0% of our total non-manufacturing employees. As of the same date, approximately 41.7% of our R&D personnel had a master's or doctorate degree, and our around 100 core R&D personnel also on average had approximately 20 years of working experience in our industry, including in renowned multinational enterprises. Our continuous R&D investments have yielded core technologies across key aspects of the industry value chain, establishing a superior competitive position for us in both technology and product matrix.

Optical transceivers: Our core optical transceiver technologies remain at the forefront of the industry. We possess proprietary capabilities in circuit designs for optical transceivers. Leveraging our advanced optical transceiver design platform, we have unlocked technical bottlenecks such as noise suppression within DSP and power-supply circuits, high-rate signal chain optimization, optical chips micro-stress packaging, and thermal management. These achievements helped us significantly improve key parameters and promote practical applications of our optical transceivers. Our core packaging technologies, including TO-CAN, BOX, COB and SiPh-based packaging technologies, also help to ensure the long-term stable and reliable performance of our optical transceivers.

Optical chips: We possess capabilities covering the entire design and manufacturing process for our optical chips. We have established two mature processing technologies, namely buried heterostructure and ridge waveguide, which provides us with the flexibility to choose the better technical approach for different products, ensuring the high quality and functionality. Additionally, our R&D and manufacturing capabilities cover all major steps of optical chips manufacturing, from epitaxial growth to grating formation, etching, metallization, film deposition, automated testing, radio frequency testing and reliability testing. Our continued R&D efforts have also led to new processing techniques, such as deep etching, low dielectric materials, high-quality butt-joint growth, and coplanar electrodes, supporting our future development and commercialization of high-end laser chips.

Optical network terminals: We possess proprietary capabilities in developing a wide range of optical network terminals. Our core technologies cover hardware relating to PON access, radio frequency and antenna, and thermal design. We also hold proprietary technologies in software development for optical network terminals. Our technical capability is critical for us to maintain customer satisfaction for our optical network terminal products.

Well-established long-term relationships with customers worldwide

Leveraging our technological advantages, scalable production capacity and mature supply chain management capabilities, we have built a solid customer base worldwide. Our core customers cover major cloud service providers and telecom and network equipment vendors in China and overseas, which positions us well to capture the growth opportunities in optical communication and connectivity products for AI computing networks. In China, for datacom optical transceivers, we are a supplier to most of the major Chinese cloud service providers and network equipment vendors. For telecom optical transceivers and optical network terminals, our customers include most of the major telecom equipment vendors and the three major telecom operators in China. Our overseas customers are mainly located in the rest of Asia, North America, Europe and other regions. On datacom optical transceivers, we have maintained stable relationships with leading global cloud service providers and network equipment vendors. For telecom optical transceivers, we have enjoyed a high reputation among major global telecom equipment vendors and operators. Upholding the integrity of our proprietary core optical transceiver technologies, we collaborate closely with our customers to accurately identify and satisfy their needs and continuously provide them with technical support and product iterations. We believe that this approach can help us improve cost-effectiveness, iterate technologies and gain market shares through scalable customization. Due to our in-depth understanding of customer needs and our superior efficiency, we have been recognized as a trusted partner by our customers as a key supplier and for best customer support.

Large-scale delivery capability supported by our multi-regional intelligent manufacturing system

We currently have four production facilities in China, Thailand, and the United States, delivering optical communication products across the value chain, including optical transceivers, optical chips and optical network terminals. See "— Overview" for our designed production capacity. Based on our 20+ years' experience, we have built manufacturing capabilities with high automation and intelligence levels. For example, we have developed our proprietary fully-automated coupling equipment and implemented an AI-empowered visual quality-inspection system, which automatically detects product defects by leveraging deep learning algorithms. Our highly automated and intelligent manufacturing capability enables us to continuously improve our production efficiency, reduce costs and achieve economies of scale. At the same time, our multi-regional supply chain allows us to swiftly and efficiently respond to needs of customers in China and overseas and strengthen our customer relationships. Our overseas production facilities possess mass production capabilities. In particular, our production facility in Thailand is able to satisfy a substantial majority of our customers' orders from the United States and overseas. Moreover, we have established stable relationships with our key suppliers. We have cooperated with our five largest suppliers for over a decade on average and have also maintained long-standing relationships with other key raw material suppliers, which helps to ensure stable and timely supplies of key components for our production.

Experienced management team leading our growth roadmap and technological development

Our visionary core management team has rich experience in R&D and business operations in the optical communication industry, which has been a critical driving force for our growth.

Dr. Huang Weiping, our founder, is a renowned expert with over three decades of experience in our industry. Dr. Huang is a senior member of the IEEE and a fellow of the MIT Electromagnetics Society, and was selected as one of the "World's Top 2%" scientists by Stanford University in 2024. Dr. Huang carried out pioneering researches in the fields of photonic device design, simulation and optimization, and made remarkable contributions to the innovation and development of photonic technologies for optical communications and connectivity. He has published more than 300 papers in various international academic journals and professional conferences and has been awarded seven patents in the United States, which have earned him global reputation as a leading expert in the field. He is a successful entrepreneur who founded two companies and led them to significant commercial success and industrial impact. He has also been a distinguished leader in the photonics and optical communication industry who is highly acclaimed by his good vision and unique perspectives. Under his leadership, we successfully entered the global optical communication and connectivity market and accomplished multiple significant acquisitions, further strengthening our market positions as an established optical communication and connectivity product provider.

Dr. Hong Jin, our CEO, is a visionary leader with deep insight into optical technology and more than 30 years of experience in the global optical communication industry. Over the past two decades, prior to joining us, Dr. Hong was the vice president in a number of prominent public and private optical communication companies in Silicon Valley. Dr. Hong has published more than 80 papers in various international academic journals and professional conferences and has been granted 12 patents in the United States. In addition, Dr. Hong is a senior member of the IEEE and a fellow of the Optica (formerly Optical Society of America).

Our strong engineering culture has been an important driver to achieve our strategic goals, seize market opportunities and sustain business growth. Under the leadership of our core management team, we are committed to developing proprietary technologies for optical transceivers and optical chips to set a solid foundation for our long-term growth.

OUR STRATEGIES

Strengthen our R&D capabilities, particularly in emerging technologies, to enhance our products' competitiveness

We will continue to strengthen our R&D capabilities by attracting top talent and increasing R&D investments, thereby solidifying our technology capabilities in the optical communication industry. In particular, we expect to deepen our coverage of emerging technologies to address future application needs. Following our technology-driven development path, we will accelerate key technology R&D and product iteration, with a focus on core aspects across the industry value chain. Specifically, we intend to develop next-generation high-rate optical transceivers, optical chips and optical network terminals. In addition to funds generated from our pre-IPO financing and business operations, we plan to use approximately 52.9% (including 32.6% for R&D personnel recruiting) of the net proceeds from the Global Offering to implement this business strategy.

Optical Transceivers: We plan to continuously iterate our optical transceiver products to maintain the competitiveness of our core products. In terms of datacom transceivers, we will further increase our R&D investments in high-rate optical transceivers that would sustain our first-mover advantages and improve our product portfolio. To achieve this goal, we intend to focus on VCSEL-, EML- and SiPh-based optical transceivers, and deploy multiple technological solutions, including full DSP, LRO and LPO. In addition, we are conducting research into NPO and CPO technologies. We have been proactively developing 3.2T and 6.4T NPO optical engines. As of the Latest Practicable Date, we had delivered 3.2T NPO samples for customer validation. We are also developing the next-generation 12.8T XPO optical transceivers. We also plan to establish a NPO- and CPO-focused R&D and manufacturing platform, based on which we anticipate to collaborate closely with customers to promote the development of relevant industry standards. We intend to establish a matrix of high-rate datacom transceivers featuring low power consumption and improved data rates, to meet the demands of our core customers, such as AI computing centers. On telecom transceivers, we will continue to enhance our product portfolio to support various applications for FTTx, wireless and transmission networks. To this end, we are actively developing and anticipate to commercialize 50G PON transceivers for FTTx, 100G transceivers for wireless and 800G transceivers for transmission networks. We also seek to increase our cost-competitiveness through in-house development and production of optical chips. Lastly, we intend to explore applications in emerging end markets, such as strategic potentials from optical transceivers on vehicles. We expect the opportunities lying in these emerging end-markets to unlock new revenue streams.

Optical Chips: We intend to accelerate the iteration of high-end optical chips and increase relevant production capacity. For datacom applications, we are researching indium phosphide (InP) based single-wave 400G optical transmitters and higher-power (e.g., 150mW/400mW) CW-DFB laser chips. We are also exploring other advanced optical chips to support 3.2T optical transceivers for application in next-generation data centers. In the third quarter of 2025, we successfully raised approximately RMB1.0 billion to enhance our R&D capabilities and expand our production capacity for optical chips. We expect this will help to significantly strengthen our optical chip development and production capabilities.

Optical Network Terminals: We will continue to focus on our core areas. For example, we are developing AI-integrated smart terminals, which are a type of smart terminal devices embedded with edge computing capability. We expect to complete the development and commence delivery of this product in the third quarter of 2026. As to broadband access products, we plan to continue to offer differentiated ONT and gateway products, with a focus on 25G/50G ONT boxes, NG-PON2 ONU sticks and other high-end products. For Wi-Fi coverage products, we will follow the trend of Wi-Fi 8 standards and have been actively developing the next-generation mainstream products. Looking ahead, recognizing the significance of optical network terminals to computing power, we are developing FTTR+X gateways embedded with computing functions.

Strengthen our customer relationships and expand our customer base with enriched product offerings

We will continuously promote the iteration and upgrade of our existing products and enhance our customer services, particularly for emerging end-markets with high entry barriers, such as AI, cloud computing, smart city, industrial intelligence and in-vehicle optical communications. Moreover, we will deepen our relationships with datacom and telecom customers to further solidify our market shares. We will improve our delivery capability through supply chain coordination, thereby lifting customer satisfaction and lifetime value. We also endeavor to raise our customer stickiness by increasing our products' success rate during the customers' validation processes. In addition, through joint developments with core customers, we can be deeply involved in the customers' product planning and technology evolution processes, which is expected to ensure our prolonged collaborations along the products' lifecycles. Riding on current waves of computing infrastructure expansion globally, we strategically seek to expand our overseas customer base, thus enhancing our overall market shares. We will continue to grow our specialized sales force focusing on penetrating leading high-value customers, particularly in the United States. We are also exploring opportunities in new regional markets, such as the Middle East. To provide localized services and respond swiftly to customer needs, we plan to solidify our presence by strengthening overseas sales teams, establishing an integrated platform for overseas R&D, production, sales and marketing, and improving our overseas supply chain coverage. In addition to funds generated from our business operations, we plan to use approximately 4.0% of the net proceeds from the Global Offering to implement this business strategy.

Expand our multi-regional production capacity and upgrade our manufacturing system

We endeavor to further expand our multi-regional production capacity and upgrade our manufacturing system, thus building an integrated platform with flexibility, efficiency and cost competitiveness. We expect that the implementation of this strategy will help to strengthen our multi-regional delivery capability, enhance our responsiveness, and reduce our supply chain risk exposures. We are committed to offering market-leading products and services to customers around the world. In this regard, we have been expanding our production capacity in our existing production facilities strategically focusing on high-end optical transceivers and optical chips, which is expected to not only lead to economies of scales and optimization of our production cost, but also deepen our localized cooperations and strengthen our overseas supply capabilities. In addition, we have also been proactively constructing two new production facilities to add optical transceiver capacity in Thailand and one high-end optical chip capacity in Xiamen. Additionally, we are accelerating the upgrade of the intelligence levels of our manufacturing system. Aside from our well-established core automated production lines, we also intend to upgrade or expand our various production facilities towards full-scale automation and intelligence. Specifically, we intend to increase our production lines' efficiency, product yield and testing accuracy and reduce costs by deploying industrial equipment clusters and AI technologies. Moreover, we will continue to serve the evolving needs of customers for optical communication products by engaging dedicated and extensive communications with them. We will also enforce stringent quality controls to deliver consistently high quality products to customers in an efficient manner. In addition to funds generated from our pre-IPO financing and business operations, we plan to use approximately 25.1% of the net proceeds from the Global Offering to implement this business strategy.

Continuously attract and retain global top talent

We intend to continuously attract and retain global top talent in line with the demands of our globalization and high-tech manufacturing strategies, thereby supporting our long-term high-quality growth. We will focus on acquiring top global talent with expertise in core technology R&D and intelligent manufacturing and experience working at multinational companies. In addition, we are establishing a flat organizational structure, which is expected to further improve our operational efficiency. Furthermore, we will continue to offer competitive packages and leverage share-based incentives to motivate our talent. We also seek to foster a culture of mutual development by aligning the interests and goals of our employees with our own. In addition to funds generated from our business operations, we plan to use approximately 35.8% (including 32.6% for R&D personnel and 3.2% for sales network deployment) of the net proceeds from the Global Offering to implement this business strategy.

Strategic investments and acquisitions

We have, in the past, completed a number of successful acquisitions, including acquiring optical chips production capacity and a datacom business. These acquisitions enhanced our technological advantages, enriched our product offerings, strengthened our supply chain management and broadened our customer base. Leveraging our current advantages of covering important sectors of the industry value chain, we will continue to seek strategic investment and acquisition opportunities across the value chain to further solidify our market position. We anticipate to acquire upstream companies with core technologies and, at the same time, tapping into downstream value-added areas. In addition, we would also consider opportunities of investing in or acquiring start-up companies that offer technologies supplementary to our current operations, and opportunities to accelerate our cross-regional market penetrations. We expect these investments and acquisitions to further enhance our competitive position and sustainable development. In addition to funds generated from our business operations, we plan to use approximately 8.0% of the net proceeds from the Global Offering to implement this business strategy. For details, please see "Future Plans and Use of Proceeds — Use of Proceeds."

OUR PRODUCTS

The following table sets forth a breakdown of our revenue by product line in absolute amount and as a percentage of our total revenue:

	Year Ended December 31,						**Six Months Ended June 30,**			
	2023		**2024**		**2025**		**2025**		**2026**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Optical transceivers										
– Datacom transceivers	1,055,988	24.9	2,776,454	54.6	5,469,325	65.5	2,741,494	65.0	3,744,715	69.4
– Telecom transceivers										
FTTx	1,108,306	26.1	542,377	10.7	601,580	7.2	322,278	7.6	298,031	5.5
Others	572,855	13.5	363,276	7.1	463,707	5.6	218,585	5.2	235,032	4.4
Telecom transceivers sub-total	1,681,162	39.7	905,653	17.8	1,065,287	12.8	540,863	12.8	533,063	9.9
Sub-total	**2,737,150**	**64.6**	**3,682,107**	**72.4**	**6,534,612**	**78.2**	**3,282,357**	**77.9**	**4,277,778**	**79.3**
Optical chips	112,081	2.6	23,790	0.5	28,931	0.3	16,199	0.4	84,983	1.6
Optical network terminals										
ONT boxes	845,789	20.0	936,695	18.4	1,232,226	14.7	674,085	16.0	599,904	11.1
Others	543,969	12.8	444,008	8.7	558,911	6.7	243,184	5.8	429,983	8.0
Optical network terminals sub-total	1,389,758	32.8	1,380,703	27.1	1,791,137	21.4	917,269	21.8	1,029,887	19.1
Total	**4,238,989**	**100.0**	**5,086,600**	**100.0**	**8,354,680**	**100.0**	**4,215,825**	**100.0**	**5,392,648**	**100.0**

The following table sets forth a breakdown of our sales volume by product:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	(in thousands of units)				
Optical transceivers					
– Datacom transceivers	7,178	9,617	12,222	5,683	8,028
– Telecom transceivers					
FTTx	6,542	3,689	3,112	1,866	1,140
Others[1]	5,139	3,915	5,267	2,419	2,645
Telecom transceivers sub-total	11,681	7,604	8,379	4,285	3,785
Sub-total	18,859	17,221	20,601	9,968	11,813
Optical chips	4,862	1,597	1,018	659	4,480
Optical network terminals					
ONT boxes	11,807	15,567	20,817	11,013	11,459
Others[2]	4,613	4,596	5,213	2,461	2,322
Optical network terminals sub-total	16,420	20,164	26,030	13,474	13,781

Notes: (1) Includes telecom transceivers for transmission network and wireless applications. (2) Includes other broadband access products, Wi-Fi coverage products and other optical network terminals.

Optical Transceivers

We serve major customers of datacom and telecom sectors with a wide range of optical transceivers. Our high-performance, cost-competitive optical transceivers support a wide range of configurations, including different technical protocols, interfaces, form factors, transmission speeds and distances, wavelengths and other specifications. Such product diversity is mainly achieved by deploying different types of optical chips and packaging technologies.

We have developed optical transceivers employing various types of optical chips for diverse customer needs. Depending on the technology paths adopted, each type of optical transceivers at a given data rate may use different types of optical chips adopting compatible technologies. VCSEL-, DFB- and EML-based optical transceivers use different semiconductor materials and structures of resonators. Our typical multi-mode VCSEL-based optical transceivers are relatively inexpensive and ideal for short-range, low-power and high-volume data transmission applications. Our typical single-mode DFB- and EML-based optical transceivers are used for high rate, medium- to long-distance transmission. We have developed and produced in-house some of the EML and DFB laser chips used in our optical transceivers for telecom applications and some of the CW-DFB laser chips used in our optical transceivers for datacom applications. We generally purchase VCSEL laser chips and some other optical chips from third-party suppliers. We used to purchase laser chips used in our optical transceivers from third-party suppliers, primarily due to limited in-house laser chip types and capacity. Since the launch of our high-power CW-DFB laser chips, some of our CW-DFB laser chips used in the optical transceiver production are produced in-house. We have also been developing optical transceivers employing SiPh chips. SiPh-based optical transceivers demonstrate significant potentials in high rate, high integration, power optimization, cost effectiveness and wavelength flexibility. We have developed and mass-produced our 400G/800G SiPh-based optical transceivers.

We have developed optical transceivers utilizing various photoelectric signal processing technologies. During the Tack Record Period, a large portion of our high-rate optical transceivers used DSPs to compensate for distortions and maintain signal integrity. In addition to the conventional DSP approach, we have developed optical transceivers adopting the LRO technology, which is a half-linear approach yielding high power savings while keeping the DSP only at the transmitter side to maintain flexibility and scalability of a DSP-based transceiver model. We have applied on our optical transceivers the LPO technology, which replaces DSPs with linear analog components and results in significant reduction in power consumption and costs. We have also been developing optical interconnect products leveraging NPO and CPO technologies. NPO technology improves signal integrity, power density and bandwidth density by locating optical transceivers close to the switching electronic chips to provide flexibility for deployment. Similar to NPO, CPO technology addresses high power consumption and signal loss by closely co-packaging the optical components and the switching electronic chips to greatly reduce the transmission distance between them.

The following sets forth certain key design parameters for optical transceivers: (i) *Data rate:* This specifies the speed at which data is transmitted. A higher data rate (meaning a higher transmission speed) with low latency is particularly relevant for large-scale data center operations, AI-driven workloads, and real-time data processing. (ii) *Transmission distance:* This indicates the maximum distance over which an optical transceiver can transmit optical signals without significant loss of signal quality. We offer both single-mode and multi-mode optical transceivers, which use single-mode and multi-mode optical fibers, respectively, to cater to different data transmission needs. Single-mode transceivers, while more costly, are effective over longer distances. (iii) *Form factors*: This refers to the physical size and shape of an optical transceiver, which is one of the key factors determining the maximum power dissipation of the transceiver. Size is important because the miniaturization of optical components allows for high integration. Different form factors are designed to support specific data rates and are chosen based on different needs of the applications. (iv) *Wavelength:* This refers to the specific wavelength of light used for transmission. The most common wavelengths are 850 nanometers, 1310 nanometers, or 1550 nanometers, with other wavelength ranges for specific applications.

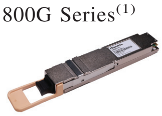
Our optical transceivers are broadly categorized into (i) datacom transceivers for AI and cloud computing, and (ii) telecom transceivers for FTTx, transmission network and wireless applications.

Datacom Transceivers

Our datacom transceivers have various application scenarios, including network access servers, storage area networks, AI clusters for both training and inference, and hyperscale data centers. Our key products include high-rate 400G, 800G and 1.6T optical transceivers of various form factors and compatible with various data communication standards. In 2024, we cooperated with a domestic leading cloud service provider in the joint development of 400G QSFP112 SiPh-based optical transceivers. We have developed and mass-produced our 800G VCSEL- and EML-based DSP optical transceivers and 800G SiPh-based LPO optical transceivers featuring a low bit error rate, efficient heat dissipation and high sensitivity. In addition, we began offering 1.6T optical transceivers in 2026. Attributable to their high rate and low power consumption, 1.6T optical transceivers are critical for accelerating the development of next-generation hyperscale data centers and AI training cluster interconnects. We are one of the first manufacturers in China to have developed and mass-produced 800G and 1.6T optical transceivers, which include EML- and SiPh-based DSP optical transceivers and

SiPh-based LPO optical transceivers. Driven by technological advancements and evolving market dynamics, the optical transceiver industry is progressing toward higher data rates and lower power consumption. The surge in computing demand fueled by AI clusters is expected to significantly drive the adoption of NPO/CPO which, as essential optical components for next-generation data centers, are poised for sustained rapid growth in the years ahead.

The following table sets forth certain details of our major advanced datacom transceivers:

Products	Features
Commercialized	
400G Series(1)  *400G QSFP112 DR4*	We offer 400G optical transceivers in the form factors of QSFP-DD, OSFP and QSFP112, which support the transmission of 8×50G 4-level pulse amplitude modulation (PAM4) and 4×100G PAM4 modulated signals, respectively. We offer 400G optical transceivers with various configurations, such as VR4, SR4, DR4, FR4 and LR4*.
800G Series(1)  *800G OSFP SR8*	We offer 800G optical transceivers in the form factors of OSFP and QSFP112-DD, which support the transmission of 8×100G PAM4 modulated signals. We offer 800G optical transceivers with various configurations, such as 2xVR4, VR8, SR8, 2xDR4, DR8, 2xFR4 and 2xLR4*. We offer 800G optical transceivers in three primary architectural approaches — full DSP, LPO and LRO.
1.6T Series(1)  *1.6T OSFP 2×DR4*	We offer 1.6T optical transceivers in the form factor of OSFP, which will support the transmission of 8×200G PAM4 modulated signals with various configurations, such as 2xDR4 and 2xFR4. We offer 1.6T optical transceivers in three primary architectural approaches — full DSP, LPO and LRO.
 *ELSFP*	We offer ELSFP (external laser small form-factor pluggable) modules, which are core components enabling the large-scale commercialization of CPO/NPO optics, and serve as critical infrastructure for AI computing and high-performance optical interconnect upgrades.
Under development	
 *3.2T/6.4T NPO*	We are developing SiPh-based 3.2T NPO optical engines featuring dual 36-channel fiber array units equipped with MPO/MT (multi-fiber push-on and mechanically transferable) connector receptacles. We had delivered 3.2T NPO samples for customer validation as of the Latest Practicable Date. We are developing 6.4T NPO optical engines, which will support the transmission of 32×200G PAM4 modulated signals. We expect to deliver the sample products in the first half of 2027.
 *12.8T XPO*	We are developing the next-generation 12.8T XPO (eXtra-dense pluggable optics) high-density, high-speed optical transceivers jointly with our customers, which will support the transmission of 64×200G PAM4 modulated signals with expected power consumption of less than 80 watt. We are on track to achieve commercial viability by 2027.

Notes:

* Standard names for transmission distance of optical transceivers which are generally adopted in the industry. For example, VR stands for very short reach of 50 meters, SR stands for short reach of 100 meters, FR stands for far reach of 2 kilometers, DR stands for data reach of 500 meters, and LR stands for long reach of 10 kilometers.

(1) A representative product in the relevant series.

In addition, we offer a diverse portfolio of 25G, 40G, 100G and 200G optical transceivers and active optical cable products under our datacom transceivers to cater to diverse needs of our cloud and enterprise customers.

Telecom Transceivers

The telecom industry involves information transmission over distances using different means. We primarily develop optical transceivers for FTTx, transmission network and wireless applications, mainly targeting telecom equipment vendors and operators.

FTTx

Our telecom transceivers for FTTx applications offer reliable network connections for household and enterprise end users, primarily through telecom operators and telecom and network equipment vendors. Our optical transceivers for FTTx applications provide users with stable high-rate network access that supports data transmission over long distances without interference from external wireless signals. PON is a fiber network infrastructure that utilizes a point-to-multipoint configuration, allowing one single optical fiber to serve multiple downstream users. We have been actively engaged in the design, development and production of optical transceivers for FTTx applications with PON technologies.

10G PON transceivers are our main PON products. We are one of the first manufacturers worldwide to have developed and mass-produced 10G PON optical transceivers. In addition, our Combo-PON transceivers integrate the two generations of PON technologies to achieve compatibility, allowing a higher degree of flexibility and can expand the device applications. Our Combo-PON products are in compliance with the ITU standard. We have delivered product samples for customer validation of our asymmetrical and symmetrical 50G PON optical transceivers both in the form factor of SFP-DD. The 50G PON optical transceivers are expected to be our next-generation standard PON products. The following table sets forth certain details of our major advanced telecom transceivers for FTTx applications:

Products	**Features**
Commercialized	
10G PON Series[3]  *XGS-PON Optical Line Terminal (OLT)*	We offer 10G EPON optical transceivers in the form factors of 10 gigabit small form factor pluggable (XFP) and SFP+, which support both PR30 and PR40 power budget classes. We offer XGS-PON optical transceivers in the form factor of SFP+, which support a transmission distance up to 60 km with N1, N2 and E1 classes[1]. We offer Combo-PON optical transceivers in the form factor of SFP+, supporting B+, C+ and D classes[2].
NG-PON2 Series[3]  *NG-PON2 OLT*	We offer NG-PON2 optical transceivers in the form factor of XFP, which support a transmission distance up to 20 km with N1 and N2 classes[1].

Products	Features
Under development	
50G PON Series[3]  *SFP-DD 50G PON (i.e., 50G & XGS & G SFP-DD Combo-PON OLT)[4]*	We have delivered product samples for customer validation of 50G PON optical transceivers in the form factor of SFP-DD, which supports asymmetrical 25Gb/s-50Gb/s speed for upstream/downstream bandwidth with various configurations. We have also delivered product samples for customer validation of 50G PON optical transceivers in the form factor of SFP-DD, which supports symmetrical 50Gb/s speed for upstream/downstream bandwidth with various configurations. We expect to commercialize the asymmetrical and symmetrical 50G PON optical transceivers in the form factor of SFP-DD by the end of 2026.

Notes: (1) Refers to different optical-path loss-budget classes under ITU standards. In GPON standards, N1 and N2 are considered nominal classes, representing standard reach and loss characteristics, while E1 is the extended class, allowing for longer reach and higher loss compared to nominal classes. Higher loss budgets generally allow for longer reach. (2) Refers to different classes of transmit power and receive sensitivity under the ITU standards. In GPON standards, higher classes refer to higher transmit power and receive sensitivity. (3) A representative product in the relevant series. (4) Product sample.

Over the past two decades, we have continuously advanced our technologies and upgraded our FTTx product portfolio, including launching our first 10G EPON optical transceiver in 2008 and participating in the ITU-led 10G PON standard in 2012. In 2018, we also participated in the project initiation of the 50G TDM-PON international standard led by the ITU as one of the representatives from China's optical access network industry, which was approved by the ITU in 2021 and aims to define the next-generation PON technology. We also completed the development and testing of the 50G PON OLT optical transceivers in 2020, which support a transmission distance of 20 km.

Transmission Network

A transmission network refers to data-carrying network infrastructure encompassing various scales from local to backbone networks. Our transmission network products empower such connectivity by enabling high-rate and reliable data transmission meeting different networking standards, including the ethernet, optical transport network, and open radio access network standards. Telecom equipment vendors are the primary customers of our telecom transceivers for transmission network applications. Our transmission network products can be applied in multiple metro network scenarios, such as metro ethernet aggregation, provincial backbone network expansion, national backbone networks and submarine optical fiber cables. We have developed a variety of products, including 100G LR1/LR4, 200G LR4, 400G LR4/ZR/ZR+, and 800G LR4 high-rate optical transceivers, to support the deployment of these scenarios. The following table sets forth certain details of our major advanced telecom transceivers for transmission network applications:

Products	Features
Commercialized	
100G Series[1]  *100G QSFP28 LR1*	We offer 100G optical transceivers in the form factor of QSFP28, supporting a transmission distance from 10 km to 30 km. Our 100G optical transceivers have various configurations, such as LR4, LR1, LR1 BiDi (bidirectional), and ER BiDi.

Products	Features
200G Series[1]  *200G QSFP-DD LR4*	We offer 200G optical transceivers in the form factor of QSFP-DD, supporting a transmission distance up to 10 km. Our 200G optical transceivers have various configurations, including both single-rate (at 200G) and dual-rate (at 200G and 100G) models.
400G Series[1]  *400G QSFP112 LR4*	We offer 400G optical transceivers in the form factors of QSFP112 and QSFP-DD, supporting a transmission distance up to 10 km. Our 400G optical transceivers have various configurations, such as LR4 and FR4.
Coherent 400G ZR/ZR+  *400G QSFP-DD ZR*	We offer coherent optical transceivers that support 400Gb/s coherent transmission, featuring a highly compact QSFP-DD form factor and supporting a transmission distance up to 1,200 km.
Under development 800G Series[1]  *800G QSFP-DD LR4[2]*	We have delivered product samples for customer validation of our 800G QDD/OSFP 2×LR4, and are developing a number of 800G optical transceivers, such as 800G QDD LR4, 800G OSFP FR4, and 800G OSFP LR4, which can support 10 km transmission distance. We expect to commence production of this product by the fourth quarter of 2026.

Notes: (1) Representative products in the relevant series. (2) Product sample.

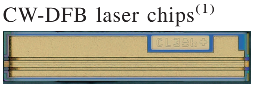
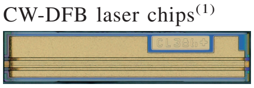
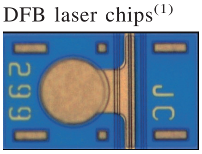
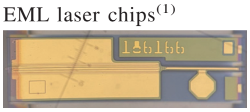
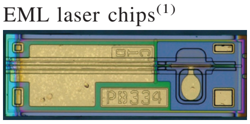
In addition, our telecom transceivers for transmission network applications also include a portion of optical transceivers at other data rates, such as 1.25G and 10G optical transceivers that support a transmission distance of from 10 km to 80 km.

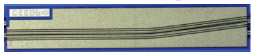
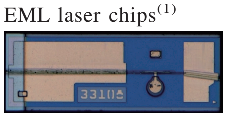
Wireless

We offer wireless broadband products from 10G to 50G optical transceivers. With multi-rate options, our wireless broadband transceivers can satisfy the multiple connectivity needs of the 5G front-, middle- and back-haul networks. This allows us to improve one-stop infrastructure and expand service to our major telecom operators. Our wireless products can also be applied in small cell coverage, IIoT, and wireless front-haul access, mainly by system integrators and equipment manufacturers who aim to deploy more comprehensive, customized network for their clients.

Optical Chips

Optical chips play a critical role in determining the performance and functionality of optical transceivers. In-house R&D and production capabilities for optical chips enable us to ensure timely and stable deliveries and maintain pricing competitiveness. As core light-emitting elements, III/V compounds are widely used for optical chip production and play an irreplaceable role in optical transceivers. We develop and produce a selective range of III/V compound semiconductor-based laser chips. In anticipation of the next-generation optical transceivers, it has become essential for optical transceiver manufacturers to master technologies in connection with high-end optical chips and advanced packaging solutions. Laser chips are a vital part of optical transceivers, relying on the photoelectric effect in III/V compound semiconductor materials, typically gallium arsenide (GaAs) and InP, to transmit optical signals. Laser chips are processed and packaged into transmitter optical sub-assemblies (TOSA) to convert electrical signals into optical signals, and photoelectric detectors are packaged into receiver optical sub-assemblies (ROSA) to convert optical signals into electrical signals. These components are then further assembled with electronic and other structural components to form optical transceivers. Our current in-house laser chip development and manufacturing are mainly used for TOSA. Laser chips vary in light emission types or modulation methods. We have developed and produced a number of laser chips, primarily DFB and EML laser chips. Our DFB laser chips feature a simple single design and low power consumption, fitting into more compact configurations. EML laser chips are widely used due to their low-noise, narrow linewidth features. Additionally, we also produce Fabry-Pérot laser chips, which are common and generally inexpensive and are widely used in short-range wireless transmission. The following table sets forth certain details of our major laser chips:

Products	**Features**
Commercialized	
For datacom applications	
CW-DFB laser chips[1]  *75mW CW-DFB*	Our CW-DFB laser chips support various output power and can operate at various wavelengths. We had commercialized 75mW CW-DFB laser chips which had been applied to 400G DR4 and 800G DR8 SiPh-based optical transceivers.
CW-DFB laser chips[1]  *100mW CW-DFB*[2]	Our high-power 100mW CW-DFB laser chips are mainly used in 1.6T 2×DR4 and 1.6T 2×FR4 SiPh-based optical transceivers.
For telecom applications	
DFB laser chips[1]  *25G DFB*	Our DFB laser chips support a full range of transmission rates from 2.5G to 25G and can operate at the wavelengths of 1270 to 1650 nm.
EML laser chips[1]  *10G 1577 nm EML*	Our 10G EML laser chips can operate at the wavelengths of 1550 to 1577 nm and can support various long-range transmission with a distance of 80 km or above.
Under development	
For datacom applications	
EML laser chips[1]  *200G CWDM4 EML*[2]	We are developing 200G EML laser chips which will mainly be used in 1.6T EML-based optical transceivers. We expect to commercialize this product by the fourth quarter of 2026.

Products	Features
CW-DFB laser chips[1]  *150mW/400mW CW-DFB[2]*	We are developing 150mW CW-DFB laser chips which will be used in the 1.6T/3.2T pluggable optical transceivers. We are also developing 400mW CW-DFB laser chips which will be used in the CPO-based ELSFP modules. We expect to commence production of 150mW CW-DFB laser chips by the fourth quarter of 2026 and complete customer validation of this product with leading optical transceiver manufacturers in the first quarter of 2027. We expect to commence production of 400mW CW-DFB laser chips by the first quarter of 2027 and complete customer validation of this product with leading optical transceiver manufacturers in the third quarter of 2027.
400G InP laser chips	We are developing 400G InP laser chips which will primarily be used in our 3.2T optical transceivers. We expect to complete the development of this product by the first half of 2028.
For telecom applications	
EML laser chips[1]  *50G EML SOA[2]*	We are developing our 50G EML semiconductor optical amplifier (SOA) laser chips which will mainly be used in PON products. We expect to commercialize this product by the fourth quarter of 2026.

Notes: (1) A representative product in the relevant series. (2) Product sample.

We have developed 75mW and 100mW high-power CW-DFB laser chips and are currently developing 150mW/400mW CW-DFB laser chips. In addition, we have developed 100G EML laser chips and are currently developing 200G CWDM4 EML laser chips which are a major light source to be used in 1.6T 2×FR4 and 1.6T DR8 EML-based optical transceivers. We are also developing 400G InP laser chips which will primarily be used in 3.2T optical transceivers. We tapped into the optical chip sector over a decade ago and were one of the first optical transceiver manufacturers in China to have developed and produced optical chips, according to Frost & Sullivan. We believe that our in-house R&D and production for optical chips serve as a significant competitive edge to ensure key component supplies, foster closer customer relationships, and enjoy cost advantages as we develop and commercialize more optical transceivers.

Optical Network Terminals

Optical network terminals serve as the key devices of an optical network and enable connectivity for household and enterprise users. Leveraging our extensive experience in optical communication industry, we have rapidly established a solid market position in the market of optical network terminals in China. Our optical network terminals mainly target household and enterprise end users to support connectivity functions such as network access and multimedia data transmission. We are also developing products that perform computing functions, a distributed computing model that brings computation and data storage closer to the sources of data, which we believe will further unlock market potentials along with the trend of decentralized data processing. Our optical network terminals primarily include the following:

Broadband access products: We offer various broadband access products built on ONT boxes, meeting the high-rate multi-media connectivity needs of end users, such as data, voice and video. Broadband access products, mainly ONT boxes, convert fiber optic signals to electrical signals that can be used in home or businesses to enable high-rate broadband access. Our broadband access products offer multi-service convergence realizing functions and fiber-to-the room (FTTR) master gateways that can be connected to smart terminals and serve as a multi-device control center. These products allow remote configurations and equipment upgrade, improving maintenance efficiency.

Wi-Fi coverage products: We offer hardware devices to receive, transmit and extend Wi-Fi signals, which provide stable and high-rate wireless connectivity for particular areas and settings, such as home, businesses and public areas. Our Wi-Fi coverage and booster devices are able to perform comprehensive tasks such as wireless signal transmission, access control, network management and coverage optimization.

We also produce multimedia set-top boxes, which are terminal devices that typically connect to a television or other display devices. They are mainly used for receiving, decoding and outputting high-definition audio and video content, and supports live TV, network streaming media and interactive services. We are developing AI-integrated smart terminals, which are a type of smart terminal devices embedded with edge computing capability. The intelligent screens enable interactive human-computer room experience, allowing real-time data processing and smart controls and supporting voice control, smart home integration, media streaming and local AI application services. In addition, we are jointly developing with a customer an optical network terminal embedded with AI computing functions, which acts as an FTTR+X gateway to offer reliable local computing power and flexible but extendable AI solutions. We expect these terminals to be used in many scenarios, including full-coverage ultra-gigabit smart life solutions, smart home data hubs and intelligent control hubs, home network optimization and security linkage. The following table sets forth certain details of our major optical network terminals:

Products	Features
Commercialized	
Broadband access products[1]  *XGS-PON ONT*	Our XGS-PON ONT features a 10GE interface and supports an equal download and upload speed of 9.95328Gb/s.
Wi-Fi coverage products[1]  *AX3000 Wi-Fi router*	Our AX3000 router complies with Wi-Fi 6 protocol and supports Wi-Fi 6 MU-MIMO (multi-user multiple input, multiple output), 1024-QAM (quadrature amplitude modulation) data transmission capacity and 160MHz bandwidth. Our AX3000 router comes with four external 5dBi antennas and has a maximum speed of 2402Mbps on the 5GHz band and 574Mbps on the 2.4GHz band.

Products	Features
Under development	
Broadband access products[1]  *NG-PON2 ONU stick[2]*	We have delivered product samples for customer validation of our NG-PON2 ONU stick, a new-generation pluggable ONT supporting higher-rate connectivity. Our NG-PON2 ONU stick supports tunable 4 x 100GHz channels and a maximum speed of 9.95328Gb/s. Our NG-PON2 ONU stick is in the form factor of SFP+.
 *25GS-PON ONT box[2]*	We have delivered product samples for customer validation of our 25GS-PON ONT box, which supports an equal download and upload speed of 24.8832Gb/s.
 *AI-integrated Smart Terminals[2]*	Our AI-integrated smart terminals integrate various functions, including high-definition camera, speech interaction, AI smart display and stereo speakers, enabling high-resolution audio/video, remote home monitoring, voice call as well as multi-mode home control services. We expect to complete the development and commence deliver in the third quarter of 2026.
Computing power gateways	We are jointly developing with a customer FTTR+X gateways embedded with computing functions.

Notes: (1) Representative products in the relevant series. (2) Product sample.

RESEARCH AND DEVELOPMENT

Our industry features fast technological innovations with the emergence of next-generation products every few years. We are committed to continuously advancing our technologies to maintain our competitiveness, market share and success. As such, we place significant emphasis on strengthening our R&D capabilities. In 2023, 2024, 2025 and the six months ended June 30, 2026, our R&D expenses amounted to RMB553.3 million, RMB623.1 million, RMB663.7 million and RMB320.0 million, respectively, accounting for 13.1%, 12.3%, 7.9% and 5.9% of our total revenue in these respective periods. We have four R&D centers. Our Qingdao center focuses on R&D projects for datacom transceivers and FTTx-application related telecom transceivers, while our Wuhan center focuses on R&D projects for other telecom transceivers. Our Silicon Valley center primarily engages in R&D activities to support our customers in North America. Our R&D center in Singapore established in early 2026 focuses on R&D on high-rate datacom optical transceivers. Our operations in Singapore, including this R&D center, are limited at the current stage.

We actively participate in domestic and overseas industry associations and organizations, which not only increases our exposure and market position in the industry but also allows us to keep pace with the latest industry insights and market trends. As of the Latest Practicable Date, we were one of the editors in charge of establishing two industry standards for optical transceivers of the China Communications Standards Association and one industry standard for optical chips of the China National Institute of Standardization. We are also a member of OIF (Optical Internetworking Forum), ODCC (Open Data Center Committee), and the XPO MSA (eXtra-dense Pluggable Optics Multi-Source Agreement).

Product Design and Development

We have established detailed protocols and standard operating procedures for our product design and development processes. In addition to our in-house R&D, we also collaborate with some customers in product design and development to offer customized products meeting their special specifications or requirements. Under our joint development model for certain customized products, we are typically responsible for the product design, research and development and submit our product design proposal to the relevant customer for assessment and review. We maintain constant communications with the customer to collect its requirements and feedback throughout the design and development process. At the prototype design and production phase, we timely deliver the prototype to the relevant customer for its testing. The joint development project will only be concluded after the relevant final products are inspected and accepted by the customer. See "— Production — Joint Development Model."

Planning and Product Proposal: Our product development process begins with the decision on initiation of a project by a business unit manager, including after receiving requests for quote from customers or carrying out market research. Led by our product management team, we initiate product planning and our technical team works on the product's technical designs. The initial product planning is subject to feasibility studies and will be submitted to our product approval committees (PACs) for evaluation and approval, which are the key decision-making bodies with respect to our product development processes.

R&D and Testing: Once the product planning is approved, a designated project team is assigned to lead the entire development process, starting from formulating project budgets and schedules. Following such budgets and schedules, the designated project team commences various designs for prototype production. We conduct quality, performance and various design validation testing during the prototype production process to ensure its functionality and design integrity. This stage is critical for the product's manufacturability during the subsequent trial production stage.

Small-batch Trial Production: We commence small-batch trial production after the prototype meets the initial specifications and requirements detailed in the product proposal. The results of the trial production are submitted to our relevant departments, including R&D, technical, testing, quality control and marketing, for final evaluation and approval. We may submit product samples to relevant customers for validation. This allows us to collect feedback and make final adjustments to the product before commencing ramp-up production. Under our joint development model, we are required to deliver a specified amount of product samples and relevant documentation to the customer for inspection and confirmation. We are also typically obligated to notify the relevant customer in advance of planned product testing, so that the customer can designate technical staff to inspect the product testing process on-site.

Ramp-up and Mass Production: We carry out ramp-up production to test and verify the yield and statistical process controls. Ramp-up production enables us to plan production capacity for full-scale manufacturing and ensure that digitalized systems are integrated and functioning. Mass production commences following the ramp-up if no material defect is identified.

Quality Control on R&D Process

We have established an advanced product quality planning (APQP) system, which spans the processes from product design, development through mass production. The APQP system focuses on upfront quality planning, such as design robustness, specification compliance, process design, testing and validation. Additionally, we have formulated research and testing protocols in line with industrial standards.

R&D Collaborations

To supplement our in-house R&D, we have collaborated with business partners and universities in R&D projects. Collaborations cover a broad spectrum of research areas and subjects, including studies on optical chip growth methods, studies on design and development for coherent products, and various simulation design and testing by leveraging the platforms and algorithms the relevant university may possess.

Key R&D Programs

Our key R&D efforts include: (i) *NPO and CPO*: We are researching NPO and CPO technologies to further introduce high-rate products. As of the Latest Practicable Date, we had delivered 3.2T NPO samples for customer validation and had been proactively developing 6.4T NPO optical engines. We also plan to establish a NPO- and CPO-focused R&D and manufacturing platform, based on which we anticipate to collaborate closely with customers to promote the development of relevant industry standards; and (ii) *Higher data rates and ultra-high bandwidths*: We have developed and mass-produced 800G and 1.6T optical transceivers and are currently developing higher-rate 3.2T optical transceivers and next-generation 12.8T XPO optical transceivers.

OUR TECHNOLOGIES

Major Technologies in Product Design and Development

Our core optical transceiver technologies remain at the forefront of the industry. We possess proprietary capabilities in circuit designs for optical transceivers. Leveraging our advanced optical transceiver design platform, we have unlocked a number of technical bottlenecks, such as noise suppression within DSP and power-supply circuits, high-rate signal chain optimization, optical chips micro-stress packaging, and thermal management. These achievements helped us to significantly improve key parameters and promote practical applications of our optical transceivers. We possess capabilities covering the entire design and manufacturing process for our optical chips. For optical chip designs, we have developed two mature processing platforms for buried heterostructure and ridge waveguide, which provide us with the flexibility to choose among different design plans. We also possess proprietary capabilities in developing a wide range of optical network terminals. Currently, our core technologies cover hardware relating to PON access, radio frequency and antenna, and thermal design. Additionally, we also hold proprietary technologies in software development for optical network terminals. Moreover, we have developed control systems that facilitate gateway to fulfill different functions. In particular, our self-developed cloud management systems provide centralized but remote data management capabilities for multi-device networks, such as data storage and restoration, remote status diagnose and system upgrades.

The following discusses some of our key technologies used in our product design and development: (i) *DSP*: DSP is a key component that enables high-speed optical connectivity and optical communications. A large portion of our high-rate optical transceivers are DSP-based optical transceivers. (ii) *LPO*: LPO replaces the DSP with a transimpedance amplifier and driver chip with excellent linearity and equalization capabilities, which results in a significant reduction in power consumption, latency and costs. The evolution of LPO technology marks a significant advancement in the field of optical transceivers. According to Frost & Sullivan, we are one of the first manufacturers in China to have developed and mass-produced 800G and 1.6T SiPh-based LPO optical transceivers. Our 1.6T SiPh-based LPO optical transceivers have achieved power consumption as low as 10 watt, representing an approximately 60% cut compared with that of conventional DSP-based transceivers. (iii) *PON*: PON reduces equipment costs compared to point-to-point networks. We have successfully developed and commercialized a number of optical transceivers in compliance with GPON and EPON standards which are widely applied in FTTx market. 50G PON products are one of our major FTTx transceivers under development. We have delivered product samples for customer validation of our asymmetrical and symmetrical 50G PON optical transceivers both in the form factor of SFP-DD. (iv) *SiPh-based optical transceivers*: We believe SiPh-based optical transceivers represent a new and promising technological development that can address the critical demand for reduced power consumption efficiency. We had developed and mass-produced our 400G/800G SiPh-based optical transceivers. (v) *Buried heterostructure laser technology*: Buried heterostructure laser technology features with high reliability and high beam quality. Taking advantage of such technology, we have successfully developed and commercialized a number of laser chips, including 2.5G DFB, 10G EML, 10G EML SOA, 75mW and 100mW CW-DFB laser chips.

Major Optical Packaging Technologies in Optical Transceivers

Optical transceivers deploy various packaging methods to house and protect the internal components. Packaging methods are significant to the performance and application of the optical transceivers. Leveraging our in-depth industry knowledge and experience over the past two decades, we have mastered various packaging technologies. For example: (i) *TO-CAN packaging*: TO-CAN packaging is a compact and relatively cost-effective method. We have adopted TO-CAN packaging for our production for years and have developed our own coupling and welding equipment ensuring high precision and yield. (ii) *BOX packaging*: BOX packaging ensures reliable protection against demanding environmental factors, which provides a robust solution for optical transceivers requiring high performance and long-term stability. We have adopted the BOX packaging method in the production of a number of our high-rate optical transceivers, such as 400G and 800G optical transceivers. (iii) *COB packaging*: COB packaging offer several advantages such as reduced size, lower cost of production, and improved performance. We use COB packaging technology in producing both multi-mode and single-mode optical transceivers for applications requiring cost efficiency, high integration and high transmission speed. (iv) *SiPh-based packaging technology*: SiPh-based packaging features high-integration and low-cost attributable to SiPh-based materials, while leveraging InP-based lasers as the light source. The SiPh-based packaging technology is able to efficiently improve transmission rate and reduce power consumption, representing a core technology in developing high-rate datacom and coherent optical transceivers.

Key Technologies Used in Our Optical Chips' Production

Our production facilities cover all major steps of optical chips manufacturing, from epitaxial growth to grating formation, etching, metallization, film deposition, automated testing, radio frequency testing and reliability testing. Our continued R&D efforts have also led to new processing techniques, such as deep etching, low dielectric materials, high-quality butt-joint growth, and coplanar electrodes, supporting our future development and commercialization of high-end optical chips. The following discusses some of our key technologies used in our laser chips' production: (i) *Metal organic chemical vapor phase deposition (MOCVD) technology*: MOCVD is the most significant technology during the epitaxial growth stage of our optical chip manufacturing process. We have mastered MOCVD technology delivering high yield and high quality. (ii) *Electron-beam lithography (EBL) technology*: EBL technology offers a high level of accuracy in creating nanoscale grating patterns by using precise beam positioning. We deploy EBL technology in the grating formation process, which could achieve a pitch accuracy within +/-0.01 nm. Grating accuracy has a significant impact on the spectral resolution. (iii) *Buried heterostructure and ridge waveguide*: Buried heterostructure and ridge waveguide represent two major processing technologies that form waveguides on chips to confine and control light path. Our mastering of these two mature processing technologies provides us with the flexibility to choose most appropriate technical approaches for different products.

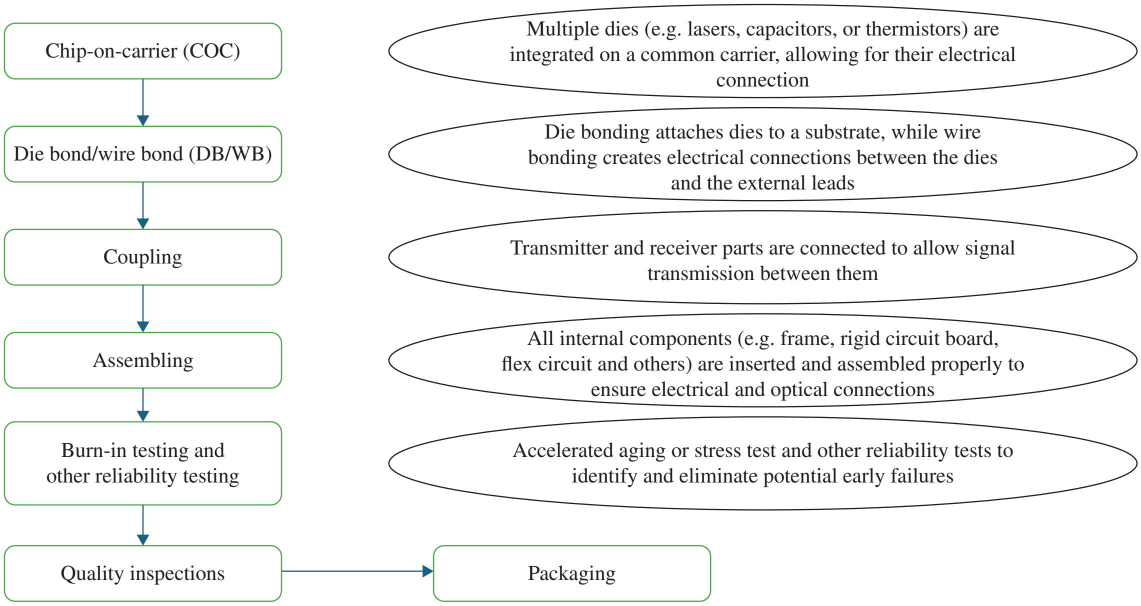
PRODUCTION

Our multi-regional production facilities and our intelligent manufacturing capability enable us to efficiently bring our high-quality products to the market. Most of our products are manufactured in-house. We may from time to time engage contract manufacturers to manufacture certain components (i.e., raw materials) and certain optical network terminal products (i.e., finished products). Our other finished products, including optical transceivers, optical chips and most optical network terminals (such as ONT boxes) are produced in-house. Finished products manufactured by our contract manufacturers were zero in 2023 and accounted for approximately 3%, 5% and 7% of our total revenue in 2024, 2025 and the six months ended June 30, 2026, respectively.

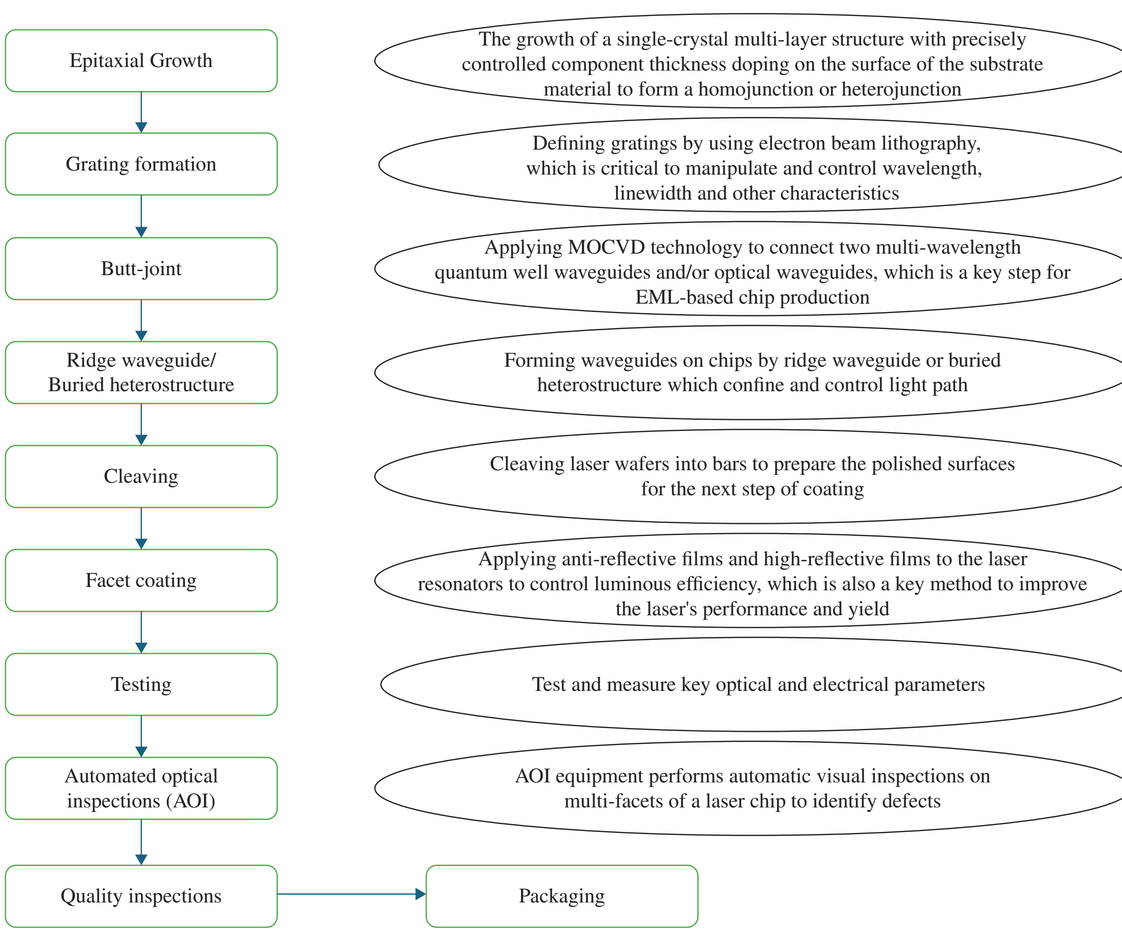
Production Process

The following diagram illustrates the key production steps of our optical transceivers, optical chips and optical network terminals, respectively.

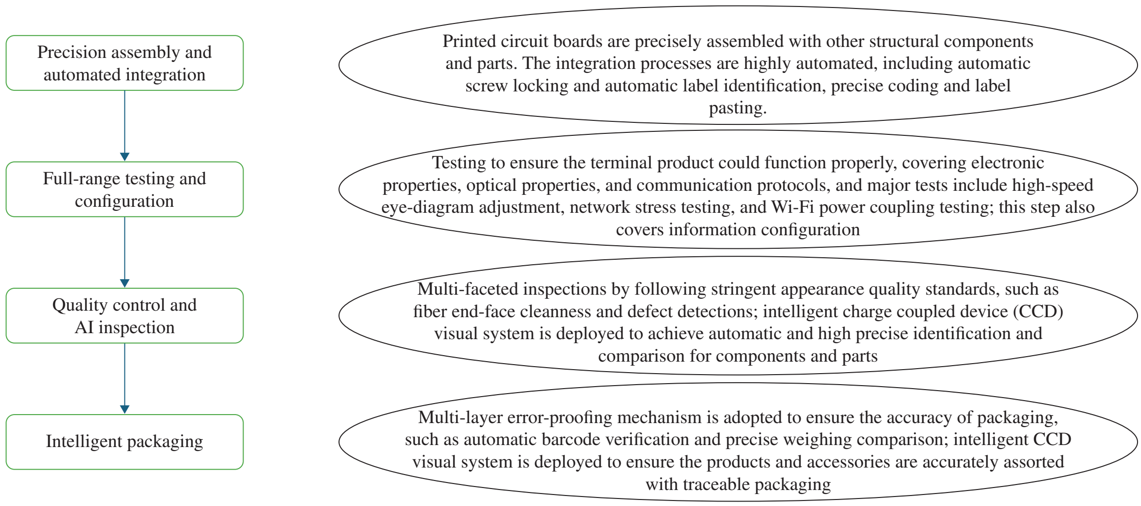
Optical Transceivers



Optical Chips



Optical Network Terminals



Production Facilities

We currently have four production facilities in China, Thailand and the United States, with a total gross floor area (GFA) of over 90,290 sq.m. Our international presence enables us to efficiently serve customers in our target markets worldwide. Details of our production facilities are below:

Production Facilities	Major Products	GFA (sq.m.)	Began Commercial Production
Qingdao, China	Optical transceivers and optical chips	12,694	2011
Jiangmen, China	Optical transceivers and ONT	49,578	Phase 1: 2014 Phase 2: 2024
Changwat Nonthaburi, Thailand . .	Optical transceivers	6,964	2020
New Jersey, the United States . . .	Optical transceivers and optical chips	21,053	2012

The production capacity, production volume and utilization rate of our existing production facilities for the periods indicated are below:

	Year Ended December 31,									Six Months Ended June 30,		
	2023			2024			2025			2026		
	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity	Actual Production Volume	Utilization Rate
	(in thousand units)	*(in thousand units)*	%	*(in thousand units)*	*(in thousand units)*	%	*(in thousand units)*	*(in thousand units)*	%	*(in thousand units)*	*(in thousand units)*	%
Qingdao facility												
Optical transceivers .	8,067	4,963	61.5	4,597	3,502	76.2	6,188	4,703	76.0	2,562(4)	1,681	65.6
Optical chips . . .	21,219	14,470	68.2	20,385	8,708	42.7	12,193	8,802	72.2	18,186	17,117	94.1
Jiangmen facility												
Optical transceivers .	13,159	8,440	64.1	13,183	11,189	84.9	17,140	14,299	83.4	9,405	7,176	76.3
Optical network terminals	18,125	13,863	76.5	24,093	17,838	74.0	28,296	20,539	72.6	14,213	10,787	75.9

	Year Ended December 31,									Six Months Ended June 30,		
	2023			2024			2025			2026		
	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity	Actual Production Volume	Utilization Rate
	(in thousand units)	*(in thousand units)*	%	*(in thousand units)*	*(in thousand units)*	%	*(in thousand units)*	*(in thousand units)*	%	*(in thousand units)*	*(in thousand units)*	%
Thailand facility												
Optical transceivers	1,937	718	37.1	1,921	1,311	68.3	3,810	2,478	65.0	3,192	2,220	69.6
New Jersey facility(5)												
Optical transceivers	–	–	–	18	7	40.3	31	10	32.8	31	24	77.5

Notes:

(1) Calculated as the maximum possible production volume for the relevant period, which is based on the number of production machines in operation, machine time for standardized products (assuming operations for 19 hours a day and 26 days a month), and estimated yield rates for different products based on our historical records. The production volume of non-standardized products is adjusted by the production time that would otherwise be required to produce similar standardized products.

(2) Including optical chips produced for internal use in our production of optical transceivers.

(3) Calculated as actual production volume for the period divided by the designed production capacity for the same period.

(4) Designed annual production capacity for optical transceivers at our Qingdao facility declined in the first half of 2026 because we have been upgrading and retrofitting our equipment to replace existing production lines for low-speed products with those for higher-speed products.

(5) Our New Jersey facility commenced production of optical transceivers since June 2024. In addition, during the Track Record Period and up to the Latest Practicable Date, our New Jersey facility produced laser wafers, which were shipped to our Qingdao facility for its subsequent production of laser chips.

Our production activities, particularly our production volume for different products, are largely driven by purchase orders we receive from our customers in a specified period, which may change from time to time. In addition, the fluctuations in the utilization rates are also attributable to changes in the product mix in relevant periods, as different products may require distinct production equipment or may be at different stages of their life cycles. The utilization rates of our various product lines remained relatively stable during the Track Record Period except as discussed below:

In addition, the utilization rate for our optical transceivers was relatively low in 2023, which was also in part attributable to an industry-wide destocking cycle following elevated stockpiling by many cloud service providers and telecom and network equipment vendors and operators during COVID-19 outbreaks in prior years to prepare for potential supply chain disruptions. Our utilization rate for optical transceivers increased from 2023 to 2024, primarily due to an increase in sales volume of our optical transceivers, and because we lowered our designed production capacity for telecom optical transceivers by rendering some of the production equipment obsolete, considering declines in market demand. In particular, the decreases in the designed production capacity for our optical transceivers from 2023 to 2024 were mainly because we gradually switched to produce a larger proportion of higher-rate optical transceivers in line with market demand; higher-rate optical transceivers generally have more complicated production processes and require more equipment to produce than lower-rate products, resulting in lower maximum possible production volume in a given period. While we adapted some of our obsolete telecom production equipment, to the extent feasible, to produce datacom optical transceivers and built additional production capacity for our datacom optical transceivers in 2024, this process took time and did not result in an increase in our overall designed production capacity for optical transceivers in that year. The utilization rate for optical transceivers at our Thailand facility decreased in 2025 compared to that in 2024, primarily due to a significant increase in the designed production capacity following the commissioning of new automated production lines in 2025 in anticipation of strong market demand for higher-rate products from overseas customers. The utilization rate for optical transceivers at our Jiangmen facility decreased slightly in the six months ended June 30, 2026 compared to that in 2025, primarily because we strategically enhanced our production flexibility by increasing its designed annual production capacity in anticipation of growing demand based on our market insights. Designed annual production capacity for optical transceivers at our Qingdao facility declined in the first half of 2026 because we have been upgrading and retrofitting our equipment to replace existing production lines for low-speed products with those for higher-speed products. The utilization rate for optical transceivers at our Thailand facility increased in the six months ended June 30, 2026 compared to that in 2025 primarily due to strong market demand.

Most of our in-house produced optical chips are used in our optical transceiver production, and the rest are sold to external customers. Decreases in the utilization rate of our optical chips in 2024 were primarily because our new optical chips were still being developed and had not been commercialized while demand from external customers for our existing optical chips declined because they are mainly used in telecom transceivers for which market competition has intensified in recent years. The utilization rate for our optical chips increased in 2025, primarily because of a decrease in our designed production capacity, which was in turn because in anticipation of the upcoming production and commercialization of certain new laser chips (which were still ramping up their production volume), we devoted more space and added certain new equipment with higher manufacturing precision and efficiency for the production of the new laser chips, while removing some of our production equipment for our existing laser chips (particularly those for lower-rate products) in light of declines in customer demand. The utilization rate for our optical chips increased in the six months ended June 30, 2026 compared to 2025, primarily due to strong market demand, especially after we achieved production of high-power CW-DFB laser chips in the first quarter of 2026.

Considering our multi-regional production capacity planning for optical chips, during the Track Record Period and up to the Latest Practicable Date, our U.S. production facility manufactured laser chip wafers, which were mainly shipped to our Qingdao production facility to produce laser chips. These laser chips are either sold to external Chinese and overseas customers or used for our in-house production of optical transceivers. The laser chip wafers imported from our U.S. production facility to China are subject to a 10% "reciprocal" tariff imposed by the Chinese government. While an additional 25% Section 301 counter-tariff is applicable to these laser wafers, we have been able, and expect to continue, to obtain waiver of this tariff from the Chinese government. Because (i) all PRC domestic enterprises that purchase relevant products from the United States are eligible to apply for exclusion from the additional 25% Section 301 counter-tariff according to the Announcement of the Customs Tariff Commission of the State Council on Market-based Procurement Exclusion of Goods Subject to Additional Tariffs on the United States (《國務院關稅稅則委員會關於開展對美加徵關稅商品市場化採購排除工作的公告》) (the "**Announcement**"), which is subject to periodical review and updates by the Chinese government, (ii) light-emitting diodes (which cover laser chip wafers) from the United States have been included in the exclusion list since the issuance of the Announcement in 2020, (iii) there is no quota restriction, and (iv) since 2022, Qingdao Broadband has obtained government approval for waiver of such tariff and subsequent awards of the waiver are only procedural without requiring substantive review according to the exclusion list, as amended, by the authorities, our PRC Legal Advisor is of the view that it is reasonable to expect that we will continue to receive waiver of the additional

25% Section 301 counter-tariff imposed by the PRC government on our laser chip wafers imported from our U.S. production facility provided that the relevant laws, regulations and policies remain unchanged and our imported wafers remain in the exclusion list.

We do not rely on the U.S. production facility for these laser chip wafers, as our Qingdao production facility has been able to produce these laser chip wafers locally. We currently intend to maintain U.S. operations for laser chip wafer production for subsequent in-house production of laser chips in China, instead of producing finished laser chips in the U.S. However, we consider that maintaining this production facility in the U.S. may provide us with more maneuver strategically in light of the evolving global trading environment and geopolitical landscape. In particular, we can leverage our U.S. operations to potentially produce finished laser chips in the U.S., if needed, to satisfy the demand of our U.S. customers in the future, especially if these customers decide to purchase laser chips from the U.S. domestic market, instead of China, in the event the U.S. government imposes additional tariffs or other restrictions on products manufactured in China. The utilization rate of laser chip wafer production at our U.S. production facility, considering the number of production machines in operation, machine time and employees' available work time, was approximately 88.0%, 85.0%, 74.4% and 68.5% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The utilization rate decrease in 2025 was primarily due to reduced market demand for our existing optical chips while our new optical chips were still under development or ramping up production. The utilization rate continued to decrease in the first six months ended June 30, 2026 as we strategically reserved some production capacity for the R&D, pilot production and process validation for next-generation CW-DFB optical chips, to support their robust commercialization in the mid-to-long run.

Primarily due to our product iteration and customer development efforts, orders for our ONT boxes steadily increased since 2023. The utilization rate for our optical network terminals in 2025 decreased slightly compared to 2024, primarily due to the increase in our designed production capacity.

Upgrade and Expansion Plans

We plan to further expand and upgrade our production facilities, particularly to strategically increase our production capacity for high-end optical transceivers, which generally have relatively high gross profit margins and present strong market potentials. To meet requirements of our overseas customers , in addition to our existing established capacities as discussed above, the following lists all our currently planned upgrade and expansion plans:

- we have been planning two new production facilities in Thailand (i.e., new facilities A and B) for optical transceivers, out of which Phase 1 of the new facility A had commenced operation as of the Latest Practicable Date. In addition, we expect to enter into a purchase agreement with a subsidiary of one of our Controlling Shareholders in connection with the acquisition of a land parcel in Thailand at a consideration close to RMB90.0 million on or about the date of this document as soon as the contemplated transaction is approved by both parties' boards of directors. We will use our own funds for the land acquisition and this land parcel will be used as premises for production and related activities at our new facility B;

- despite robust U.S. market demand, our industry has been facing geopolitical tensions and uncertainties surrounding the U.S. and China, which may also result in increasing operational challenges and compliance costs. Therefore, we plan to strengthen local production capacity to capture the opportunities in the U.S. and we are upgrading and expanding our production facilities for optical transceivers and optical chips in the U.S. In particular, we plan to strategically focus on high-end optical transceivers (such as 800G and 1.6T) at the U.S. optical transceiver production facility and will primarily manufacture and provide the products and related services to our U.S. customers;

- we have been upgrading and expanding our Qingdao facility to increase its production capacity for optical transceivers and optical chips, out of which Phase 1 of the Qingdao expanded facility for optical chips had commenced operation as of the Latest Practicable Date;

- we have been upgrading and expanding our Jiangmen facility to increase its production capacity for optical transceivers; and

- in the third quarter of 2025, we raised approximately RMB1.0 billion to enhance our R&D capabilities and expand our production capacity for optical chips, including to establish a new R&D and production facility in Xiamen. The Xiamen production facility will strategically focus on the development and production of high-end laser chips.

Except for the new Xiamen facility, we intend to utilize a portion of the net proceeds from the Global Offering to fund the above-discussed expansion plans, and in the event that we would require additional financing, the shortfall will be financed by our internal resources generated from the net cash from operating activities and/or bank financing, as appropriate.

The table below sets forth the expected timeframe for key stages of our new or expanded production facilities, subject to factors out of our control, including time for premises acquisition/leasing, regulatory approvals, construction progress, customer demand and geopolitical relationships, such as any unanticipated changes in U.S. tariff policies.

	Expected timeline							
Key stages	**Thailand new facility A (optical transceivers)**	**Thailand new facility B (optical transceivers)**	**U.S. expanded facility (optical transceivers)**	**Jiangmen expanded facility (optical transceivers)**	**Qingdao expanded facility (optical transceivers)**	**Qingdao expanded facility (optical chips)**	**U.S. expanded facility (optical chips)**	**Xiamen facility (optical chips)**
Complete construction[(1)] . .	Phase 1: in 2nd quarter 2026 Phase 2: by the end of 2026	By the end of 2027	By the end of 2026	By the end of 2026	By the end of 2026	Phase 1: in 2nd quarter 2026 Phase 2: by 1st quarter of 2027	Phase 1: by January 2027 Phase 2: by the end of 2027	By the end of 2027
Commence commercial operation[(1)]. . . .	Phase 1: in 2nd quarter 2026 Phase 2: by the end of 2026	By the end of 2027	By the end of 2026	By the end of 2026	By the end of 2026	Phase 1: in 2nd quarter 2026 Phase 2: by 1st quarter of 2027	Phase 1: by January 2027 Phase 2: by the end of 2027	By the end of 2027
Designed annual production capacity upon commencement of operation[(2)]. . . .	Initially approximately 8.0 million units of optical transceivers	Initially approximately 6.0 million units of optical transceivers	Initially approximately 120,000 units of optical transceivers	Initially approximately 3.0 million units of optical transceivers	Initially approximately 2.0 million units of optical transceivers	Initially approximately 90.0 million units of optical chips	Initially approximately 72.0 million units of optical chips	N/A[(2)]

Notes: (1) Current plans subject to adjustment. (2) For facilities that are planned to have multiple phases of expansion, the estimated designed annual production capacity refers to the production capacity upon commencement of operation of the initial phase. The aggregate designed annual production capacity will increase once additional phases are completed. (2) The Xiamen facility is to commence commercial operation after the completion of product R&D and the installation and configuration of relevant production equipment. We cannot accurately estimate the facility's designed annual production capacity now, as it will depend on our high-end laser chip R&D progress and prevailing market demand.

We are accelerating the upgrade of the intelligence levels of our manufacturing system and intend to upgrade or expand our various production facilities towards full-scale automation and intelligence. Specifically, we intend to increase our production lines' efficiency, product yield and testing accuracy and reduce costs by deploying industrial equipment clusters and AI technologies.

Our Intelligent Manufacturing Process

Empowered by cross-region data sharing and integration, we have built manufacturing capabilities with high automation and intelligence levels, which have enabled us to continuously improve our production efficiency, reduce costs, achieve economies of scale, and maintain competitiveness. We have received the intelligent-manufacturing maturity level-3 certifications (integration level).

Our Intelligent Manufacturing Process

Automated production: We have adopted automated production processes. To achieve digital control and intelligent decision-making, we have established intelligent production lines equipped with automated vehicles, networked production robots, and automatic inspection capabilities. Our Jiangmen facility established a fully automated production line for medium- and low-rate optical transceivers in 2016, and our Qingdao facility launched a fully automated testing line for PON products in 2023, each of which was one of the first in our industry in China, according to Frost & Sullivan. We also established fully automated production lines at our Qingdao facility with respect to the COC bonding process in 2021, which allowed us to successfully reduce consumables and labor costs for our optical transceiver production. We have intelligent warehousing systems at our Qingdao, Jiangmen and Thailand facilities, which are equipped with automated guided vehicles that can materially optimize our labor costs. We have further transformed the warehousing systems to a vertical lift mode, which takes up a minimum footprint allows automatic storage and delivery.

AI-empowered intelligent manufacturing: Our proprietary Hi-Test platform is an advanced intelligent optical transceiver testing platform empowered by various AI functions including equipment utilization analysis, defect diagnose, online testing and quality control. For example, leveraging its cloud computing capability, the Hi-Test platform is able to better allocate resources for testing tasks on a dynamic on-demand basis, which significantly increases the testing equipment utilization rate. Separately, we have implemented an AI-empowered visual quality-inspection system which automatically detects product defects with an accuracy rate over 97%. We also undertake to enhance the penetration of AI applications across all of other key operational stages. For instance, by taking advantage of an AI-empowered supply chain management system, we are able to improve the accuracy of demand forecasts of key raw materials, which allows us to better manage our supply chain risk exposure.

Digitalization of production steps: We have achieved the full digitalization for all major production steps by centralizing key operational data through our manufacturing execution system (MES). Our digitalized MES enables us to carry our real-time management of resource allocation, production scheduling, quality control, defect detecting and raw material tracing in a more streamlined and efficient manner.

Equipment Procurement and Maintenance

We purchase all of our manufacturing machinery and equipment from reputable equipment suppliers. We generally do not rely on any single supplier for material machinery and equipment. Leveraging our real-time monitoring system, we are able to monitor and analyze key machine performance data to predict potential system failures. We perform regular maintenance check on the status of our production and testing machines and equipment. In addition, our in-house technical and engineering staff upgrade and re-configure our machinery and equipment from time to time to meet the specification requirements of tailor-made orders. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material production disruption due to unexpected failure of production equipment.

Quality Controls

We have established stringent quality control programs covering product design and development, procurement, production, and product testing and verification. As of June 30, 2026, we had a quality control team of 86 employees, among whom over 25.6% had a master's degree or above. To align with the latest industry standards and regulatory requirements, we provide regular training to our quality control personnel and periodically update our internal quality standards and production in-progress requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product liability claim due to quality issues that was material to our business, results of operations or financial position.

We have obtained the ISO9001 quality management certification for our Qingdao, Jiangmen and Thailand facilities. These three facilities have also obtained a number of other quality management certifications, including the OHSAS 18001 (health and safety) certifications, TL 9000 quality management certifications for the telecommunications industry, ISO45001:2018 certifications occupational health and safety management systems and the ANSI/ESD S20.20 IEC 61340-5-1:2016 (for electrostatic discharge control programs). Our products for the U.S., Germany and the U.K. are certified by Underwriters Laboratories, Technischer Überwachungsverein and the UK Conformity Assessed, each a globally recognized quality certification organization, respectively. Our Jiangmen and Qingdao facilities have been certified under the ISO14064-1:2018 and ISO50001. These certifications demonstrate our compliance with international quality management standards.

Our quality controls cover raw materials, in-process production and finished products at each production stage. We select suppliers prudently to ensure the quality of raw materials. All of our major suppliers are ISO certified, and our critical materials are required to meet national or international standards. We apply standard operating procedures for each major production step. Our statistical process control system and other systematic error-prevention designs allow us to monitor production in real time. In addition, we have established a material coding and tracing system covering from raw materials to finish goods to identify the flawed process. We use advanced testing equipment and stringent procedures to verify the performance, functionality and compliance of our finished products with applicable specifications. We regularly analyze failure rates and other quality data to assess the effectiveness of our quality controls.

Arrangements Supplementary to In-house Production

We produce a substantial majority of our products in-house, but may also engage contract manufacturers to manufacture certain components and certain ONT products. We may engage contract manufacturers in circumstances where (i) the components or finished products have relatively low technological production requirements (ii) customer order volume is relatively small or unstable, and contract manufacturers can manufacture the products cost-effectively, (iii) our in-house production capacity is insufficient, (iv) our in-house production does not have cost advantages, and the products are not our strategic focus, or (v) contract manufacturing is required to supplement our procurement of certain components. The fees we paid to contract manufacturers for their manufacturing services were accounted for in our cost of sales (for products, or components incorporated in products, that were sold in the period) or inventories (for components or products not utilized or sold yet). These fees to the contract manufacturers as a percentage of our total cost of sales were 7.5%, 5.4%, 3.6% and 2.4% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Among our contract manufacturers during the Track Record Period, one was our related party, namely, Guangdong Hisense Communication Co., Ltd., a wholly-owned subsidiary of Hisense Group Holding, and the remaining were all Independent Third Parties. Our fees paid to this related party as a percentage of our total cost of sales were 1.9%, 2.4%, 1.1% and 1.0% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our arrangements with this related party were on normal commercial terms substantially consistent with our other contract manufacturers. During the Track Record Period and up to the Latest Practicable Date, we did not experience material quality issues in connection with our contract manufacturing arrangements.

Our contract manufacturing agreements typically set out the products to be provided by the contract manufacturers. Detailed product specifications and technical requirements, quantity, price, delivery schedules are typically set forth in purchase orders under the relevant agreement. We are generally responsible for providing the product types, specifications and technical requirements in each purchase order. We are responsible for specifying key raw materials to be used in their production. Without our approval, the contract manufacturers are prohibited from using the designated raw materials for other purposes or to sub-contract. Product specifications, including parameters, manufacturing processes and prototypes, provided by us belong to us and may only be used by the contract manufacturers within the scope of the relevant agreements. Under certain agreements, we may prohibit the relevant contract manufacturers from designing or developing similar products that may compete with us. We are typically required to settle the payment within 60 days after receipt of the invoice. The fees payable to the contract manufacturers for their manufacturing services generally include contract manufacturing service fees, costs and expenses relating to packaging, logistics, ancillary materials sourced by the contract manufacturers, and other items approved by us in advance. The contract manufacturers are liable for any failure to meet the agreed delivery schedules or specified product specifications or quality requirements. Any dispute between us and the contract manufacturers is typically required to be resolved through amicable negotiations and, failing which, by competent courts. The agreement may be terminated by us in the event of a material breach by the contract manufacturer, which it fails to rectify the breach within specified time periods. Either party is entitled to terminate the agreement if achieving the purpose of the agreement becomes impossible due to the change in relevant laws and regulations.

Joint Development Model

To better deliver customized products, we generally adopt a joint development model, under which we design, develop, manufacture and deliver final products that satisfy the customers' needs. Comparing with traditional original design manufacturing model, the joint development model requires more collaboration and interaction with the relevant customer at each stage from product concept design to manufacturing, allowing for higher efficiency in product development. Such collaboration enables us to obtain market and technological insights and foster enhanced relationships and mutual trust with the relevant customers.

Our agreements with customers under the joint development model typically set out the scope of services to be provided by us, and the customer's product specifications and technical requirements. Our customers generally require us to complete product development, prototype delivery, and product validation in accordance with the agreed project timeline. We are generally responsible for the design, development, manufacturing, delivery, and on-site installation of the products in accordance with the specifications set out in the agreements. Our customers are entitled to supervise and inspect the development process, provide feedback on our proposed solutions, and validate the product samples. We typically provide our customers with a warranty period subject to mutual agreement, during which we also offer technical support services without additional charges. Intellectual property related to the product design provided by a customer belongs to it and may be used by us only within the scope of the agreement and with its prior written consent. Intellectual property developed during the course of the project is jointly owned by us and the customer. Our customers are typically required to settle the payment within a credit term subject to mutual agreement after receipt of our invoice. We are liable for failure to meet the agreed project milestones or product specifications. Any dispute between us and the customer is typically required to be resolved through amicable negotiations and, failing which, by competent courts. The agreement may be terminated by our customers in the event of a material breach by us.

INVENTORY MANAGEMENT

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

RAW MATERIALS AND SUPPLY CHAIN MANAGEMENT

Raw Materials

We procure raw materials, including parts and components, such as optical chips, control circuits and various structural components and parts, from third-party suppliers. We source raw materials from China and certain overseas countries. In 2023, 2024, 2025 and the six months ended June 30, 2026, cost of raw materials represented 84.4%, 85.3%, 85.2% and 85.2%, of our total cost of sales, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of, or quality issues with, our raw materials.

Supply Chain Management

To maintain sourcing stability and bargaining power, we generally retain multiple suppliers for principal raw materials. We adopt prudent supply chain management, and generally procure raw materials based on our projected production and sales volumes for the upcoming six months. As a supplement, some customers provide us with non-binding purchase forecasts on a regular basis to refine our demand planning. We endeavor to achieve economies of scale and manage price fluctuations through collective sourcing practices for most of our raw materials, except for a limited number of packaging and auxiliary materials that are typically subject to a shorter warehouse period. Meanwhile, we closely monitor market conditions and procurement lead times for raw materials that are more susceptible to supply chain volatility.

Each of our production facilities maintains warehouses to provide "just-in-time" delivery services to our customers worldwide. These warehouses also help us to maintain safety stock. We have established a comprehensive process to ensure the timely customs clearance and safety of our products. We are typically responsible for the transportation of the products to the locations designated by our customers. We engage reputable third-party logistic service providers for domestic and international product transportation and delivery. Our warehouse and transportation management system allow us to track products on a real-time basis and our experienced customer service and customs clearance service teams provide timely assistance to our customers.

Our Suppliers

We place great emphasis on selecting and maintaining stable relationships with our suppliers. We select suppliers primarily based on their product and service quality, prices and the reliability of on-time delivery. We typically ask our supplier candidates to provide samples for testing. Our personnel from the procurement, quality control and other relevant departments may jointly conduct on-site inspection on the supplier candidates' production facilities. We regularly review their technologies, product quality, timely delivery, and cost effectiveness, and terminate underperforming suppliers as appropriate.

During the Track Record Period, the credit terms that our suppliers provided to us generally ranged from partial prepayment to 30-90 days after the invoice date, with payments made through letters of credit, acceptance bills or wire transfers. One of our top five suppliers for each year/period during the Track record Period was Hisense Group Holding, a Controlling Shareholder of our Company, and its subsidiaries (collectively, Hisense Group). Save for Hisense Group, to the best knowledge of our Directors, all of the remaining five largest suppliers for each year/period during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholders who owned or to the knowledge of our Directors owned more than 5% of our issued share capital had any interest in any of such remaining largest suppliers for each year/period during the Track Record Period. In addition, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee, or otherwise in the past or present) between any of our five largest suppliers for each year/period during the Track Record Period and us. The tables below set forth certain details of our five largest suppliers for each year/period during the Track Record Period.

Year Ended December 31, 2023

Rank	Supplier	Purchase Amount	Percentage of Our Total Purchase Amount
		(RMB million)	*(%)*
1 . .	Hisense Group	229.7	6.9
2 . .	Supplier A(1)	175.2	5.3
3 . .	Supplier B(2)	132.8	4.0
4 . .	Supplier C(3)	106.5	3.2
5 . .	Supplier D(4)	98.4	3.0
	Total	742.6	22.4

Year Ended December 31, 2024

Rank	Supplier	Purchase Amount	Percentage of Our Total Purchase Amount
		(RMB million)	*(%)*
1 . .	Supplier C(3)	808.8	14.7
2 . .	Hisense Group	326.5	5.9
3 . .	Supplier A(1)	292.5	5.3
4 . .	Supplier E(5)	161.8	2.9
5 . .	Supplier F(6)	139.3	2.5
	Total	1,728.9	31.3

Year Ended December 31, 2025

Rank	Supplier	Purchase Amount	Percentage of Our Total Purchase Amount
		(RMB million)	*(%)*
1 . .	Supplier C(3)	1,009.5	14.2
2 . .	Supplier A(1)	601.7	8.4
3 . .	Supplier F(6)	264.3	3.7
4 . .	Hisense Group	235.2	3.3
5 . .	Supplier G(7)	235.0	3.3
	Total	2,345.7	32.9

Six Months Ended June 30, 2026

Rank	Supplier	Purchase Amount	Percentage of Our Total Purchase Amount
		(RMB million)	*(%)*
1 . .	Supplier C(3)	433.6	9.4
2 . .	Supplier A(1)	307.0	6.7
3 . .	Supplier E(5)	180.4	3.9
4 . .	Supplier F(6)	176.1	3.8
5 . .	Hisense Group	157.5	3.4
	Total	1,254.6	27.3

Notes:

(1) **Supplier A** is a Hong Kong subsidiary of a Taiwan specialized electronic component distributor with global distribution networks and over 7,000 employees as of March 31, 2026 according to publicly available information that is publicly listed on the Taiwan Stock Exchange. Supplier A primarily provided chip components to us during the Track Record Period. We commenced business relationship with Supplier A before 2012.

(2) **Supplier B** is a Hong Kong privately-owned semiconductor and electronic component distributor. Supplier B primarily provided electronic chip components to us during the Track Record Period. We commenced business relationship with Supplier B in 2012.

(3) **Supplier C** is a Hong Kong private electronic component distributor, broadly serving customers in industries including telecommunications, data centers, consumer electronics, automotive electronics and others. Supplier C primarily provided optical chips and chip components to us during the Track Record Period. We commenced business relationship with Supplier C in 2015.

(4) **Supplier D** is a Chinese privately-owned optical component developer and manufacturer with approximately 4,000 employees according to publicly available information. Supplier D primarily provided contract manufacturing services to us for certain optical transceivers and optical chip components during the Track Record Period. We commenced business relationship with Supplier D in 2012.

(5) **Supplier E** is a Hong Kong private specialized distributor of electronic part and components and electronic communications equipment. Supplier E primarily provided optical chips and chip components to us during the Track Record Period. We commenced business relationship with Supplier E in 2015.

(6) **Supplier F** is a Hong Kong privately-owned distributor of electronic components, focusing on communications, photovoltaics, and light emitting diode industries. Supplier F primarily provided optical chips and optical components to us during the Track Record Period. We commenced business relationship with Supplier F in 2012.

(7) **Supplier G** is an American manufacturer of optical materials and semiconductors with approximately 30,000 employees as of June 30, 2025 according to publicly available information and is publicly listed on the New York Stock Exchange, and its subsidiaries. Supplier G primarily provided optical transceiver raw materials to us during the Track Record Period. We commenced business relationship with Supplier G in 2012.

Procurement Agreements

We enter into procurement agreements with our suppliers which generally have a term of two years, subject to automatic renewal unless a party disagrees. Our procurement for specific products is typically carried out through purchase orders under the procurement agreements. Our purchase orders typically contain the products' specifications, quantity, delivery schedules and payment terms, and prices, as applicable. Our suppliers are typically responsible for the transportation of products to the locations designated by us. We usually perform on-site inspection before accepting the relevant products. Our suppliers are obliged to provide products meeting the agreed quality standards and specifications, and we are entitled to claim indemnification from the suppliers for losses suffered due to their defective products. We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality or product specifications. We have the right to terminate purchase orders in instances such as late delivery and nonconforming delivery. Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including upon any material breach of contract.

CUSTOMERS

Our products are widely used in various end-markets, and our customers primarily include major cloud service providers, telecom and network equipment vendors and operators. We have established a diversified and stable customer base, many of which are domestic and global leaders in their respective industries with well recognized brand names. Specifically, we are an optical transceiver supplier of leading cloud service providers and telecom and network equipment vendors in China, and an optical network terminal supplier of the top three telecom network operators in China. We have also established stable business relationships with leading global telecom and network equipment vendors and operators. Our international customers are located in Asia, North America, Europe and other regions.

During the Track Record Period, the credit terms that we provided to our customers generally ranged from 30 to 120 days after the invoice date, with payments made through wire transfers or banks' acceptance bills. To the best knowledge of our Directors, all of our five largest customers for each year/period during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any Shareholders who owned or to the knowledge of Directors owned more than 5% of our issued share capital had any interest in any of our five largest customers for each year/period during the Track Record Period. In addition, to the best knowledge of our Directors, there is no other relationship or arrangement (including family, business, financing, guarantee, or otherwise in the past or present) between any of our five largest customers for each year/period during the Track Record Period and us. The tables below set forth the amounts of sales to our five largest customers during the Track Record Period.

Year Ended December 31, 2023

Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	*(%)*
1 . .	Customer A[(1)]	1,359.9	32.1
2 . .	Customer B[(2)]	342.8	8.1
3 . .	Customer C[(3)]	259.8	6.1
4 . .	Customer D[(4)]	208.9	4.9
5 . .	Customer E[(5)]	196.0	4.6
	Total	2,367.4	55.8

Year Ended December 31, 2024

Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	*(%)*
1 . .	Customer A[(1)]	1,196.1	23.5
2 . .	Customer F[(6)]	1,034.0	20.3
3 . .	Customer C[(3)]	488.0	9.6
4 . .	Customer G[(7)]	426.8	8.4
5 . .	Customer H[(8)]	256.2	5.0
	Total	3,401.0	66.9

Year Ended December 31, 2025

Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	*(%)*
1. .	Customer F[(6)]	1,819.0	21.8
2. .	Customer A[(1)]	1,713.5	20.5
3. .	Customer G[(7)]	1,154.3	13.8
4. .	Customer C[(3)]	852.6	10.2
5. .	Customer D[(4)]	329.5	3.9
	Total	5,868.9	70.2

Six Months Ended June 30, 2026

Rank	Customer	Sales Amount	Percentage of Our Total Revenue
		(RMB million)	*(%)*
1. .	Customer C[(3)]	1,134.3	21.0
2. .	Customer F[(6)]	1,045.5	19.4
3. .	Customer A[(1)]	979.8	18.2
4. .	Customer G[(7)]	444.5	8.2
5. .	Customer D[(4)]	270.7	5.0
	Total	3,874.8	71.8

Notes:

(1) **Customer A** is a leading global provider of information and communications technology infrastructure and smart devices, headquartered in China with over 200,000 employees according to publicly available information, and its subsidiaries. Customer A primarily purchased optical transceivers and optical network terminals from us during the Track Record Period. We commenced business relationship with Customer A in 2010.

(2) **Customer B** is a global leader in integrated information and communication technology, serving global telecom operators, government and enterprise customers, and consumers that is headquartered in China with over 60,000 employees as of December 31, 2025 according to publicly available information and is publicly listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange, and its subsidiaries. Customer B primarily purchased optical transceivers and optical chips from us during the Track Record Period. We commenced business relationship with Customer B in 2009.

(3) **Customer C** is a U.S.-based supply chain solutions provider with approximately 20,000 employees as of December 31, 2025 according to publicly available information, specialized in electronic equipment distribution and services that is publicly listed on the New York Stock Exchange, and its subsidiaries. Customer C primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer C in 2015.

(4) **Customer D** is a Chinese state-owned provider of information and communications with over 400,000 employees as of December 31, 2025 according to publicly available information that is publicly listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, and its subsidiaries. Customer D primarily purchased optical network terminals from us during the Track Record Period. We commenced business relationship with Customer D in 2014.

(5) **Customer E** is a Finnish multinational telecommunications, information technology and consumer electronics corporation with over 70,000 employees in 2025 on average according to publicly available information that is publicly listed on Nasdaq Helsinki and the New York Stock Exchange, and its subsidiaries. Customer E primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer E in 2005.

(6) **Customer F** is a leading global internet and technology company headquartered in China with over 100,000 employees according to publicly available information, known for its short-form video platform products, and its subsidiaries. Customer F primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer F in 2018.

(7) **Customer G** is subsidiaries of a world-leading internet and technology company headquartered in China with over 100,000 employees as of December 31, 2025 according to publicly available information that develops innovative products and services to support its clients' digital transformation and business growth and that is publicly listed on the Hong Kong Stock Exchange. Customer G primarily purchased optical transceivers from us during the Track Record Period. We commenced business relationship with Customer G in 2023.

(8) **Customer H** is a Chinese state-owned provider of information and communications and one of China's leading telecommunications operators and wireless carriers with over 200,000 employees as of December 31, 2025 according to publicly available information that is publicly listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, and its subsidiaries. Customer H primarily purchased optical network terminals from us during the Track Record Period. We commenced business relationship with Customer H in 2013.

The optical transceiver sector features with high quality standards, rapid technological innovations and continuous product upgrades. As such, before officially entering into a sales agreement, the potential customer typically initiate a pre-validation process, during which it conducts inspections on our qualifications, manufacturing capacity and quality control systems to ensure that the final products could meet its technical specifications and anticipated delivery schedules. Requirements of this pre-validation process may be rigorous and extensive and may vary from customer to customer. After being validated, we would enter into sales agreements and/or purchase orders with relevant customers.

Under our sales agreements, we are typically not the exclusive supplier to our major customers. Our sales agreements typically have a term ranging from one to three years. Our sales agreements typically set forth rights and obligations of the supplier and the purchaser and specifications of the products to be manufactured and delivered. The credit term is typically negotiated based on the length of our business relationship with a customer, its historical payment records and the scale of operations of such customer. We typically do not require advance payments from our customers. During the Track Record Period, we did not experience any material default in payment from our customers. We are typically responsible for the transportation of the products to the locations designated by our customers. Subject to the negotiation and mutual agreement with our customers, trade terms commonly used by us may include FOB (free on board), DDP (delivered duty paid), FCA (free carrier), FAS (free alongside ship) and others, which set forth different arrangements with respect to delivery, payment and transfer of ownership and risks of relevant products. Under the master sales agreements, our customers place purchase orders with us based on their purchase needs, which may set forth the detailed purchase amount or quantity, quality specifications, warranty, payment terms, unit prices and delivery schedules. We may also enter into separate project-based blanket orders which summarize the purchase amount, purchase prices and delivery schedules. Our sales agreements generally do not contain any minimum purchase commitment. We are generally obliged to keep confidential the commercial and technical information that we receive from the customers, including to restrain from improperly utilizing any proprietary technologies belonging to the customers for purposes other than the production activities as agreed under the sales agreements. We are obliged to provide products meeting the quality standards and specifications detailed in the sales agreements or purchase orders. We are typically required to indemnify our customers for claims or losses suffered by our customers as a result of defective products. During the Track Record Period, we did not experience any product quality claim that was material to our business, results of operations or financial position.

We typically set prices of our products based on prevailing market prices for comparable or similar products, while also considering local competition, pricing of our competitors, production costs, customer relationships, projected sales volume, technical complexity, commercial needs and competition landscape, the credit profiles of the customers and their delivery schedules, our raw material costs, applicable tariffs and foreign exchange rates.

Overlapping Customers and Suppliers

Some of our suppliers were also our top five customers, but our aggregate purchases from these suppliers were insignificant, accounting for less than 1% of our total purchase amount in each year/period during the Track Record Period. Specifically, in 2023, 2024, 2025 and the six months ended June 30, 2026, seven, four, five and five, respectively, of all of our suppliers (i.e., not limited to top five suppliers) or their affiliates were also our customers who were among our top five customers in at least one year/period during the Track Record Period. We mainly purchased certain raw materials from these suppliers. Out of our top five customers, only Customer C (and their respective affiliates) were not our suppliers in any year/period during the Track Record Period. For details about our revenue generated from these suppliers (in their capacity as our customers) during the Track Record Period, see "— Customers."

Likewise, some of our customers were also our top five suppliers, but our aggregate revenue derived from these customers accounted for less than 1% of our total revenue in each year/period during the Track Record Period. Specifically, in addition, in 2023, 2024, 2025 and the six months ended June 30, 2026, three, four, two and one, respectively, of all of our customers (i.e., not limited to top five customers) or their affiliates were also our suppliers who were among our five largest suppliers in at least one year/period during the Track Record Period. We sold optical transceivers, optical network terminals and/or optical chips to these customers. Hisense Group was one of such overlapping customers/suppliers in 2023 and 2024, but not in 2025 or six months ended June 30, 2026. Out of our top five suppliers, only Supplier A, Supplier E and Supplier G were not our customers in any year/period during the Track Record Period. For details about our purchase amounts from these customers (in their capacity as our suppliers) during the Track Record Period, see "— Raw Materials and Supply Chain Management — Our Suppliers."

During the Track Record Period, there was no instance where we repurchased from our customers the same products we had sold to them, or resold to our suppliers the same products we had purchased from them. Our sales to and purchases from the above supplier-customers are not inter-conditional upon each other. The pricing and other terms of contracts that we entered into with our overlapping customers and suppliers are substantially the same as those we enter into with other customers and suppliers, respectively, for similar products and services. As advised by Frost & Sullivan, it is not uncommon to have overlapping customers/suppliers in the optical communication industry.

Customer Service and Product Returns

We typically offer a warranty term ranging from one to three years, depending on the contractual terms. Our product warranty does not cover normal wear and tear, nor any defects resulting from the misconduct of the customers, including unauthorized physical configuration or modification. Our technical support team focuses on customer requirement analysis, product selection consultation, product testing and configuration, and technical data outputs. Our after-sales customer quality engineering team navigates the return material authorization process, including failure analysis and customer-specific solutions. We also have a designated team of professional and experienced field application engineers (FAE) who work at our and our key customers' production facilities to provide immediate technical support. Another team of FAE is based in our Qingdao R&D center to offer all-around remote technical support and customer services. Once a product quality issue is raised by a customer, the responding FAE team will collect the relevant sample on site and conduct tests to analyze the defects. If the defect is attributable to our product design, materials used, or production processes or techniques that are our responsibilities under the sales agreements, we will provide repair or replacement services for free. If the defect is due to the customer's misconduct, we will provide repair or replacement services at the customer's expense. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, or any claims from customers that materially and adversely affected our results of operations or financial position. Due to our low level of warranty claims and product returns, we did not make any provision for product liabilities during the Track Record Period.

Sales and Marketing

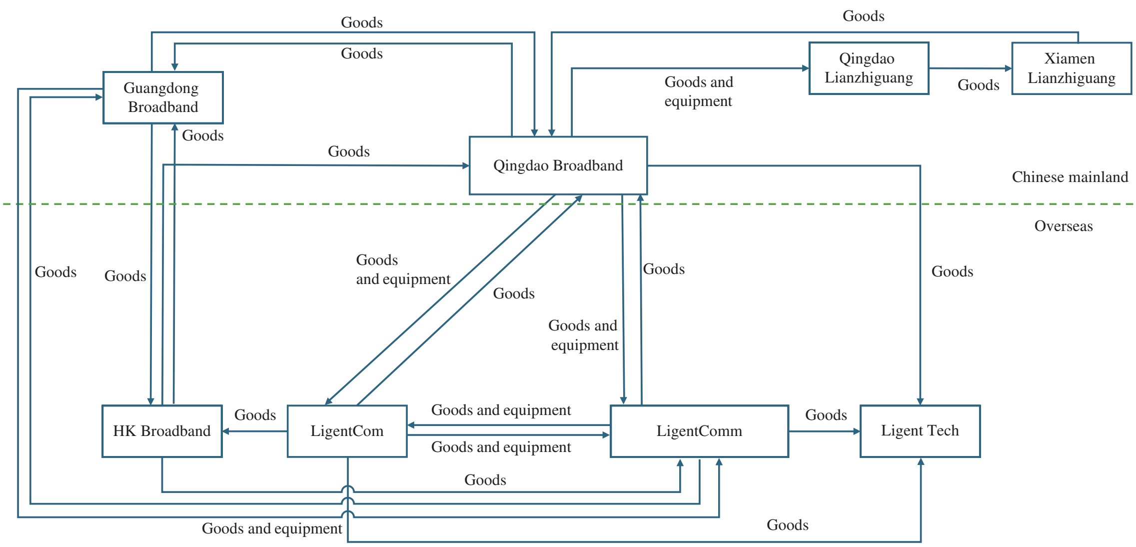
We have established a sales and marketing team with over 70 employees based in China and the United States, who respond promptly to customer needs worldwide and promote new products. We mainly adopt a direct sales model, supplemented by a limited number of third-party distributors to reach a broader range of potential customers. These distributors are primarily experienced sales agents in the optical transceiver market with established distribution channels, skilled sales teams and service support capabilities, and local networks. Our optical transceiver distributors could only sell products to customers as authorized by us. In each year/period during the Track Record Period, our revenue derived from these distributors was less than 4% of our total revenue. We tailor our marketing and promotional plans for different regions. Our sales personnel are required to communicate with customers on product specifications and quality standards. We also communicate with our key customers and pay courtesy visits on a regular basis to understand their business needs, collect their feedback and increase customer satisfaction. We have also implemented a multi-layer inquiry and complaint response system, which provides different response time and internal reporting requirements based on the complexity and emergency of the issue. Moreover, we frequently attend trade fairs and conferences to enhance our visibility and brand recognition.

TRANSFER PRICING ARRANGEMENTS

Certain of our subsidiaries in the PRC (namely Qingdao Broadband, Guangdong Broadband, Qingdao Lianzhiguang and Xiamen Liangzhiguang), Hong Kong (namely HK Broadband), the United States (namely LigentCom and Ligent Tech), Thailand (namely LigentComm) and our Company (each a "**Relevant Entity**") conducted intra-group transaction in accordance with our transfer pricing policy. We follow the fundamental principle that intra-group transactions must be conducted on an arm's length basis.

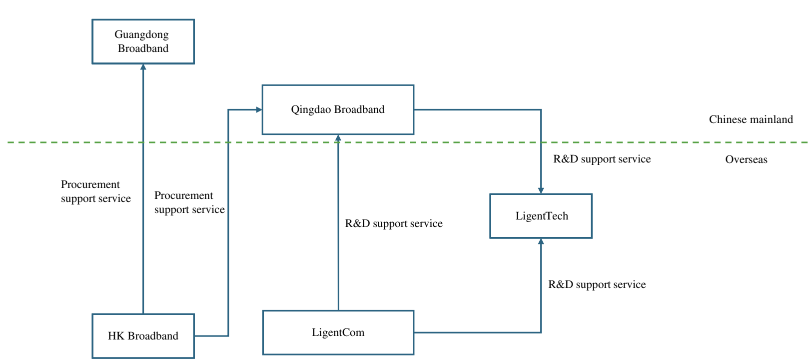
Intra-group Transactions

- ***Purchases and Sales of Raw Materials and Products***



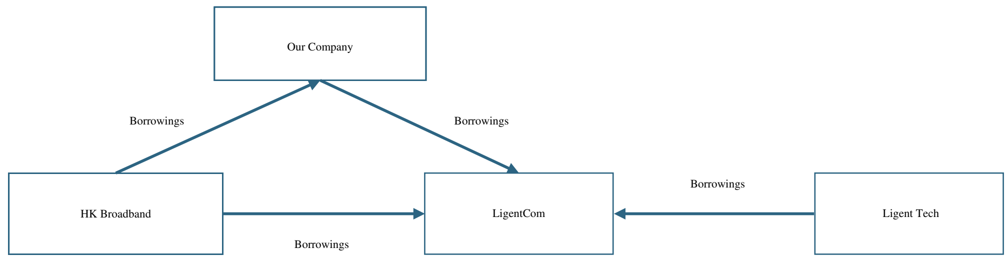
During the Track Record Period, our intra-group buy-sell transactions were mainly related to (i) purchases and sales of raw materials from Relevant Entities for further production, and (ii) purchases and sales of finished products to Relevant Entities for further distribution. Qingdao Broadband was engaged in R&D, manufacturing and sales activities. Each of Guangdong Broadband, LigentComm, and LigentCom was engaged in the manufacturing, and they purchased raw materials for further production and sold finished products. HK Broadband and Ligent Tech purchased raw materials and finished products for on-sales and bore limited inventory and market risks. Qingdao Broadband also provides after-sales services to the Relevant Entities.

- ***Provision of Services to and Receipt of R&D Support Services from Related Parties***



During the Track Record Period, LigentCom provided R&D support services to the Relevant Entities.

- ***Intra-group Financing Transactions***



During the Track Record Period, LigentCom entered into U.S. dollar-denominated intercompany financing transactions with HK Broadband, Ligent Tech and our Company. The interest rates applied fall within the arm's length range, and believe that the transfer pricing for these inter-company financing transactions is consistent with the arm's length principle.

Transfer Pricing Assessment

We have engaged Ernst & Young (China) Advisory Limited Beijing Branch, an independent transfer pricing tax consultant, to conduct a transfer pricing review, including benchmarking studies, to evaluate the transfer pricing arrangement in relation to the above-mentioned intra-group transactions. With respect to the transactions of purchases and sales of raw materials and products and R&D support service transactions, the transactional net margin method is selected as the most appropriate transfer pricing method to evaluate the intra-group transactions. Based on the assessment by the transfer pricing consultant, subject to applicable adjustments, (i) all the Relevant Entities that are engaged in manufacturing activities achieved the profitability within the arm's length profit ranges derived from the sets of their respective comparable companies; (ii) the pre-set transfer pricing policy for our intra-group R&D support service transactions, falls within the interquartile range of those earned by the comparable companies; and (iii) the interest rates applied were generally above the opportunity costs of the lenders and not higher than market interest rates from a borrower's perspective. Based on the foregoing, the transfer pricing consultant has concluded that our transfer pricing policy generally falls within an arm's length range in terms of the intra-group transactions.

As of the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit or investigation by any tax authorities with respect to our transfer pricing arrangements. As advised by the transfer pricing consultant and upon reviewing the corresponding reports, our Directors and our transfer pricing consultant are of the view that the above-mentioned intra-group transactions of our Group were in line with the arm's length principle and that our Group had been in compliance with the relevant transfer pricing laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Our Directors and our transfer pricing consultant are further of the view that the risk of our transfer pricing arrangements during the Track Record Period being challenged by the relevant tax authorities for profit shifting is relatively low.

To ensure ongoing compliance with applicable transfer pricing laws and regulations, we are adopting the following measures: (i) engage an external tax consultant on transfer pricing matters annually; (ii) formulate transfer pricing policy of the transactions through financial budgeting; (iii) provide training to our management and finance team; (iv) review all reporting forms before submitting to tax authorities; (v) ensure the profit arrangement is aligned with each entity's value contribution; (vi) document and file relevant supporting documents of value contribution of each entity; and (vii) submit to our Directors for review the terms of the material intra-group transactions and our transfer pricing policy.

INTELLECTUAL PROPERTY

Key patents, trade secrets or know-how related to our production, sales and marketing are critical to our business and we protect them via a combination of patent and trade secret laws and confidentiality and non-compete agreements. As of the Latest Practicable Date, we had obtained 1,448 patents (of which 874 were invention patents) in China and 133 overseas patents overseas, and we had 674 pending patent applications in China and 52 pending patent applications overseas. As of the same date, we owned 352 software copyrights and two layout-designs (topography), one registered trademark, and one domain name that are material to our business in China, and we had three registered trademarks and one domain name overseas. See "Appendix IV — Statutory and General Information."

We design a multi-year intellectual property application roadmap, a global patent layout strategy and an annual patent application plan. Our patent classification evaluation system and core patent application objectives outline the types, numbers and priority of patents that we consider material to our business. Our legal team also, jointly with the R&D team, performs regular risk assessments on key products or projects under development. We have implemented intellectual property and licensed software management measures applicable to all employees and procedures to protect customers' intellectual property and confidential information. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we were not involved in any third-party intellectual property claims against us or legal proceedings concerning infringement on any third parties' intellectual property rights that had or would have materially and adversely affected our business, financial position or results of operations.

COMPETITION

According to Frost & Sullivan, the industry in which we operate is highly competitive and fragmented. The overall optical communication industry is extremely large and features diversity and a multi-layered value chain of a wide range of products. Many of these products have interdependent upstream-downstream relationships. For example, optical chips are incorporated into optical transceivers, which are then integrated into network equipment, making the industry complex and interconnected. The optical chips and optical network terminals markets also have a large number of manufacturers with competitive advantages in different products. We face direct competition both in China and globally across all products and price ranges over the optical communication industry's value chain. The competition is expected to be further intensified as new domestic entrants are currently seeking to enter into the market. Moreover, in recent years, leading optical transceiver manufacturers in China have been actively enhancing their vertical integration capabilities, building a collaborative, full-industry-chain system that spans optical transceivers, optical chips and optical network terminals. See "Industry Overview."

EMPLOYEES

We believe that attracting and maintaining a highly motivated and professional workforce is critical to our success. As of June 30, 2026, a majority of our employees were based in China, and approximately 9.5% of our employees were located overseas, mainly in the United States, Thailand and Singapore. The following table sets forth a breakdown of our employees by function as of June 30, 2026:

Function	Number of Employees	% of Total
Administration and management	173	3.0
Finance	40	0.7
Sales and marketing	71	1.2
R&D	951	16.3
Manufacturing	4,617	78.9
Total	**5,852**	**100.0**

We have targeted recruitment programs to attract talent, through external human resources services and on-campus recruitment. To attract and retain top-notch talent, we provide our employees with competitive remuneration packages and incentives. To support our globalization and digitalization strategies, we have established a comprehensive training system that provides regular and role-tailored programs to enhance employees' industry and technology knowledge and soft and technical competencies, and we incorporate managerial skills and proficiency into our performance evaluation. We have also formulated detailed evaluation procedures and criteria to ensure a fair and transparent work environment.

We generally enter into written employment agreements with our employees. We also enter into separate non-competition and confidentiality agreements with our senior management and key R&D personnel. In China, we participate in government-mandated employee benefit plans, including social insurance for pensions, medical care, unemployment, work-related injury and maternity, and the housing provident fund. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution to social insurance and housing provident funds for certain employees in accordance with the relevant PRC laws and regulations. See "— Legal Proceedings and Regulatory Compliance — Social Insurance and Housing Provident Fund."

We believe that we generally have a good working relationship with our employees. Throughout the Track Record Period, we did not experience any strikes, work stoppages, or labor disputes that materially affected our business operations.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions from national, provincial and local governments and various industry associations. In 2024, we were named as a leading enterprise in the manufacturing industry (製造業單項冠軍企業) by the Ministry of Industry and Information Technology of China. We have also received the Provincial Science and Technology Progress Awards issued by the People's Government of Shandong Province for multiple times.

PROPERTIES

Our headquarters are located in Qingdao and we currently have four production facilities in China, Thailand and the United States, respectively. We occupy some properties in China, Thailand, the United States and Singapore in connection with our business operations. They mainly include premises for our production facilities, logistics and warehousing facilities, R&D centers, and office premises.

We do not engage in any property activities as defined in Rule 5.01 of the Listing Rules. The total carrying amounts of our property interests comprising buildings, freehold land, leasehold improvements and right-of-use assets accounted for 2.7% of our total assets as of June 30, 2026, and, consequently, no single property interest had a carrying value exceeding 15% of our total assets as of the same date. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this document any valuation report of our property interests, and, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned one parcel of land in Jiangmen, China with aggregate site area of 41,193 sq.m. primarily for our Jiangmen production facility and 22 properties in China, with an aggregate GFA of approximately 892 sq.m. principally used as our employees' dormitories. In addition, we also owned a parcel of land with an aggregate site area of 72,155 sq.m. in New Jersey, the United States primarily for our U.S. production facility.

Leased Properties

As of the Latest Practicable Date, we leased 45 properties in China, with 40 of them having an aggregate GFA of approximately 114,003 sq.m. (the leased areas of the remaining five leases used as our employees' dormitories were not specified in the lease agreements). These properties are principally used for our production facilities, warehousing and offices. We also leased 13 properties in Thailand with an aggregate GFA of approximately 29,386 sq.m. primarily used for production facilities, warehousing and employees' dormitories, two properties in the United States with an aggregate GFA of approximately 623 sq.m. principally used for offices, and one property in Singapore with a GFA of approximately 310 sq.m. principally used as our R&D center. Our operations in Singapore, including this R&D center (which was established in early 2026), are limited at the current stage.

As of the Latest Practicable Date, the lessors of three of our leased properties had not provided the ownership certificates, and hence we cannot ensure that they have the rights to lease such properties to us. As of the same date, one of these properties had an aggregate GFA of 89 sq.m., and the leased areas of the remaining two leases used as our employees' dormitories were not specified in the lease agreements. These leased properties are mainly used for our office and employee dormitory purposes, which are immaterial to our business operations. In the event that we are required to relocate from any of these leased properties as a result of the foregoing, our Directors are of the view, and Frost & Sullivan concurs, that there is sufficient supply of alternative properties for lease for office and employee dormitory purposes, and therefore we do not expect to encounter any practicable difficulty in identifying alternative premises in a timely manner or to incur any material relocation costs. Based on the foregoing, our Directors believe that any such relocation, if required, will not result in any material disruption to our business operations.

We have not completed registration for 14 of the lease agreements for our leased properties, primarily due to the difficulty in procuring our lessors' cooperation for the registration. These leased properties are used for our office, R&D, production, warehouse and employee dormitory purposes. As advised by our PRC Legal Advisor, while the lack of registration will not affect the validity of the lease agreements, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. Therefore, the maximum amount of penalties will be approximately RMB140,000 for our failure to complete the lease registration within the prescribed period. As advised by our PRC Legal Advisor, if the lease registration is completed within the prescribed time limit ordered by competent government authorities, the risk of government authorities imposing any penalty on us with respect to these leased properties is remote. See "Risk Factors — Risks Relating to Our Business and Industry — Certain of our leased property interests may have defective titles, and some of our leased properties did not complete the government filing and registration."

We have designated employees to communicate with the lessors to obtain their cooperation for the relevant lease registrations. As of the Latest Practicable Date, we had not been subject to any penalty, nor had we received any notification of actual or contemplated actions, claims or investigations by any relevant government authorities or third parties against us with respect to the above matters. On this basis and having considered our PRC Legal Advisor's advice, we believe that the above matters will not, individually or in the aggregate, materially affect our business or results of operations.

INSURANCE

We maintain property insurance to cover potential damages to our properties, equipment, inventory. The insurance coverage varies at entity level to accord with local and industry practice. Subject to the needs of their business operations, our subsidiaries also maintain accounts receivable insurance and cargo insurance to cover relevant potential losses. We believe the coverage of such property insurance is adequate to cover any material property damages and is in line with the industry norm. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us. With the expansion of our business and potential new risk exposure we may have, we may take out other insurances as we deem appropriate.

IMPLICATIONS OF SANCTIONS, EXPORT CONTROLS AND U.S. OUTBOUND INVESTMENT RULE

During the Track Record Period and up to the Latest Practicable Date, we sold certain of our products to Relevant Customers on the BIS Entity List. As advised by our International Sanctions and U.S. Tariffs Legal Advisor, our sales to these Relevant Customers did not represent a violation of applicable U.S. export controls, and no export licenses were required for our sales to the Relevant Customers. For more details about sanctions and export control laws and their implications, please refer to "Risk Factors — Risks Relating to Our Business and Industry — We are subject to the risks associated with economic sanctions and export controls laws and regulations and international trade policies, and our business, financial condition and results of operations could be adversely affected," "Regulatory Overview — U.S. Trade Related Regulations — Regulations on Export Control" and "Regulatory Overview — Sanctions Laws and Regulations."

Our U.S. counsel, based on its due diligence into our business, concluded that (a) our Group is not engaged in covered activities concerning semiconductors and electronics, and (b) our Company is not a covered foreign person under the Outbound Investment Rule. For more details about the Outbound Investment Rule and its implications, please refer to "Risk Factors — Risks Relating to the Jurisdictions Where We Operate — We are subject to geopolitical risks, including protectionist trade and national security measures, which could adversely affect our business, financial condition and results of operations," and "Regulatory Overview — U.S. Trade Related Regulations — Regulations on Outbound Investments."

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We may from time to time face legal or administrative claims and proceedings arising from the ordinary course of business. One of our subsidiaries is a co-defendant in a contract dispute lawsuit filed by a third party who claims that our subsidiary and one of its customers (the other co-defendant) are liable to pay software license fees of approximately RMB3.2 million to it. The court of first instance dismissed the claims against our subsidiary on the ground that there was no factual, contractual or legal basis for the third party to require our subsidiary to make such payment to it, while simultaneously ordering the other co-defendant to pay part of the claimed software license fees to the third party. On August 24, 2026, the appellate court issued its final judgment, which upheld the dismissal of all claims against our subsidiary and ordered the other co-defendant to pay the claimed software license fees to the third party. Our PRC Legal Advisor is of the view that the above litigation would not have a material adverse impact on our business operations, because both the court of first instance and the appellate court dismissed all claims against our subsidiary. In addition, this matter is isolated in nature and does not indicate any systemic issue in our business operations. The relevant software was used only in the set-top boxes (part of our optical network terminals) that our subsidiary supplied to such customer and is not subsequently used in our products. Based on the foregoing, our Directors are of the view that this litigation has not had, and is not expected to have, any material adverse effect on our business, financial condition or results of operations, and would not affect our suitability for Listing. During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration pending or threatened against us or our Directors, and no non-compliance incident, that had and would have a material adverse effect on our business, financial condition, or results of operations.

Social Insurance and Housing Provident Fund

We are required by applicable PRC laws and regulation to contribute to social insurance and housing provident fund for our employees based in China. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution to social insurance and housing provident fund for some employees. Such shortfall in payment was primarily because the relevant employees were not willing to cooperate and make these contributions at the applicable statutory rates, which would lead to a reduction in their disposable income. We estimate that the shortfalls that we may be required to contribute to social insurance and housing provident fund for these employees would be approximately RMB9.6 million, RMB10.9 million, RMB12.6 million and RMB4.7 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and may also be subject to an additional late payment penalty at a daily rate of 0.05% of the shortfalls. We estimate that in the event that we were required to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum late payment penalties would be approximately RMB8.7 million as of June 30, 2026. If we still fail to make such contributions and payments by the deadline provided by the relevant authorities, we may be liable to a penalty of one to three times of the outstanding contribution amount. The relevant government authorities may also demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. Enforcement actions may be taken against us if we fail to rectify by that deadline. However, no late payment fees are provided in relevant regulations for housing provident fund contributions.

As advised by our PRC Legal Advisor, the Interpretation No. 2 aligns with the regulatory requirements set forth in the Labor Contract Law; and therefore, the release of Interpretation No. 2 will not impact our compliance with PRC social insurance-related laws and regulations. If employees for whom we did not make full social insurance contributions file lawsuits to assert the termination of their labor contracts and seek compensation, we may face a loss of workforce. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or notices of lawsuits from employees in this regard requesting to terminate their labor contract and seek economic compensation. Additionally, if the relevant authorities order us to fully contribute to the social insurance and housing provident fund going forward, we will do so and take such rectification measures in accordance with applicable laws and regulations within the deadline provided by the authorities to avoid any administrative penalties. Therefore, we do not expect the release of Interpretation No. 2 to have any material adverse impact on our results of operations or financial condition.

We have confirmed with the relevant government authorities during the interviews conducted by our PRC Legal Advisor that (i) the relevant government authorities are competent to advise on our compliance status in this regard, (ii) they were fully aware that we had not made full social insurance and housing provident fund contributions for certain of our employees, and (iii) they generally would not proactively take enforcement actions against us for such non-compliance. As advised by our PRC Legal Advisor, such confirmations were made by the competent authorities in charge of social insurance and housing provident fund contribution matters under applicable laws and regulations.

As further advised by our PRC Legal Advisor, the likelihood that the relevant social insurance and housing provident fund authorities would require us to pay for the shortfall of social insurance and housing provident fund or impose administrative penalties on us due to our failure to make full payment of the social insurance and housing provident fund is remote, on the basis that (i) we have not received any notifications from the relevant authorities requiring us to pay the shortfalls, (ii) we have not been subject to any administrative penalties relating to inadequate contributions of social insurance and housing provident fund during the Track Record Period and up to the Latest Practicable Date, (iii) the relevant government authorities confirmed that they generally would not proactively take enforcement actions against us, (iv) we were neither aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance or housing reserve funds, and (v) we undertake to pay any shortfall within the prescribed time period upon request by relevant government authorities or upon the complaint by any affected employee. Based on our PRC Legal Advisor’s view above, we did not make any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

We have designated our human resources department to monitor our reporting and contributions of social insurance and housing provident fund. In addition, we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments. In an effort to make full contributions to the extent and as soon as practicable, we plan to communicate with our employees to seek their understanding and cooperation in complying with the applicable social insurance and housing provident fund requirements, which require additional contributions from them.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, approvals and permits required for our business operations in China and relevant overseas jurisdictions. We are required to renew such licenses, approvals and permits from time to time. We do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities. The following table sets forth details of our material licenses, approvals and permits.

License/Approval/Permit	Holder	Issuing Authority	Expiration Date
Telecommunications equipment network access permits (電信設備進網許可證)	Qingdao Broadband	MIIT	From November 3, 2026 to November 17, 2028
Radio transmitting equipment type approval certificates (無線電發射設備型號核准書) . .	Qingdao Broadband	MIIT	From September 29, 2026 to June 30, 2031
Custom declaration entity registration certificate (海關報關單位註冊登記證書) . . .	Qingdao Broadband	Qingdao Economic Development Zone Customs	N/A

DATA SECURITY AND PRIVACY PROTECTION

Data Security

We have adopted a multi-layered strategy to safeguard our systems and data privacy. Our IT department protects the security of our IT infrastructure and our data compliance joint work group ensures compliance of our collection and protection of data with our internal rules and applicable laws and regulations. We have adopted a comprehensive cloud security management framework which continuously monitors and assesses misconfigurations and vulnerabilities in our IT infrastructure systems, servers and hosts, identity security, and data security. Firewalls and intrusion detection tools are in place to detect and prevent unauthorized access and harmful activity. We have established detailed data classification and grading measures focusing on data masking, data encryption, and data loss prevention. Our authentication mechanism only allows authorized personnel to access sensitive systems and data. We perform regular audits of network logs to collect insights into past online activities and help us identify risky patterns or potential breaches. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material system failure in our IT infrastructure.

We have implemented comprehensive policies and measures to ensure secured data collection, storage and transmission, and to prevent unauthorized access of data. All data generated and collected from our production, R&D activities and business operations in Chinese mainland is stored within Chinese mainland. In addition, data generated from our overseas production, R&D activities and business operations is generally stored locally and undergoes limited-scale cross-border data transmission. We also transmit limited non-sensitive employee information, such as names and ages, to designated personnel in different jurisdictions where we operate, for business coordination and human resource management purposes. We have internal procedures to ensure that such cross-border transfer of personal data is conducted in accordance with the applicable laws, including to ensure no cross-border transfer of personal data overseas in violation of applicable personal data protection laws. We use secured cloud collaboration tools with multi-factor authentication and role-based access controls to facilitate cross-border data transmission. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties by regulatory authorities for violations of data protection laws, nor had we received any significant complaints from third parties regarding data privacy and security issues in jurisdictions where we operate or experienced any material data breaches that could adversely affect our business operations. As advised by our PRC Legal Advisor and local counsel in Thailand, U.S. and Hong Kong, based on their due diligence, we had been in compliance with such laws and regulations of these respective jurisdictions in all material aspects during the Track Record Period and up to the Latest Practicable Date.

Privacy Protection

Given the nature of our products and the counterparties we interact with, we generally do not collect end-user data that may be considered as personal information under the applicable laws and regulations. Despite the limited access to any sensitive personal information, we believe that appropriate collection, storage and protection of any user data, such as data involving our customers and suppliers, is critical to our reputation and success. As such, we have implemented relevant internal procedures and policies to ensure the privacy protection. Sensitive user data stored on cloud servers are encrypted with restricted administrative access controls. We do not transfer personal data to third parties, except with the explicit consent of the relevant person and in circumstances as permitted by applicable laws and regulations. For example, in the ordinary course of our business, certain personal information of our employees, such as the names and contact information, may be shared with our business partners for business contact purposes. During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations relating to user privacy and data security in all material aspects, and to the best of our knowledge, we had not encountered any material data breaches or personal information leaks.

ENVIRONMENTAL, HEALTH, SAFETY AND SOCIAL MATTERS

ESG Governance

We have established a three-tier ESG governance framework comprising our Board of Directors, an ESG leader team, and an ESG executive task force. Our Board of Directors serves as the highest leadership and decision-making body for our ESG efforts, primarily responsible for reviewing, approving, and updating our ESG, policies, strategic objectives, and plans. The ESG leader team is composed of our chief executive officer, chief financial officer, and certain of our Directors and other senior management members. Led by our Board of Directors, the ESG leader team breaks down the ESG strategic goals, coordinates the implementation of such goals among the various departments, and reports progress to the Board. The ESG executive task force, composed of multiple operational functions, is responsible for integrating our ESG performance indicators into our daily business operations and management. Our costs for compliance with applicable environmental regulations amounted to approximately RMB0.7 million or below in each year/period during the Track Record Period which were immaterial. We do not expect there to be substantial changes to such costs in the near future.

Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the PRC ESG-related laws and regulations in all material aspects. In addition, during the Track Record Period and up to the Latest Practicable Date, no finding of nuisance within the meaning of the Thailand's Public Health Act had been made against our operations in Thailand, no finding of violation within the meaning of the U.S. federal and state environmental protection law, and no public health authority had determined that the our operations had caused pollution to the nearby community or environment for our Thailand or U.S. production facilities. Accordingly, our local counsel in Thailand and our local counsel in the U.S. are of the view that we had complied in all material respects with applicable environmental protection laws and regulations in Thailand and the U.S., respectively, relating to our production facility there during the Track Record Period and up to the Latest Practicable Date.

We have also developed internal sustainable development management policies: (i) *ESG Policy:* This policy defines our ESG governance structure and responsibilities, incorporates ESG strategic considerations, and ensures coordinated and unified ESG practices and sustainable development across the organization. (ii) *Environmental Protection Management Measures:* These measures seek to establish and improve our environmental management system, clarifying key focus areas, and promoting resource conservation and pollution prevention. (iii) *Occupational Disease Prevention and Control Measures:* These measures are designed to establish and improve our occupational disease management mechanisms and preventive measures, thus ensuring that our workplaces comply with health and safety standards to safeguard employees' occupational health. (iv) *Anti-Corruption Risk Proactive Investigation Mechanism:* We have developed and continually enhance our anti-corruption risk investigation procedures to foster a clean corporate environment, which include improving risk warning and reporting mechanisms, optimizing complaint and whistleblowing channels, and promoting a culture of integrity.

Environmental Matters

We have established an environmental management system that complies with ISO 14001 standards and continuously refine our environmental risk management by environmental impact assessments. Annual environmental monitoring and audits are organized to promptly eliminate latent environmental and safety hazards, ensuring that all production and operational activities comply with the applicable environmental regulations. For high-risk scenarios, such as hazardous chemical leaks or sudden pollution incidents, we have established multi-tiered emergency response plans that outline emergency procedures, resource allocation, and responsibilities. We also conduct regular emergency drills to enhance employee preparedness, ensuring that our risk prevention capabilities are aligned with our business expansion efforts. In addition, we actively foster a green workplace culture, encouraging all employees to adopt low-carbon practices. Our initiatives include implementing refined water and electricity conservation management, advancing waste sorting, and promoting a paperless office environment. We also provide environmental awareness training to generally all of our employees to foster their sustainable habits. In 2022, our subsidiary, Qingdao Broadband, was certified by the MIIT as a "Green Factory," which is a state-led manufacturing initiative to promote sustainable industrial practices, reduce carbon output, and achieve the country's dual-carbon goals.

Emissions

Wastewater Management: Our wastewater primarily consists of domestic sewage, which is discharged into municipal sewage systems via wastewater pipelines. We engage qualified third-party service providers to conduct annual testing of our discharged domestic sewage to ensure compliance with the latest regulatory standards. In 2023, 2024, 2025 and the six months ended June 30, 2026, our wastewater discharge were approximately 12,733 tons, 18,879 tons, 32,081 tons and 26,108 tons, respectively, and the concentration levels of our wastewater pollutants complied with regulatory discharge standards.

Exhaust Gas Management: We have implemented a comprehensive volatile organic compound control plan to ensure compliant collection and treatment of exhaust gases before discharge and to minimize atmospheric pollution. With qualified professionals conducting annual testing of our exhaust gas emissions, during the Track Record Period, the concentration levels of all exhaust gas discharged by us complied with regulatory discharge standards.

Solid Waste Management: For hazardous waste, we formulate and submit annual hazardous waste management plans to local regulatory authorities to ensure compliant disposal. We collect and manage hazardous waste in centralized storage facilities that are equipped with anti-leakage, rainproof, and anti-dispersal features. Our designated storage areas feature explosion-proof equipment and clear warning signs, and our designated personnel are responsible for detailed record-keeping of waste intake and discharge. In addition, we engage certified third-party waste treatment service providers to handle hazardous waste's treatment and disposal in compliance with relevant regulatory requirements. For non-hazardous waste, we commission qualified recyclers for their collection and treatment, and report disposal activities to environmental regulators via an online filing system.

The table below sets forth quantity of solid waste discharges for years indicated.

	Year ended December 31,			Six Months Ended June 30,
Indicators	**2023**	**2024**	**2025**	**2026**
		(in tonnes)		
Hazardous solid waste discharges	38.96	46.03	51.33	52.04
Non-hazardous solid waste discharges	443.78	594.08	1,094.19	594.00
Total	482.74	640.12	1,145.52	646.04

Noise Management: We engage qualified third-party service providers to conduct annual testing of our noise levels. By implementing sound insulation and vibration reduction measures and installing soundproof doors and windows, we minimize noise from machinery and equipment to reduce the impact on the surrounding environment and nearby residents.

Resource Use

Energy Management: We have established and continuously improved internal energy management systems by clearly defining responsibilities, strengthening process controls, and implementing precise management measures to standardize energy management comprehensively. We have also taken energy-saving initiatives such as equipment upgrades and retrofits and production process optimization to continuously improve energy efficiency, and promote our green and low-carbon transition. In 2023, 2024, 2025 and the six months ended June 30, 2026, we consumed electricity of approximately 34,245MWh, 42,650MWh, 71,453MWh and 37,406MWh, respectively. In the six months ended June 30, 2026, renewable energy electricity of accounted for approximately 5.7% of our total amount of electricity consumed. Relatedly, our Jiangmen facility completed a 2MW photovoltaic project in 2023, which generated 1,980MWh, 2,034MWh and 899MWh of electricity in 2024, 2025 and the six months ended June 30, 2026, respectively. Meanwhile, we completed the construction of a 1MW PV project at our Thailand facility in the fourth quarter of 2025, which generated 978MWh of electricity as of June 30, 2026.

Water Resource Management: Our water consumption primarily consists of domestic water. We adhere to water resource protection principles by implementing measures such as flow control on taps and water-saving signage display to strengthen water resource management. We continuously enhance water use efficiency through water monitoring system deployment and regular leak detection and maintenance of pipelines, promoting the utilization of recycled water and rainwater. In 2023, 2024, 2025 and the six months ended June 30, 2026, our total water consumption was approximately 84,888 tons, 125,861 tons, 213,874 tons and 174,052 tons, respectively.

Packaging Materials Management: We use recyclable and reusable packaging bags and pallets in our production and operation activities to reduce packaging material waste. We also encourage our suppliers to adopt environmentally friendly and recyclable materials such as recycled plastics and corrugated cardboard for packaging. In addition, we have established our restricted substances list, which establish clear environmental requirements for raw materials, printing processes and other stages of packaging.

We currently aim to reduce our water, energy and steam consumption intensity per RMB10,000 of output value by at least 10% annually in the foreseeable future.

Climate Change

We routinely identify and assess climate risks and opportunities, including physical risks (such as extreme heat, heavy precipitation, and tropical cyclones), transition risks (such as changes in policies and regulations, technological advancements, market trends, and corporate reputation), and transition opportunities, and promptly develop and update response measures. We monitor domestic and international climate-related laws, regulations, policies, market developments, trends in green product demand and advancements in environmental technologies. We continuously monitor the impacts of extreme weather events on our operations and employee well-being and the real-time impacts of climate-related risks on our assets and business, and regularly quantify and analyze changes in the values of affected assets and the scale of the affected operations, providing robust support for informed decision-making. In line with the national goals of "carbon peaking and carbon neutrality," we continuously improve our carbon emission management framework and conduct annual carbon inventories to understand our current emission profile. By reference to the greenhouse gas reduction targets and industry emission management policies applicable to our operating regions, we have adopted strict energy-saving and emission reduction practices to proactively establish group-level carbon reduction targets and action plans, thereby enhancing the scientific rigor and effectiveness of our carbon reduction efforts. We also promote climate-related investment and focus our financing activities on energy conservation and emission reduction.

The following table sets forth our greenhouse gas emissions during years indicated.

	Year ended December 31,			Six Months Ended June 30,
Indicators	2023	2024	2025	2026
	(in tonnes of carbon dioxide equivalent)			
GHG Scope 1 emissions	2,055.41	2,558.56	3,117.12	1,558.56
GHG Scope 2 emissions (location-based)	21,461.49	22,745.76	39,086.44	20,013.72
GHG Scope 3 emissions	728,343.48	318,872.59	422,684.99	N/A[1]
Total GHG emissions	751,860.39	344,176.92	464,888.56	21,572.28

Note: (1) For the six months ended June 30, 2026, only Scope 1 and Scope 2 emissions were reported because we only conduct review and reporting of Scope 3 emission on an annual basis.

We conduct annual greenhouse gas emissions accounting in accordance with the ISO 14064 standard. The annual accounting scope includes Scope 1, Scope 2, and Scope 3 emissions. Building upon the completion of the GHG emissions inventory (i.e. the detailed accounting of all GHG emissions and removals within a specific geographic area or for specific entities over a defined period) and taking into consideration our business development plans and stakeholder expectations, we plan to reduce absolute Scope 1 and Scope 2 emissions by approximately 50% by 2040, compared to the 2021 level. We target to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2050.

Occupational Health and Safety

We have implemented guidelines to ensure the occupational health of our employees and safety of our work environment. We conduct regular checks on occupational hazards in accordance with applicable laws and regulations. In addition, we have maintained our certification under the ISO: 45001 Occupational Health and Safety Management System. We have established a work safety management framework which is responsible for employee training, hazard identification, hazard rectification and follow-ups, among other tasks. We have signed work safety responsibility agreements with managers at all levels to enforce accountability for work safety management. We also conduct regular employee safety training, emergency drills and inspections to enhance safety awareness of all staff and ensure that corrective measures are effectively implemented. In addition, we have formulated emergency response plans and we will regular emergency drills to ensure prompt and effective responses of all departments to safety emergencies. We have also set up a volunteer firefighting team equipped with emergency supplies and conduct regular training sessions. Medical kits are placed in designated areas and managed by assigned personnel, while automated external defibrillators are installed to protect the health and safety of employees. During the Track Record Period and up to the Latest Practicable Date, our operations had not experienced any incidents that resulted in severe work injuries.

Social and Welfare Matters

We are committed to fulfilling our social responsibilities and giving back to the community, including to building an equal, inclusive, diverse, healthy and safe workplace environment and creating a clean office and business environment. We also aim to co-operate with our stakeholders in a win-win manner and implement sustainable development in our supply chain.

Anti-corruption

In accordance with applicable anti-corruption laws and regulations, we have established the code of business ethics for employees and the employee grievance and complaint reporting system, which clearly define our business ethics. We conduct regular anti-corruption and business ethics training for our employees and require each business unit to carry out internal anti-corruption audits. Additionally, we organize self-inspections annually to monitor and control corruption and business ethics risks, We have implemented whistleblowing procedures for corrupt practices and a reporting system for suppliers and customers. Our discipline inspection is responsible for handling relevant reports. We also have a designated email and hotline to accept whistleblower information. Meanwhile, the discipline inspection commission is also responsible for handling business ethics and anti-corruption related matters. There were no corruption lawsuits involving us during the Track Record Period and up to the Latest Practicable Date.

Social Charitable Efforts

We focus on various areas such as caring for the disadvantaged, education support, assisting agriculture and poverty alleviation, and environmental protection. We actively carry out public welfare and charity activities through systematic funding, activity organization and participation to demonstrate our responsibility and commitment. We regularly map employees in difficulty and provide them with targeted assistance. Meanwhile, we continue to carry out our "Charity One-Day Donation" public welfare program, support basic education through the "Hisense Global Charity Day" public welfare student donation, and carry out the "Study Dream Action" to help employees improve their academic level and technical skills.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board of Directors and senior management are responsible for devising and supervising the execution and efficacy of our internal control framework. This framework is structured to adhere to pertinent legal and regulatory mandates that govern our business activities and corporate governance, thereby preventing any compliance failures.

In the ordinary course of business, we are exposed to operational, market, legal and financial risks, and we have implemented comprehensive internal control and risk management policies and procedures to address such risks. We also periodically review these procedures to ensure their effectiveness. Our policies and procedures relate primarily to managing our R&D, procurement and production related risks and monitoring our sales performance and product quality. To monitor the ongoing implementation of our internal control and risk management policies after the Listing, we have adopted primarily the following risk management measures:

(i) establishing an audit committee to review and supervise our financial reporting process and internal control system; (ii) adopting policies to ensure compliance with the Listing Rules, including aspects related to risk management, connected transactions and information disclosure; (iii) organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; (iv) providing anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; (v) setting guidelines for identifying and addressing currency risks, ensuring structured and compliant hedging arrangements ; (vi) enhancing our reporting and records system for production facilities, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities; (vii) establishing a set of emergency procedures in the event of major production safety related issues; (viii) providing enhanced training programs to our employees on quality assurance and production safety procedures and strengthen their compliance awareness; and (ix) strengthening fund management to prevent the misappropriation of funds, and enhanced the efficiency of fund utilization.

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The following discussion and analysis contain forward-looking statements that reflect our current views on events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, and other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.*

OVERVIEW

We are an established optical communication and connectivity products provider that develops, manufactures and sells optical transceivers, optical chips and optical network terminals, serving customers in China and overseas. Over the past two decades, we have been empowering cloud service providers, telecom and network equipment vendors and operators worldwide with our ability to produce and deliver a wide range of high-quality products across AI, cloud computing, FTTx, transmission network and wireless applications. We recorded revenue of RMB4,239.0 million, RMB5,086.6 million, RMB8,354.7 million and RMB5,392.6 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. We have early adopted all IFRS Accounting Policies effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, in the preparation of our historical financial information throughout the Track Record Period. Our historical financial information has been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and bill receivables measured at fair value through other comprehensive income which have been measured at fair value. Our historical financial information is presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including the following significant factors:

Market Demand for Our Products

Our business expansion and revenue growth depend on the market demand for optical communication and connectivity products in China and globally. Driven by the rapid development of AI, cloud computing and intelligent products, the global optical communication industry presents significant growth potential. Core products of this industry include optical chips, optical transceivers, and optical network terminals, which together form an integrated value chain supporting high-performance optical connectivity. Among them, optical transceivers play a central role, enabling high-speed, high-reliability, and low-latency data transmission across increasingly complex datacom and telecom networks. We believe that we are well positioned to capitalize on the growth potential of the optical communication industry in the AI era. However, customer demand could fluctuate from time to time due to factors out of our control, including changes in market conditions. See "Risk Factors — We experienced fluctuations in our financial results during the Track Record Period and may continue to do so in the future."

Ability to Continuously Upgrade and Optimize Our Product Offerings

Our ability to continue to upgrade, expand and optimize our product offerings is one of the most important factors affecting our results of operations. The product development, design and iteration process is often complex, time-consuming and costly, and involves significant upfront investments. Leveraging our sustained R&D efforts, including significant R&D expenses, we have continued to upgrade and optimize our product offerings to keep pace with technology trends and customer demands. To respond quickly to market developments and fulfill customer needs, we will monitor market trends and strive to develop upgraded and new products in a timely and efficient manner.

Changes in our product mix also affect our profitability. A key feature of our industry is that products that are first to the market typically can enjoy first-mover advantages, including relatively high gross profit margins, and competitions will drive the margins down over time. Therefore, accelerating the R&D process and continuously iterating our products is necessary for us to capture emerging demand and achieve higher gross margins during the early stages of the products' lifecycles. As such, our ability to achieve significant technological developments and quickly innovate and upgrade our products in line with industry trends is critical to drive our revenue growth and enhance our overall profitability.

Ability to Maintain Key Customers and Broaden Our Customer Base

Our performance depends on our ability to maintain robust relationships with existing key customers while continuously broadening our customer base globally. Our core customers, namely major cloud service providers and telecom and network equipment vendors in China and overseas, position us well to capitalize on the growth of optical communication and connectivity products for AI computing networks. In China, we have collaborated with most of the major cloud service providers and telecom and network equipment vendors and the top three telecom network operators. For the overseas market, our customers are mainly in North America, Europe and the rest of Asia, and we have collaborated in-depth with leading global telecom and network equipment vendors and operators. Leveraging our core technologies, we collaborate closely with our customers to identify and satisfy their needs and will continuously promote the iteration and upgrade of our existing products and enhance our customer services. We believe that maintaining long-term relationship with our key customers and further broadening our customer base will help us to win market share in the rapidly expanding optical communication market and further enhance our competitive position.

Supply Chain Management and Production Capacity Expansion

Effective supply chain management is important to our success. Our procurement costs for raw materials may fluctuate due to factors beyond our control, such as supply chain disruptions and inflation. We have adopted supply chain measures such as retaining multiple suppliers for principal raw materials and enhancing our bargaining power in raw material purchases by leveraging our growing scale and centralized procurement. Meanwhile, we monitor market conditions for raw materials with more volatile supply or longer lead times to make purchases appropriately. Moreover, our high degree of vertical integration supported by our product matrix covering the industry value chain helps to reduce procurement costs and improve overall stability. Our multi-regional supply network serves our clients globally based on our manufacturing facilities in China, Thailand and the United States, thus ensuring high quality, timely service and efficient delivery at scale. We plan to further expand our production facilities and increase our automation and intelligent manufacturing levels, to capture greater market shares in the global optical communication industry.

Ability to Control Costs and Operational Expenses and Improve Operational Efficiency

Our ability to manage costs and enhance operational efficiency will impact the results of our operations. In 2023, 2024, 2025 and the six months ended June 30, 2026, our cost of sales accounted for 79.4%, 82.6%, 80.0% and 75.8% of our revenue, respectively. Our cost of sales consists primarily of cost of raw materials, labor costs, depreciation and utilities. Quickly developing and launching advanced products with first-mover advantages and controlling costs for existing products are key to maintaining profitability for our industry. Timely monitoring supplies and prices of raw materials and making centralized procurement are important to control our cost of sales. We also strive to optimize our cost structure by refining the designs of our products. Moreover, we have relied on our high automation and intelligent manufacturing capabilities to enhance production efficiency, lower unit production costs, and achieve economies of scale. We will continue to improve our production efficiency by further automating our production processes, increasing the intelligence levels of our manufacturing facilities.

Our operating expenses also affect our overall profitability. Our total operating expenses, comprising research and development expenses, selling and marketing expenses and administrative expenses, accounted for 19.1%, 16.7%, 12.7% and 9.8% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our ability to effectively improve our operational efficiency and manage our operating expenses would affect our profitability.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates and complex judgments. Estimates and judgments are continually re-evaluated based on historical experience and other factors, including industry practices and expectations of future events that we believe are reasonable under the circumstances. We did not change our assumptions or estimates during the Track Record Period and have not noticed any material errors on our assumptions or estimates. We currently do not expect that our assumptions or estimates to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our material accounting policies, (ii) judgments and other uncertainties affecting the application of such policies, and (iii) sensitivity of reported results to changes in conditions and assumptions. Our material accounting policy information and significant accounting judgments and estimates are set forth in detail in Notes 2.3 and 3 to the Accountants' Report.

Material Accounting Policies

Revenue Recognition

Revenue from Contracts with Customers: We recognize revenue from contracts with customers when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. See Note 2.3 to the Accountants' Report.

Sales of Products: Revenue is recognized when the control of the optical transceivers, laser chips and optical network terminals have been transferred, that is, when the products have been delivered to the specific location of the customer and the customer has confirmed the acceptance of the products. See Note 2.3 to the Accountants' Report.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. See Note 2.3 to the Accountants' Report.

Research and Development Costs

All research costs are charged to the statement of profit or loss as incurred. See Note 2.3 to the Accountants' Report.

Critical Accounting Judgments and Estimates

Judgments

In applying our accounting policies, our management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in our historical financial information.

Estimation Uncertainty

We have outlined below the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period during the Track Record Period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

Impairment of Goodwill: We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant cash-generating units (CGUs) to which the goodwill is allocated, which is the higher of the fair value less costs of disposal and value in use. In determining the fair value less cost of disposal of the CGUs, references were made to the valuation of the land, buildings plant and machinery and the carrying amount of the business unit's other assets and liabilities which approximated to their fair value. The assessment of the recoverable amount requires the use of estimates and assumptions such as identifying comparable market transactions for land, buildings plant and machinery. These estimates and assumptions are subject to risk and uncertainty. The assumptions were affected by expectations of future market or economic conditions. Changes in circumstances may impact these projections, which will have a corresponding impact on the recoverable amounts of the CGUs, thus the goodwill impairment assessment. The carrying amount of goodwill carried as an asset in the consolidated statement of financial position as at each of December 31, 2023, 2024 and 2025 and June 30, 2026 was RMB26.5 million. Our goodwill during the Track Record Period arose from the acquisition of LigentCom in 2012. LigentCom is engaged in the manufacture of laser chips and is considered as a cash-generating unit ("LigentCom CGU") that generates independent cash flows. Goodwill acquired through business combinations was allocated to the LigentCom CGU for impairment testing.

The recoverable amount of the LigentCom CGU has been determined by reference to the fair value less cost of disposal. In assessing the fair value less cost of disposal, reference was made to the valuation of the land, buildings, plant and machinery. Fair values of the land, buildings, plant and machinery was determined based on valuations performed by independent valuers at year-end using the direct comparison method, which has used significant unobservable inputs (Level 3 of the fair value hierarchy as defined in IFRS 13). As of December 31, 2023, 2024 and 2025, the recoverable amount of LigentCom CGU was RMB195 million, RMB199 million and RMB195 million, respectively, and the carrying amount of LigentCom CGU (including goodwill) was RMB137 million, RMB131 million and RMB116 million, respectively. The key parameter was the selling price of the land located in the United States at the end of the relevant period. The headroom was RMB58 million, RMB68 million and RMB79 million as of December 31, 2023, 2024 and 2025, respectively. The market approach measures the fair value of land by making comparison based on prices realized or market prices of comparable land of similar size, character and location. Significant decreases in the estimated selling price per square foot would result in significantly lower recoverable amount of the U.S. Photonic CGU. Certain key assumptions were applied for the valuation, including that: (i) current national laws, regulations, tax policies, and macroeconomic conditions remain stable without material adverse changes; (ii) assets are transacted under arm's-length terms with adequate market exposure; (iii) industry dynamics in the photonics manufacturing sector follow current market trends; and (iv) cost of disposal is set at 5%, which is based on industry benchmarks for specialized manufacturing assets and historical experience with transactions involving similar equipment and reflects typical commissions, dismantling, and regulatory compliance costs associated with such transactions. Our Directors are of the view that there is no reasonably possible change in the key assumptions and we have not identified any instances that would cause the carrying amount of LigentCom CGU to exceed its recoverable amount. We did not perform quantitative impairment test for above goodwill as of June 30, 2026, since our accounting policy is to perform impairment test annually at December 31, or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with IAS 36, Impairment of assets. We did not identify any indication that the goodwill would be impaired as of June 30, 2026. See Note 19 to the Accountants' Report.

Provision for Expected Credit Losses on Trade Receivables and Contract Assets: We use a provision matrix to calculate expected credit losses (ECLs) for trade receivables and contract assets. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. See Notes 3, 25 and 27 to the Accountants' Report.

Provision of Inventories: We review the aging analysis of our inventories at the end of each year/period during the Track record Period, and make provision for obsolete items when events or changes in circumstances show that the balance of inventories may not be realizable. The assessment of the provision amount involves management judgment and estimates by considering historical consumption. See Notes 3 and 26 to the Accountants' Report.

RESULT OF OPERATIONS

The following table sets forth selected data from our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Revenue	4,238,989	100.0	5,086,600	100.0	8,354,680	100.0	4,215,825	100.0	5,392,648	100.0
Cost of sales	(3,365,077)	(79.4)	(4,203,511)	(82.6)	(6,682,449)	(80.0)	(3,427,738)	(81.3)	(4,086,598)	(75.8)
Gross profit	**873,912**	**20.6**	**883,089**	**17.4**	**1,672,231**	**20.0**	**788,087**	**18.7**	**1,306,050**	**24.2**
Other income and gains	121,622	2.9	105,924	2.1	141,373	1.7	76,390	1.8	72,760	1.3
Gains on disposal of a joint venture	–	–	–	–	352,785	4.2	352,785	8.4	–	–
Selling and marketing expenses	(68,387)	(1.6)	(60,452)	(1.2)	(78,051)	(0.9)	(46,719)	(1.1)	(39,100)	(0.7)
Research and development expenses	(553,278)	(13.1)	(623,132)	(12.3)	(663,730)	(7.9)	(341,807)	(8.1)	(319,973)	(5.9)
Administrative expenses	(188,840)	(4.5)	(164,107)	(3.2)	(322,138)	(3.9)	(149,251)	(3.5)	(170,552)	(3.2)
Reversal of impairment/ (impairment) of financial assets, net	1,247	0.0	(1,315)	(0.0)	(183)	(0.0)	(725)	(0.0)	8	0.0
Impairment of property, plant and equipment	–	–	(7,456)	(0.1)	(4,216)	(0.1)	–	–	(2,580)	(0.0)
Reversal of impairment/ (impairment) of contract assets, net	(736)	(0.0)	1,917	0.0	(295)	(0.0)	(28)	(0.0)	(926)	(0.0)
Fair value loss on financial liabilities at FVTPL	(30,038)	(0.7)	(12,045)	(0.2)	(116,274)	(1.4)	(106,650)	(2.5)	–	–
Other expenses and losses	(16,443)	(0.4)	(22,757)	(0.4)	(12,535)	(0.2)	(9,922)	(0.2)	(34,778)	(0.6)
Finance costs	(28,420)	(0.7)	(56,416)	(1.1)	(47,383)	(0.6)	(35,526)	(0.8)	(16,977)	(0.3)
Share of profits of a joint venture	131,860	3.1	55,149	1.1	–	–	–	–	–	–
Profit before tax	**242,499**	**5.7**	**98,399**	**1.9**	**921,584**	**11.0**	**526,634**	**12.5**	**793,932**	**14.7**
Income tax expenses	(26,978)	(0.6)	(8,909)	(0.2)	(48,944)	(0.6)	(17,094)	(0.4)	(132,941)	(2.5)
Profit for the year/period	**215,521**	**5.1**	**89,490**	**1.8**	**872,640**	**10.4**	**509,540**	**12.1**	**660,991**	**12.3**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by Product Line: We have generated revenue from the sales of optical transceivers, optical chips and optical network terminals. The following table sets forth a breakdown of our revenue by product line, in absolute amount and as a percentage of total revenue, for periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (*unaudited*)	%	*RMB'000*	%
Optical transceivers										
– Datacom transceivers	1,055,988	24.9	2,776,454	54.6	5,469,325	65.5	2,741,494	65.0	3,744,715	69.4
– Telecom transceivers										
FTTx	1,108,306	26.1	542,377	10.7	601,580	7.2	322,278	7.6	298,031	5.5
Others[(1)]	572,855	13.5	363,276	7.1	463,707	5.6	218,585	5.2	235,032	4.4
Telecom transceivers sub-total	1,681,162	39.7	905,653	17.8	1,065,287	12.8	540,863	12.8	533,063	9.9
Sub-total	**2,737,150**	**64.6**	**3,682,107**	**72.4**	**6,534,612**	**78.2**	**3,282,357**	**77.9**	**4,277,778**	**79.3**
Optical chips	112,081	2.6	23,790	0.5	28,931	0.3	16,199	0.4	84,983	1.6
Optical network terminals										
ONT boxes	845,789	20.0	936,695	18.4	1,232,226	14.7	674,085	16.0	599,904	11.1
Others[(2)]	543,969	12.8	444,008	8.7	558,911	6.7	243,184	5.8	429,983	8.0
Optical network terminals sub-total	1,389,758	32.8	1,380,703	27.1	1,791,137	21.4	917,269	21.8	1,029,887	19.1
Total	**4,238,989**	**100.0**	**5,086,600**	**100.0**	**8,354,680**	**100.0**	**4,215,825**	**100.0**	**5,392,648**	**100.0**

Notes: (1) Includes telecom transceivers for transmission network and wireless applications. (2) Includes other broadband access products, Wi-Fi coverage products and other optical network terminals.

During the Track Record Period, the majority of our revenue was from sales of optical transceivers. Revenue derived from datacom optical transceivers increased significantly from 2023 to 2024 and 2025 and the growth continued in the six months ended June 30, 2026, primarily driven by an increase in market demand for optical transceivers for AI and cloud computing related applications. In particular, our revenue from datacom transceivers increased substantially from RMB2,776.5 million in 2024 to RMB5,469.3 million in 2025, and further increased from RMB2,741.5 million in the six months ended June 30, 2025 to RMB3,744.7 million the same period of 2026.

Our revenue from optical chips sold to external customers declined significantly in 2024 mainly because our new optical chips were still being developed and had not been commercialized while demand from external customers for our existing optical chips declined because they are mainly used in telecom transceivers for which market competition has intensified in recent years. However, our existing optical chips can still be used in certain of our and our customers' optical transceivers, primarily for telecom applications to accommodate lower-speed connectivity. For example, even though 50G PON telecom optical transceivers have become an emerging telecom communication standard, there remains market demand for 10G PON telecom optical transceivers to serve existing telecom networks. As such, we have continued to manufacture 10G laser chips to serve this market and satisfy orders from some of our customers, particularly major telecom equipment vendors for their optical line terminal and other products used in existing telecom networks. To maintain good long-term relationship with these customers and enhance the utilization of our relevant optical chip production facilities, we have continued to manufacture our existing optical chips according to orders received from customers and our internal optical transceiver product line. We generally plan production volume of optical chips based on orders received in advance from external customers and our internal optical transceiver product line. See "Business — Our Products — Optical Chips" for more information on our existing optical chips. However, our in-house produced optical chips only accounted for a small portion of the total costs of these optical transceivers. As such, the fluctuations of the gross profit margin of these optical transceivers were not materially impacted by changes in costs of our relevant optical chips, but were mainly because of changes in market competition in sales of these optical transceivers. Our revenue from optical chips increased slightly from 2024 to 2025 and significantly from the six months ended June 30, 2025 to the same period of 2026, primarily due to an increase in sales volume of our optical chips, particularly our 75mW CW-DFB laser chips. Moving from internal adoption to large-scale external sales, our 75mW CW-DFB laser chips were commercialized in the second quarter of 2025 and gradually scaled up to achieve production in the first quarter of 2026. We expect to improve this revenue level as we achieve production for more optical chips, such as 150mW CW-DFB and 200G EML laser chips. See "Business — Our Products — Optical Chips" for details on our new optical chips.

Revenue by Geographical Market: The following table sets forth our total revenue by geographical regions of customers, in absolute amount and as a percentage of total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Asia										
– China	2,768,316	65.3	3,494,280	68.7	5,883,333	70.4	3,020,505	71.6	3,393,700	62.9
– Rest of Asia(1)	541,258	12.8	670,878	13.2	839,349	10.0	436,965	10.4	479,432	8.9
North America										
– United States	543,806	12.8	654,524	12.9	1,248,100	14.9	609,581	14.5	1,193,719	22.1
– Rest of North America(2)	61,900	1.5	28,978	0.5	38,982	0.5	16,928	0.4	18,944	0.4
Europe and others(3)	323,709	7.6	237,940	4.7	344,916	4.1	131,846	3.1	306,853	5.7
Total(4)	**4,238,989**	**100.0**	**5,086,600**	**100.0**	**8,354,680**	**100.0**	**4,215,825**	**100.0**	**5,392,648**	**100.0**

Notes: (1) Mainly including Singapore and Malaysia. (2) Including Canada and Mexico. (3) Mainly including Finland and Ireland. (4) No single country other than China and the U.S. contributed 5% or above of our total revenue in each year/period during the Track Record Period.

In each year/period during the Track Record Period, sales in China accounted for a large majority of our total revenue, and a substantial majority of our revenue from North America was derived from the United States. We intend to strategically enhance our business relationships with high-quality customers to further increase our sales.

Cost of Sales

Our cost of sales consists of: (i) costs of raw materials such as optical chips, control circuits and various structural components and parts, (ii) labor costs, primarily for our manufacturing employees, (iii) depreciation, mainly related to property, plant, and equipment and right-of-use assets used in production, and (iv) utilities and others, primarily costs of electricity and water, costs of consumables, and other manufacturing overhead. The following table sets forth a breakdown of our cost of sales by nature, in absolute amount and as a percentage of total cost of sales, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Raw material costs	2,839,560	84.4	3,583,675	85.3	5,693,447	85.2	2,925,125	85.3	3,483,111	85.2
Labor costs	268,154	8.0	272,093	6.5	447,724	6.7	225,079	6.6	250,754	6.1
Depreciation	100,594	3.0	126,320	3.0	187,109	2.8	96,355	2.8	118,362	2.9
Utilities and others	156,767	4.7	221,423	5.3	354,169	5.3	181,179	5.3	234,371	5.7
Total	**3,365,077**	**100.0**	**4,203,511**	**100.0**	**6,682,449**	**100.0**	**3,427,738**	**100.0**	**4,086,598**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales, and our gross profit margin represents our gross profit as a percentage of revenue. The following table sets forth a breakdown of our gross profit and gross profit margin by product line for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Optical transceivers										
– Datacom transceivers	305,296	28.9	700,515	25.2	1,334,544	24.4	619,643	22.6	1,013,054	27.1
– Telecom transceivers	302,696	18.0	105,685	11.7	203,307	19.1	84,300	15.6	136,347	25.6
Sub-total	607,992	22.2	806,200	21.9	1,537,851	23.5	703,943	21.4	1,149,401	26.9
Optical chips	27,786	24.8	(37,454)	(157.4)	(35,006)	(121.0)	(6,239)	(38.5)	34,548	40.7
Optical network terminals	238,135	17.1	114,342	8.3	169,386	9.5	90,383	9.9	122,101	11.9
Total	**873,912**	**20.6**	**883,089**	**17.4**	**1,672,231**	**20.0**	**788,087**	**18.7**	**1,306,050**	**24.2**

Our gross profit margin fluctuated due to factors including changes in selling prices and the mix of products sold. Higher-end products generally carry higher gross profit margins. Given the rapid technological development and product iterations in our industry, market prices of our products generally experience declines over their life cycles. Our products sold to overseas markets typically have higher gross profit margins than in China, primarily because we adopted a competitive pricing strategy in China to attract customers and gain market shares in light of intense market competition.

The gross profit margin of our optical transceivers decreased from 2023 to 2024: (i) the gross profit margin of our datacom transceivers decreased mainly because we adopted competitive pricing in China to gain market shares and because fixed costs such as depreciation of production facilities increased as we were ramping up our production capacity; and (ii) the gross profit margin of our telecom transceivers decrease primarily attributable to declines in market prices. In addition, our gross profit margin for optical transceivers increased from 2024 to 2025 due to an increase in the gross profit margin of telecom transceivers and changes in product mix, i.e., an increase in the proportion of revenue from datacom transceivers which had relatively high gross profit margin. Our gross profit margin for optical transceivers increased in the six months ended June 30, 2026 compared to the same period of 2025, primarily due to (i) an increase in the proportion of revenue from datacom transceivers, (ii) an increase in the gross profit margin of our datacom transceivers, driven by higher revenue contribution from overseas markets, and (iii) an increase in the gross profit margin of our telecom transceivers as a result of our increased sales of higher-margin products.

Gross profit margins of our optical chips were negative in 2024 and 2025 primarily because their revenue was relatively small (primarily due to declines in sales volume) and insufficient to cover fixed costs, such as depreciation of property, plant and equipment and labor costs. The gross profit margin of optical chips improved significantly to a positive 40.7% in the six months ended June 30, 2026, primarily due to an increase in sales volume of optical chips after we achieved production of 75mW CW-DFB laser chips in the first quarter of 2026.

Provision for inventories may also adversely affect our gross profit margin. We made provision for relevant inventories to the extent their costs exceed their estimated net realizable value in accordance with applicable accounting standards, and we believe such provision was sufficient. The lower gross profit margin for telecom transceivers in 2024 and the negative gross profit margin for optical chips in 2024 and 2025 were due in part to provision for our relevant inventories. This was because demand for our telecom optical transceivers declined in 2024, and customer demand for our existing optical chips declined in 2024 and remained weak in 2025 while our new optical chips were under development or undergoing production ramp-up, which resulted in increases in the cost per unit of our relevant inventories. In 2024 and 2025, we made relatively high provision for optical chips not because these products remained unsold for a prolonged period. Instead, we made the provision because the average cost per optical chip sold exceeded the average selling price for it, as our optical chips' sales volume decreased from 2023 to 2024 and 2025 while fixed costs for the production of optical chips remained substantial. Our provision for optical chips amounted to RMB6.0 million, RMB23.7 million, RMB26.1 million and RMB24.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, accounting for 13.3%, 28.1%, 19.3% and 21.5% of our total provision for inventories for the respective periods. See Note 26 to the Accountants' Report for more information on our provision for inventories and Note 2.3 to the Accountants' Report for our accounting policy on provision for inventories.

Other Income and Gains

The following table sets forth our other income and gains for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other income					
Interest income	27,068	40,320	22,539	19,905	3,404
Government subsidies	32,461	23,056	22,488	7,378	38,283
Other tax refund	35,419	22,857	65,377	36,689	9,386
Rental income	2,512	2,754	4,154	1,987	1,681
Sales of scrap materials	3,712	2,741	2,592	1,391	3,914
Others[1]	2,847	3,228	3,294	2,631	1,026

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Total other income	**104,019**	**94,956**	**120,444**	**69,981**	**57,694**
Gains					
Compensation from suppliers	3,767	5,801	5,108	1,540	2,307
Gains on disposal of financial assets at FVTPL	4,035	3,643	750	399	5,615
Foreign exchange gains	2,756	–	9,954	450	–
Fair value gains on derivative financial instruments	2,959	61	2,064	2,166	4,859
Fair value gains on financial assets at FVTPL:					
– Wealth management products	2,461	–	737	–	–
Gains on disposal of derivative financial instruments	12	–	462	32	1,511
Gains on early termination of leases	–	–	1,602	1,598	–
Others[(2)]	1,613	1,463	252	224	774
Total gains	**17,603**	**10,968**	**20,929**	**6,409**	**15,066**
Total	**121,622**	**105,924**	**141,373**	**76,390**	**72,760**

Notes: (1) Includes primarily income from our ancillary business activities, which were mainly sales of low-value consumables (primarily used in production and R&D activities) in excess of our own needs and contract manufacturing service fees. (2) Includes primarily write-offs of certain payables as we were no longer required to make the payments pursuant to the relevant payees' requirements and/or the relevant agreements, and compensation received from insurance claims.

Our other income primarily included: (i) interest income on advances to a related party and on bank deposits, (ii) government subsidies, including primarily R&D projects related subsidies mainly based on milestones, (iii) other tax refund, representing tax refund upon collection of VAT on software relating to some of our products, (iv) rental income derived mainly from leases of properties and production equipment to third parties and related parties, and (v) sales of scrap materials to third parties.

Our gains primarily consisted of: (i) compensation from suppliers, primarily occasional compensation received from suppliers based on the terms of relevant supply agreements due to unsatisfactory quality of raw materials they provided, (ii) gains on disposal of financial assets at FVTPL in connection with wealth management products we purchased from time to time, (iii) foreign exchange gains primarily arising from transactions settled in foreign currencies attributable to fluctuations in foreign exchange rates, (iv) fair value gains on derivative financial instruments in connection with our forward currency contracts, (v) fair value gains on financial assets at FVTPL, mainly related to wealth management products, (vi) gains on disposal of derivative financial instruments related to our forward currency contracts, (vii) gains on early termination of leases primarily in connection with the termination of a property we leased as our office premises.

During the Track Record Period, we invested in wealth management products from time to time to make better use of our cash. We only invest in wealth management products with low-risk and high-liquidity, such as low-risk asset management and trust products issued by reputable financial institutions. We have investment and risk control policies that set forth our investment approval and review processes. Our investment in wealth management products is typically proposed and implemented by our finance department when we have idle cash on hand, and it is reviewed on a case-by-case basis and requires approval by the head of our finance department and our chief executive officer. We assign designated capital management assistants to monitor the wealth management products we purchased on an ongoing basis and redeem such product in a timely manner subject to the relevant agreements. We intend to continue to invest in short-term and low-risk wealth management products and will ensure all such investments comply with the applicable laws and regulations, including the relevant requirements under Chapter 14 of the Listing Rules after the Listing.

Selling and Marketing Expenses

Our selling and marketing expenses consist of: (i) salary and welfare for our sales and marketing staff, including salaries, allowances and benefits in kind, performance related bonuses, share-based payments expenses and pension scheme contributions; see Notes 9 and 36 to the Accountants' Report, (ii) business development and travel expenses incurred for our sales and marketing activities, (iii) warehousing expenses, including rental expenses for warehouses, (iv) advertising and marketing expenses, (v) insurance policies, primarily related to accounts receivable insurance we purchased to protect us against third parties' non-payment risks, and (vi) other selling and marketing expenses, including office and miscellaneous expenses relating to our sales and marketing staff. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salary and welfare	40,975	32,840	49,287	30,343	23,162
Business development and travel expenses	7,688	6,194	3,974	2,211	4,088
Warehousing expenses	3,401	4,488	5,778	2,771	3,331
Advertising and marketing expenses	2,899	2,733	5,494	2,704	2,635
Insurance policies	3,556	2,661	4,804	2,688	2,453
Other selling and marketing expenses	9,868	11,536	8,714	6,002	3,431
Total	**68,387**	**60,452**	**78,051**	**46,719**	**39,100**

Research and Development Expenses

Our research and development expenses consist of: (i) salary and welfare for our R&D staff, (ii) consumables, mainly related to consumable materials used in our R&D activities, (iii) depreciation, amortization and equipment maintenance for assets used in our R&D activities, (iv) appraisal review fees, mainly in connection with new product evaluation and appraisal, (v) technology usage and patent fees, representing primarily royalties paid to third parties for multimedia related technologies used in certain of our optical network terminals, and patent maintenance fees, (vi) travel and transportation expenses related to our R&D activities, and (vii) others, including rentals and other expenses incurred for our R&D activities. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salary and welfare	340,873	381,592	407,156	226,505	196,484
Consumables	109,333	120,110	143,224	60,575	57,548
Depreciation, amortization and equipment maintenance	49,186	66,799	67,790	32,826	39,733

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Appraisal review fees	18,728	19,870	14,308	6,315	8,314
Technology usage and patent fees	16,100	14,082	11,032	6,381	1,199
Travel and transportation expenses	9,839	9,493	7,546	3,528	3,537
Others	9,219	11,186	12,674	5,677	13,158
Total	**553,278**	**623,132**	**663,730**	**341,807**	**319,973**

Administrative Expenses

Our administrative expenses consist of: (i) salary and welfare for our administrative staff, (ii) internet and office expenses, (iii) depreciation and amortization for assets used by our administrative staff, (iv) property management fees in connection with properties used by our administrative staff, (v) tax and surcharges, (vi) consulting fees, including listing expenses and professional service fees, and (vi) others, which primarily consisted of travel, insurance and other miscellaneous administrative expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salary and welfare	108,808	95,985	189,548	101,165	81,077
Internet and office expenses	29,390	24,090	24,717	12,678	24,165
Depreciation and amortization	7,047	7,570	8,654	3,576	13,379
Property management fees	3,754	4,156	5,453	2,630	6,874
Tax and surcharges	20,966	12,434	31,044	12,947	17,020
Consulting fees	3,506	1,977	33,923	6,352	10,560
Others	15,369	17,895	28,799	9,903	17,477
Total	**188,840**	**164,107**	**322,138**	**149,251**	**170,552**

Reversal of Impairment/(Impairment) of Financial Assets, Net

We recorded a reversal of impairment on financial assets, net, of RMB1.2 million in 2023 and RMB8,000 in the six months ended June 30, 2026. We recorded an impairment of financial assets, net, of RMB1.3 million in 2024 and RMB0.2 million in 2025. These amounts were primarily in connection with (i) impairment and collection of our trade receivables, and (ii) impairment of prepayments and other receivables. We apply the expected credit loss, or ECL, model for financial assets that are subject to impairment. ECLs are provided for credit losses based on possibility-weighted estimates, and a financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A reversal of impairment on financial assets is recognized when the outstanding contractual amount is collected.

Impairment on Property, Plant and Equipment

As of December 31, 2024, 2025 and June 30, 2026, the carrying amount of certain production machinery was reduced to the recoverable amount of RMB1.1 million, RMB0.6 million and RMB0.3 million through recognition of impairment of RMB7.5 million, RMB4.2 million and RMB2.6 million, respectively, mainly because some of our telecom transceiver production lines became obsolete in light of declines in market demand. We did not record impairment on property, plant and equipment in 2023.

Reversal of Impairment/(Impairment) of Contract Assets, Net

Contract assets represented the uncollected portion of payments as warranty deposits under certain of our sales agreements. We apply the ECL model to recognize impairment on contract assets. We recorded a reversal of impairment of contract assets, net, of RMB1.9 million in 2024, due to the collection of warranty deposits. We recorded an impairment of contract assets, net, of RMB0.7 million in 2023, RMB0.3 million in 2025 and RMB0.9 million in the six months ended June 30, 2026.

Fair Value Loss on Financial Liabilities at FVTPL

Fair value loss on financial liabilities at FVTPL was in connection with our obligation to repurchase from a Pre-IPO Investor all or part of its investment in us under certain circumstances. The repurchase obligations were terminated in September 2025 when we and the Pre-IPO Investor terminated the investor's redemption right. We recorded fair value losses on financial liabilities at FVTPL of RMB30.0 million, RMB12.0 million and RMB116.3 million in 2023, 2024 and 2025, respectively. Following such termination, we did not record such losses in the six months ended June 30, 2026.

Other Expenses and Losses

Our other expenses and losses consist of: (i) foreign exchange losses primarily arising from transactions settled in foreign currencies attributable to fluctuations in foreign exchange rates, (ii) fair value losses on derivative financial instruments and loss on disposal of derivative financial instruments related to our forward currency contracts, (iii) other operating expenses, primarily expenses related to our ancillary business activities, (iv) loss on disposal of property, plant and equipment, net mainly in connection with production machinery, (v) direct operating expenses arising from rental-earning arrangements, mainly depreciation in connection with our properties and production equipment that we leased to third parties and related parties, (vi) loss on disposal of bills receivables, primarily fees charged on us when we discounted bank and commercial acceptance bills, and (vii) others, primarily certain payments to customers according to terms of relevant sales agreements, donations and other miscellaneous expenses. Our payments to customers according to terms of relevant sales agreements amounted to RMB1.54 million, RMB0.83 million, RMB0.81 million and RMB0.01 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. These payments were incurred as compensation to customers attributable to our product quality issues. Part of the payments in 2023 was due to defects in certain raw materials we procured from a third-party supplier used in products we sold to a customer in 2022; we collected compensation from that supplier to cover all our liabilities to the customer and potential issues in our relevant inventories. The following table sets forth a breakdown of our other expenses and losses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Foreign exchange losses	–	10,398	–	–	31,567
Fair value losses on derivative financial instruments	746	4,177	254	4,734	227
Loss on disposal of derivative financial instruments	9,726	1,794	5,089	1,513	1,116
Other operating expenses	1,570	1,629	1,373	1,276	43

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss on disposal of property, plant and equipment, net	1,176	2,554	1,984	737	380
Direct operating expenses arising from rental-earning arrangements	564	720	1,535	726	531
Loss on disposal of bills receivables	885	323	885	728	327
Others	1,776	1,162	1,415	208	587
Total	**16,443**	**22,757**	**12,535**	**9,922**	**34,778**

Finance Costs

The following table sets forth our finance costs for the periods indicated. See Note 32 to the Accountants' Report for details on our redemption liabilities.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest on bank and other borrowings	25,943	52,376	35,757	33,951	5,339
Interest on lease liabilities	2,477	4,040	3,896	1,575	2,222
Interest on redemption liabilities	–	–	7,730	–	9,416
Total	**28,420**	**56,416**	**47,383**	**35,526**	**16,977**

Share of Profits of a Joint Venture and Gains on Disposal of a Joint Venture

We previously held a 50% equity interest in Qingdao Xinghang, which was primarily engaged in the manufacturing and sales of optical transceivers. In 2023 and 2024, we recorded share of profits of a joint venture of RMB131.9 million and RMB55.1 million, respectively. We entered into a share transfer agreement with Qingdao Gaoshi Industrial Investment Holding Co., Ltd. (an Independent Third Party) regarding the disposal of all equity interest in Qingdao Xinghang in January 2025 and completed the industrial and commercial registration of the share transfer on January 27, 2025, while the transfer of shareholder rights and the transaction were completed upon settlement of the consideration in June 2025. Upon execution of the share transfer agreement in January 2025, our investment in Qingdao Xinghang met the criteria for classification as held for sale under IFRS 5. Accordingly, we ceased to apply the equity method pursuant to IAS 28 from that date and therefore did not recognize any share of profits or losses of Qingdao Xinghang from January 27, 2025 to the completion date on June 30, 2025. During this period, the investment was measured in accordance with IFRS 5. As the carrying amount of the investment did not exceed its fair value less costs to sell and there were no subsequent changes requiring remeasurement, no gain or loss was recognized in profit or loss during such period other than the gains on disposal of a joint venture recognized in June 30, 2025. In addition, the share of results attributable to the period from January 1, 2025 to January 26, 2025 was immaterial to us. Accordingly, no share of profits of Qingdao Xinghang was recognized in the consolidated statement of profit or loss for the year ended December 31, 2025. As a result, in 2025 and the six months ended June 30, 2026, we did not record any share of profits of a joint venture but recorded gains on disposal of a joint venture of RMB352.8 million in 2025 related to Qingdao Xinghang.

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred income tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. In 2023, 2024, 2025 and the six months ended June 30, 2026, we recorded income tax expenses of RMB27.0 million, RMB8.9 million, RMB48.9 million and RMB132.9 million, respectively. See Note 11 to the Accountants' Report for more information.

China: Under the EIT Law and Implementation Regulation of the EIT Law, the EIT rate for our PRC subsidiaries is 25% unless subject to preferential tax as set out below. Qingdao Broadband was qualified as a high and new technology enterprise in 2021 and 2024 and, therefore, enjoyed a preferential tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years.

United States: Our subsidiaries in the United States are subject to a 21% federal income tax and California state and New Jersey state income tax rates of 8.84% and 6.5%, respectively.

Thailand: LigentComm has received Thailand promotional privileges from the Board of Investment for the manufacture of telecommunication components and products. The privileges include an exemption from corporate income tax on net profits derived from the promoted operations.

Hong Kong: During the Track Record Period, our subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HK$2.0 million, and 16.5% for taxable income exceeding HK$2.0 million on any estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to the Same Period of 2025

Revenue: Our revenue increased by 27.9% from RMB4,215.8 million in the six months ended June 30, 2025 to RMB5,392.6 million in the same period of 2026. This increase was primarily attributable to (i) an increase of RMB995.4 million in revenue from optical transceivers, mainly driven by an RMB1,003.2 million increase in revenue from datacom transceivers, which was primarily due to an increase in sales volume in China and overseas markets resulting from the continued increase in market demand for our datacom transceivers for AI and cloud computing related applications; this increase in revenue from datacom transceivers was partially offset by an RMB7.8 million decrease in revenue from telecom transceivers; (ii) an increase of RMB112.6 million in revenue from optical network terminals, which was primarily due to an increase in sales volume resulting from higher demand from major customers in China for our broadband access, Wi-Fi coverage and other optical network terminals, partially offset by an RMB74.2 million decrease in revenue from ONT boxes, primarily as a result of changes in customer demand; and (iii) an increase of RMB68.8 million in revenue from our optical chips, which was primarily due to an increase in sales volume of our CW-DFB laser chips, particularly our 75mW CW-DFB laser chips. Moving from internal adoption to large-scale external sales, our 75mW CW-DFB laser chips were commercialized in the second quarter of 2025 and gradually scaled up to achieve production in the first quarter of 2026. In terms of geographical market, our revenue growth from the six months ended June

30, 2025 to the same period of 2026 was primarily due to (i) an increase of RMB584.1 million in revenue from the United States, (ii) an increase of RMB373.2 million in revenue from China, and (iii) an increase of RMB175.0 million in revenue from Europe and other regions.

Cost of Sales: Our cost of sales increased by 19.2% from RMB3,427.7 million in the six months ended June 30, 2025 to RMB4,086.6 million in the same period of 2026. This increase was primarily attributable to an RMB558.0 million increase in raw material costs in line with our business growth.

Gross Profit and Gross Profit Margin: Our gross profit increased significantly from RMB788.1 million in the six months ended June 30, 2025 to RMB1,306.1 million in the same period of 2026. Our gross profit margin increased from 18.7% in the six months ended June 30, 2025 to 24.2% in the same period of 2026, primarily due to (i) an increase in the gross profit margin of our optical transceivers, attributable to (A) an increase in the proportion of revenue from our datacom transceivers, which generally carried a relatively high gross profit margin compared to other product lines, (B) an increase in the gross profit margin of our datacom transceivers, primarily due to an increase in the proportion of revenue from overseas markets, which generally carried higher gross profit margins than sales in China, and (C) an increase in the gross profit margin of our telecom transceivers, primarily due to our increased sales of higher-margin products; (ii) an improvement in the gross profit margin of our optical chips, primarily due to an increase in sales volume of our CW-DFB laser chips, particularly our 75mW CW-DFB laser chips, which, from internal adoption to large-scale external seals, were commercialized in the second quarter of 2025 and gradually scaled up to achieve production in the first quarter of 2026; and (iii) a slight increase in the gross profit margin of our optical network terminals.

Other Income and Gains: Our other income and gains decreased by 4.8% from RMB76.4 million in the six months ended June 30, 2025 to RMB72.8 million in the same period of 2026, primarily attributable to (i) an RMB27.3 million decrease in other tax refund, primarily due to changes in relevant tax rules, and (ii) an RMB16.5 million decrease in interest income due to our collection of amounts due from related parties. These decreases were partially offset by an RMB30.9 million increase in government subsidies.

Gains on Disposal of a Joint Venture: We recorded gains on disposal of a joint venture of RMB352.8 million in the six months ended June 30, 2025 in connection with the disposal of Qingdao Xinghang, while no such gain was recorded in the same period of 2026.

Selling and Marketing Expenses: Our selling and marketing expenses decreased by 16.3% from RMB46.7 million in the six months ended June 30, 2025 to RMB39.1 million in the same period of 2026, primarily attributable to an RMB7.2 million decrease in salary and welfare, which was in turn primarily due to the termination of our profit sharing scheme in 2025.

Research and Development Expenses: Our research and development expenses decreased by 6.4% from RMB341.8 million in the six months ended June 30, 2025 to RMB320.0 million in the same period of 2026, primarily attributable to an RMB30.0 million decrease in salary and welfare, which was in turn primarily due to the termination of our profit sharing scheme in 2025.

Administrative Expenses: Our administrative expenses increased by 14.3% from RMB149.3 million in the six months ended June 30, 2025 to RMB170.6 million in the same period of 2026, primarily attributable to (i) an RMB11.5 million increase in internet and office expenses, mainly due to our continued investments in AI-related information technology initiatives, (ii) an RMB9.8 million increase in depreciation and amortization, mainly due to depreciation charges for certain facilities that had not commenced production, and (iii) an RMB4.2 million increase in other administrative expenses in connection with such facilities. These factors were partially offset by an RMB20.1 million decrease in salary and welfare, which was in turn primarily due to the termination of our profit sharing scheme in 2025.

Reversal of Impairment/(Impairment) of Financial Assets, Net: We recorded an impairment of financial assets, net, of RMB0.7 million in the six months ended June 30, 2025 because an increase in our total sales led to an increase in our trade and bills receivables, which resulted in an increase in impairment on our financial assets according to the expected credit loss rate model. We recorded a reversal of impairment of financial assets, net, of RMB8,000 in the same period of 2026 primarily due to our collection of trade receivables.

Impairment on Property, Plant and Equipment: We recognized impairment of RMB2.6 million on property, plant and equipment in the six months ended June 30, 2026, related to our equipment that went obsolete. We did not record any such impairment in the same period of 2025.

Impairment of Contract Assets, Net: We recorded impairment of contract assets, net, of RMB28,000 in the six months ended June 30, 2025 and RMB0.9 million in the same period of 2026. This increase was primarily due to changes in the aging profile of our contract assets.

Fair Value Loss on Financial Liabilities at FVTPL: We recorded fair value loss on financial liabilities at FVTPL of RMB106.7 million in the six months ended June 30, 2025 in connection with our obligation to repurchase from a Pre-IPO Investor all or part of its investment in us under certain circumstances. We did not record such loss in the same period of 2026 because the repurchase obligations were terminated in September 2025 when we and the Pre-IPO Investor terminated the investor's redemption right.

Other Expenses and Losses: Our other expenses and losses increased from RMB9.9 million in the six months ended June 30, 2025 to RMB34.8 million in the same period of 2026, primarily attributable to an RMB31.6 million increase in foreign exchange losses, primarily attributable to fluctuations of the U.S. dollar against the Thai Baht and Renminbi.

Finance Costs: Our finance costs decreased by 52.2% from RMB35.5 million in the six months ended June 30, 2025 to RMB17.0 million in the same period of 2026, primarily attributable to an RMB28.6 million decrease in interest on bank and other borrowings as a result of a shorter interest-bearing period of our borrowings.

Income Tax Expenses: Our income tax expenses increased significantly from RMB17.1 million in the six months ended June 30, 2025 to RMB132.9 million in the same period of 2026. Our effective income tax rate increased from 3.2% in the six months ended June 30, 2025 to 16.7% in the same period of 2026, primarily due to a decrease in tax losses utilized from previous periods, the recognition of Pillar Two income taxes and a decrease in additional deductible allowance for R&D expenses and others. See Note 11 to the Accountants' Report.

Profit for the Period: As a result of the foregoing, our profit for the period increased by 29.7% from RMB509.5 million in the six months ended June 30, 2025 to RMB661.0 million in the same period of 2026. Our net profit margin increased slightly from 12.1% in the six months ended June 30, 2025 to 12.3% in the same period of 2026, even though we recognized gains on disposal of a joint venture of RMB352.8 million in the six months ended June 30, 2025, while no such gain was recorded in the same period of 2026.

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

Revenue: Our revenue increased significantly from RMB5,086.6 million in 2024 to RMB8,354.7 million in 2025 primarily attributable to (i) an increase of RMB2,692.9 million from our datacom transceivers, which was primarily due to the increased sales volume and average selling prices of our datacom optical transceivers and an increased proportion of higher-priced products, such as 400G-and-above optical transceivers, sold in China and overseas markets, resulting from the continued increase in market demand for our datacom transceivers for AI and cloud computing related applications, (ii) an increase of RMB410.4 million from optical network terminals, mainly attributable to an RMB295.5 million increase in revenue from ONT boxes, which was primarily due to an increase in sales volume resulting from higher demand from certain customers in China and overseas markets for our ONT boxes, and (iii) an RMB159.6 million increase from our telecom transceivers, including an increase in revenue from both FTTx and other optical transceivers, primarily due to an increase in sales volume of our telecom optical transceivers in China and overseas markets generally in line with the pick-up of the telecom optical transceiver sector. In terms of geographical market, our revenue increase from 2024 to 2025 was primarily due to (i) an RMB2,389.1 million increase from China, (ii) an RMB593.6 million increase from the United States, (iii) an RMB168.5 million increase from the rest of Asia, and (iv) an RMB107.0 million increase from Europe and other regions.

Cost of Sales: Our cost of sales increased significantly from RMB4,203.5 million in 2024 to RMB6,682.4 million in 2025. This increase was primarily attributable to an RMB2,109.8 million increase in raw material costs in line with our business growth.

Gross Profit and Gross Profit Margin: Our gross profit increased significantly from RMB883.1 million in 2024 to RMB1,672.2 million in 2025. Our gross profit margin increased from 17.4% in 2024 to 20.0% in 2025, primarily due to (i) an increase in the gross profit margin of our optical transceivers, attributable to (A) an increase in the proportion of revenue from our datacom optical transceivers which generally carried a relatively high gross profit margin compared to other product lines, and (B) an increase in the gross profit margin of our telecom transceivers primarily due to a change in our product mix with higher sales of relatively higher-margin products after market conditions stabilized, and (ii) a slight increase in the gross profit margin of our optical network terminals. The increase was offset in part by a slight decrease in the gross profit margin of our datacom transceivers as a result of our competitive pricing strategy in China, particularly for certain higher-rate optical transceivers, to gain market shares.

Other Income and Gains: Our other income and gains increased from RMB105.9 million in 2024 to RMB141.4 million in 2025, primarily attributable to an RMB42.5 million increase in other tax refund due to increased sales of relevant products and our recognition of foreign exchange gains of RMB10.0 million in 2025 primarily resulting from the capital injection of shareholders in U.S. dollars, while we did not recognize such gains in 2024. These increases were offset in part by a decrease of RMB17.8 million in interest income due to the collection of borrowings from related parties.

Selling and Marketing Expenses: Our selling and marketing expenses increased by 29.1% from RMB60.5 million in 2024 to RMB78.1 million in 2025, primary attributable to an RMB16.4 million increase in salary and welfare due to increased compensation and bonuses to our sales and marketing staff.

Research and Development Expenses: Our research and development expenses increased by 6.5% from RMB623.1 million in 2024 to RMB663.7 million in 2025, primarily attributable to an RMB25.6 million increase in salary and welfare due to increased compensation and bonuses to our R&D staff and an RMB23.1 million increase in consumables.

Administrative Expenses: Our administrative expenses increased by 96.3% from RMB164.1 million in 2024 to RMB322.1 million in 2025, primarily attributable to an RMB93.6 million increase in salary and welfare due to increased compensation and bonuses to our administrative staff.

Impairment of Financial Assets, Net: Our impairment of financial assets, net, decreased from RMB1.3 million in 2024 to RMB0.2 million in 2025.

Impairment on Property, Plant and Equipment: We recognized impairment of RMB7.5 million and RMB4.2 million on property, plant and equipment in 2024 and 2025, respectively, mainly because we adjusted our telecom transceiver business and some of our telecom transceiver production lines became obsolete in light of declines in market demand.

Reversal of Impairment/(Impairment) of Contract Assets, Net: We recorded reversal of impairment of contract assets, net, of RMB1.9 million in 2024, primarily due to our collection of warranty deposits. We record impairment of contract assets, net of RMB0.3 million in 2025.

Fair Value Loss on Financial Liabilities at FVTPL: Our fair value loss on financial liabilities at FVTPL changed from RMB12.0 million in 2024 to RMB116.3 million in 2025, mainly attributable to an increase in our net profit.

Other Expenses and Losses: Our other expenses and losses decreased from RMB22.8 million in 2024 to RMB12.5 million in 2025, primarily attributable to our recognition of foreign exchange losses of RMB10.4 million in 2024, primarily resulting from fluctuations of Renminbi against foreign currencies, while we did not have such loss in 2025.

Finance Costs: Our finance costs decreased by 16.0% from RMB56.4 million in 2024 to RMB47.4 million in 2025, mainly attributable to an RMB16.6 million decrease in interest on bank and other borrowings as we repaid the borrowings in 2025. The decrease was partially offset by our recognition of interest on redemption liabilities of RMB7.7 million in connection with certain investors' investments in Xiamen Lianzhiguang in 2025.

Share of Profits of a Joint Venture and Gains on Disposal of a Joint Venture: We recorded share of profits of a joint venture of RMB55.1 million in 2024. In 2025, we did not record any share of profits of a joint venture but recorded gains on disposal of a joint venture of RMB352.8 million.

Income Tax Expenses: Our income tax expenses increased significantly from RMB8.9 million in 2024 to RMB48.9 million in 2025. Our effective income tax rate (equal to income tax expenses as a percentage of profit before tax) decreased from 9.1% in 2024 to 5.3% in 2025, primarily attributable to tax losses utilized from previous years and additional deductible allowance for R&D expenses and others recognized by certain of our PRC subsidiaries that made a significant profit in this year, resulting in relatively small income tax expenses for our Group, while we recognized a significant increase in profit before tax.

Profit for the Year: As a result of the foregoing, our profit for the year increased significantly from RMB89.5 million in 2024 to RMB872.6 million in 2025. Our net profit margin increased from 1.8% in 2024 to 10.4% in 2025, primarily due to increases in our revenue and gross profit margin and our recognition of gains on disposal of a joint venture in 2025, offset in part by our recognition of fair value loss on financial liabilities at FVTPL in this year.

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

Revenue: Our revenue increased by 20.0% from RMB4,239.0 million in 2023 to RMB5,086.6 million in 2024. This increase was primarily attributable to an increase of RMB1,720.5 million in revenue from our datacom transceivers, primarily due to an increase in sales volume of our datacom optical transceivers (particularly 200G-and-above optical transceivers) in China and overseas markets, driven by an increase in market demand for optical transceivers for AI and cloud computing related applications and the expansion of our product portfolio for datacom transceivers. This increase was partially offset by (i) a decrease of RMB775.5 million in revenue from our telecom transceivers, including an RMB565.9 million decrease in revenue from FTTx optical transceivers, primarily due to a decrease in sales volume of our telecom optical transceivers, reflecting an overall slowdown in customer demand for optical transceivers for FTTx applications attributable to major Chinese telecom operators' tightening of capital expenditures, and (ii) a decrease of RMB88.3 million in revenue from optical chips, primarily due to a significant decrease in sales volume of optical chips resulting from a decline in customer demand for our existing optical chips while our new optical chips were under development. In terms of geographical market, our revenue increase from 2023 to 2024 was primarily due to an RMB726.0 million increase in revenue from China, an RMB129.6 million increase in revenue from the rest of Asia and an RMB77.8 million increase in revenue from North America, a large majority of which was derived from the United States. These increases were offset in part by an RMB85.8 million decrease in revenue from Europe and other areas.

Cost of Sales: Our cost of sales increased by 24.9% from RMB3,365.1 million in 2023 to RMB4,203.5 million in 2024. This increase was primarily attributable to an RMB744.1 million increase in raw material costs, which was in line with our business growth over the same period.

Gross Profit and Gross Profit Margin: Our gross profit increased slightly from RMB873.9 million in 2023 to RMB883.1 million in 2024. Our gross profit margin decreased from 20.6% in 2023 to 17.4% in 2024, primarily due to (i) a decrease in the gross profit margin of our optical transceivers, attributable to (a) a decrease in the gross profit margin of datacom transceivers, primarily because we adopted a competitive pricing strategy in China to gain market shares and recorded a higher proportion of sales of our datacom optical transceivers in China, and because it took time for us to ramp up our production capacity for higher-margin, high-rate datacom optical transceivers; and (b) a decrease in gross profit margin of telecom transceivers, primarily due to declines in market prices for our existing telecom optical transceivers and our recognition of inventory provision as a result of a decrease in sales volume of these products; (ii) a decrease in gross profit margin of optical network terminals, primarily because we sold more lower-margin products and we adopted more aggressive pricing for sales to certain major customers in China in light of intense market competition; and (iii) a gross loss for our optical chips in 2024, compared to a gross profit in 2023, as a result of decreases in sales volume and average selling prices of our optical chips and our related recognition of inventory provision.

Other Income and Gains: Our other income and gains decreased by 12.9% from RMB121.6 million in 2023 to RMB105.9 million in 2024, primarily attributable to (i) a decrease of RMB12.6 million in other tax refund due to a decrease in sales of relevant products, and (ii) a decrease of RMB9.4 million in government subsidies, partially offset by an increase of RMB13.3 million in interest income.

Selling and Marketing Expenses: Our selling and marketing expenses decreased by 11.6% from RMB68.4 million in 2023 to RMB60.5 million in 2024, which was primarily attributable to an RMB8.1 million decrease in salary and welfare primarily due to decreased compensation and bonuses to our sales and marketing staff, which in turn was primarily a result of the decrease in our net profit in 2024.

Research and Development Expenses: Our research and development expenses increased by 12.6% from RMB553.3 million in 2023 to RMB623.1 million in 2024, primarily attributable to (i) an RMB40.7 million increase in salary and welfare primarily due to increases in headcount and average remuneration of our R&D staff, (ii) an RMB17.6 million increase in depreciation, amortization and equipment maintenance, primarily related to the addition of R&D equipment, and (iii) an RMB10.8 million increase in consumables in connection with our increased R&D activities.

Administrative Expenses: Our administrative expenses decreased by 13.1% from RMB188.8 million in 2023 to RMB164.1 million in 2024, primarily attributable to (i) an RMB12.8 million decrease in salary and welfare primarily due to decreased compensations and bonuses to our administrative staff, which in turn was primarily a result of the decrease in our net profit in 2024, and (ii) an RMB8.5 million decrease in tax and surcharges primarily because we increased purchases of property, plant and equipment, which increased input value-added tax while decreasing our additional tax and surcharges in this year.

Reversal of Impairment/(Impairment) of Financial Assets, Net: We recorded a reversal of impairment on financial assets, net, in the amount of RMB1.2 million in 2023 primarily due to our collection of trade receivables. We recorded an impairment of financial assets, net, in the amount of RMB1.3 million in 2024 because the increase in our total sales led to an increase in our trade and other receivables, which resulted in an increase in impairment on our financial assets according to the expected credit loss rate model.

Impairment on Property, Plant and Equipment: In 2024, we recognized impairment of RMB7.5 million on property, plant and equipment, mainly because some of our telecom transceiver production lines became obsolete in light of declines in market demand. We did not record any such impairment in 2023.

Reversal of Impairment/(Impairment) of Contract Assets, net: We recorded an impairment of contract assets, net, in the amount of RMB0.7 million in 2023, primarily due to increases in the amount and duration of warranty deposits. We recorded a reversal of impairment of contract assets, net, in the amount of RMB1.9 million in 2024, primarily due to our collection of warranty deposits.

Fair Value Loss on Financial Liabilities at FVTPL: Our fair value losses on financial liabilities at FVTPL decreased from RMB30.0 million in 2023 to RMB12.0 million in 2024, primarily attributable to a decrease in our net profit.

Other Expenses and Losses: Our other expenses and losses increased by 38.4% from RMB16.4 million in 2023 to RMB22.8 million in 2024, primarily attributable to our recognition of foreign exchange losses of RMB10.4 million in 2024, primarily resulting from the fluctuations of the Renminbi against foreign currencies, while we did not have such loss in 2023. This increase was partially offset by an RMB7.9 million decrease in loss on disposal of derivative financial instruments, mainly related to our forward currency contracts.

Finance Costs: Our finance costs increased by 98.5% from RMB28.4 million in 2023 to RMB56.4 million in 2024, which was attributable to an RMB26.4 million increase in interest on bank and other borrowings as we maintained higher average borrowings to support our business development.

Share of Profits of a Joint Venture: Our share of profits of a joint venture decreased by 58.2% from RMB131.9 million in 2023 to RMB55.1 million in 2024, which was due to a decrease in profit generated by Qingdao Xinghang.

Income Tax Expenses: Our income tax expenses decreased by 67.0% from RMB27.0 million in 2023 to RMB8.9 million in 2024. Our effective income tax rate decreased from 11.1% in 2023 to 9.1% in 2024, primarily attributable to additional deductible allowance for R&D expenses and others recognized by certain of our PRC subsidiaries that made a profit in 2024, and one-time deduction for fixed assets that we acquired in 2024.

Profit for the Year: As a result of the foregoing, our profit for the year decreased by 58.5% from RMB215.5 million in 2023 to RMB89.5 million in 2024. Our net profit margin decreased from 5.1% in 2023 to 1.8% in 2024, primarily because of a decrease in our gross profit margin and a decrease in our share of profits of a joint venture.

NET CURRENT ASSETS

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of June 30, 2026	As of July 31, 2026
	2023	2024	2025		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets					
Inventories	1,060,615	1,745,997	2,426,376	3,174,687	3,610,124
Trade and bills receivables	1,191,101	1,983,834	1,780,638	2,412,080	2,217,732
Contract assets	3,649	2,000	1,265	256	130
Prepayments and other receivables	1,324,066	1,850,023	267,729	1,232,269	1,265,410
Financial assets at FVTPL	431,461	–	400,737	–	400,530
Derivative financial instruments	2,959	644	2,064	5,716	6,771
Time deposits	–	11,380	11,580	27,010	31,410
Pledged deposits	40,738	59,157	54,785	56,054	56,699
Cash and cash equivalents	138,503	260,906	1,273,617	1,584,152	1,132,488
Total current assets	**4,193,092**	**5,913,941**	**6,218,791**	**8,492,224**	**8,721,294**

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current liabilities					
Trade and bills payables	1,197,094	1,679,067	2,719,383	3,055,191	3,317,548
Other payables and accruals	660,802	795,519	519,936	678,886	716,272
Financial liabilities at FVTPL	414,132	404,223	–	–	–
Derivative financial instruments	746	4,177	254	370	219
Interest-bearing bank and other borrowings	490,970	1,594,594	–	771,311	808,980
Lease liabilities	10,010	19,050	25,745	43,321	43,651
Tax payables	281	6,884	–	34,592	40,810
Total current liabilities	**2,774,035**	**4,503,514**	**3,265,318**	**4,583,671**	**4,927,480**
Net current assets	**1,419,057**	**1,410,427**	**2,953,473**	**3,908,553**	**3,793,814**

Our net current assets decreased slightly from RMB1,419.1 million as of December 31, 2023 to RMB1,410.4 million as of December 31, 2024, primarily due to (i) an increase of RMB1,103.6 million in interest-bearing bank and other borrowings, (ii) an increase of RMB482.0 million in trade and bills payables, and (iii) our recognition of financial assets at FVTPL of RMB431.5 million as of December 31, 2023, mainly related to our investments in wealth management products, while we did not have this item as of December 31, 2024. These factors were partially offset by (i) an increase of RMB792.7 million in trade and bills receivables, (ii) an increase of RMB685.4 million in inventories, and (iii) an increase of RMB526.0 million in prepayments and other receivables.

Our net current assets increased from RMB1,410.4 million as of December 31, 2024 to RMB2,953.5 million as of December 31, 2025, primarily due to (i) our repayment of RMB1,594.6 million in interest-bearing bank and other borrowings that were outstanding as of December 31, 2024, (ii) an increase of RMB1,012.7 million in cash and cash equivalents, (iii) a decrease of RMB404.2 million in financial liabilities at FVTPL, and (iv) an RMB275.6 million decrease in other payables and accruals. These factors were partially offset by (i) a decrease of RMB1,582.3 million in prepayments and other receivables, and (ii) an increase of RMB1,040.3 million in trade and bills payables in line with our increased sales.

Our net current assets increased from RMB2,953.5 million as of December 31, 2025 to RMB3,908.6 million as of June 30, 2026, primarily due to (i) an increase of RMB964.5 million in prepayments and other receivables, (ii) an increase of RMB748.3 million in inventories, (iii) an increase of RMB631.4 million in trade and bills receivables in line with our increased sales, and (iv) an increase of RMB310.5 million in cash and cash equivalents. These factors were partially offset by (i) an increase of RMB771.3 million in interest-bearing bank and other borrowings, (ii) an increase of RMB159.0 million in other payables and accruals, (iii) a decrease of RMB400.7 million in financial assets at FVTPL, and (iv) an increase of RMB335.8 million in trade and bills payables.

Our net current assets decreased from RMB3,908.6 million as of June 30, 2026 to RMB3,793.8 million as of July 31, 2026, primarily due to (i) a decrease of RMB451.7 million in cash and cash equivalents, and (ii) an increase of RMB262.4 million in trade and bills payables. These factors were partially offset by (i) an increase of RMB435.4 million in inventories, and (ii) an increase of RMB400.5 million in financial assets at FVTPL.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories consist of raw materials, work in progress, and finished goods. The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	380,364	629,265	981,940	1,627,593
Work in progress	377,516	628,665	645,295	927,160
Finished goods	351,858	561,963	905,821	749,317
Provision for inventories	(49,123)	(73,896)	(106,680)	(129,383)
Total	**1,060,615**	**1,745,997**	**2,426,376**	**3,174,687**

We actively manage our inventory to avoid under- or over-stocking. Our production schedules are largely order-oriented, and, therefore, we are generally not exposed to significant over-stocking risk. Based on our production and sales progress, we review our inventory levels and adjust our raw material procurement budget plans on a regular basis to maintain our inventory of raw materials at an appropriate level. Given our production cycle and raw material procurement lead time, and customers' increasing demand for timely delivery, we maintained a relatively high balance of raw materials as of June 30, 2026. This was mainly to support our production and delivery plans for the second half of 2026 and for 2027, which were based on confirmed orders and customers' demand forecasts. We did not experience any material shortage or accumulation of inventory during the Track Record Period.

Our inventories increased by 64.6% from RMB1,060.6 million as of December 31, 2023 to RMB1,746.0 million as of December 31, 2024, primarily due to an increase of RMB251.1 million in work in progress and an RMB248.9 million increase in raw materials, which were in turn primarily because we strategically increased the procurement of certain raw materials to support our business growth. Our inventories increased by 39.0% from RMB1,746.0 million as of December 31, 2024 to RMB2,426.4 million as of December 31, 2025, primarily due to an increase of RMB352.7 million in raw materials and an increase of RMB343.9 million in finished goods, offset in part by an increase of RMB32.8 million in provision for inventories. Our inventories increased by 30.8% from RMB2,426.4 million as of December 31, 2025 to RMB3,174.7 million as of June 30, 2026, primarily due to an increase of RMB645.7 million in raw materials and an increase of RMB281.9 million in work in progress, offset in part by a decrease of RMB156.5 million in finished goods.

The following table sets forth an aging analysis of our inventory as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
1 to 3 months	821,654	1,514,926	2,240,193	2,861,932
3 to 6 months	137,941	133,383	155,224	274,975
6 to 12 months	124,051	126,120	77,901	117,394
Over 1 year	26,092	45,465	59,738	49,769
Total	1,109,738	1,819,893	2,533,056	3,304,070

The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Inventory turnover days[(1)]	126.5	127.2	118.9	130.3

(1) Calculated using the average of the opening and closing inventory balances of the period, divided by cost of sales for the relevant period and multiplied by 365 days for a year.

Because our production activities are largely order-oriented, our inventory turnover days fluctuated largely subject to the purchase orders we received and the product mix manufactured during the relevant period. Relatively long inventory turnover days during the Track Record Period were rooted in the nature of our business and industry and, in particular, were mainly because (i) we procured critical raw materials such as optical chips (which may be subject to shortfalls from time to time) for a relatively long period in advance to prepare for future production, (ii) we needed time to manufacture our products that have complex production processes, and (iii) even though our production activities are largely order-oriented, we maintained some finished product inventory for our major products (such as 400G/800G optical transceivers) to timely meet increases in customers' orders. Our inventory turnover days were 126.5 days, 127.2 days, 118.9 days and 130.3 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The relatively low inventory turnover days in 2025 were primarily due to increased sales that resulted in relatively high cost of sales in this period. We intend to improve our inventory turnover by increasing our inventory management efficiency, such as by collaborating more closely with our suppliers and customers to optimize forecasting of demand for our products and timely reviewing inventory turnover days and inventory aging to identify and maintain a reasonable inventory level. As of July 31, 2026, RMB742.4 million, or 23.4%, of our inventories outstanding as of June 30, 2026 had subsequently been consumed or sold. The relatively low level of subsequent utilization was primarily attributable to the long production and delivery cycles of our products in the ordinary course of our business. In particular, a substantial portion of our inventories were maintained for customer orders scheduled for delivery after July 31, 2026, and certain raw materials and components were maintained as strategic stock to support longer-term production and timely delivery on customer orders amid the rapid growth of the optical communication industry. We currently do not anticipate material impairment issues in connection with our inventories, and we believe that sufficient impairment provision has been made for our inventories, based on the foregoing and, considering that (i) our inventories are generally backed by existing or anticipated orders from our customers and maintained in line with our production and delivery schedules, and the market demand for our products is generally growing, (ii) our inventories mainly comprise non-perishable and non-fragile products and related components that generally can maintain saleable value; and (iii) we have implemented stringent inventory management measures.

Trade and Bills Receivables

The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	1,037,719	1,875,372	1,696,806	2,245,885
Impairment	(881)	(1,513)	(2,119)	(2,124)
Trade receivables, net	1,036,838	1,873,859	1,694,687	2,243,761
Due from related parties	31,562	25,180	15,719	22,925
Bills receivables				
– Commercial acceptance bills	3,225	45,530	56,552	47,502
– Bank acceptance bills	119,476	39,265	13,680	97,892
Total	**1,191,101**	**1,983,834**	**1,780,638**	**2,412,080**

Our trade receivables primarily represent balances due from our customers for sales of our products. We typically grant our customers a credit term of 30 to 120 days from the invoice date. We seek to maintain strict credit control over our outstanding receivables, and we continuously monitor and minimize our credit risk. Our customers are mainly corporate customers with good reputation and creditability. As such, we are typically able to collect payments from them within our agreed credit terms. Our bills receivables include bank acceptance bills and commercial acceptance notes received from our customers in lieu of cash payments. Our bills receivables are generally due in three to six months from the date of issuance. We recognize impairment for our overdue trade receivables under the ECL model.

Our trade and bills receivables increased by 66.6% from RMB1,191.1 million as of December 31, 2023 to RMB1,983.8 million as of December 31, 2024, primarily due to an RMB837.0 million increase in trade receivables primarily due to our increased sales. Our trade and bills receivables decreased by 10.2% from RMB1,983.8 million as of December 31, 2024 to RMB1,780.6 million as of December 31, 2025, primarily due to an RMB178.6 million decrease in trade receivables primarily due to our collection efforts. Our trade and bills receivables increased by 35.5% from December 31, 2025 to RMB2,412.1 million as of June 30, 2026, primarily due to an RMB549.1 million increase in trade receivables in line with our sales growth.

The following table sets forth an aging analysis of our trade and bills receivables, based on the invoice date and net of loss allowance, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,036,793	1,872,505	1,692,253	2,242,891
1 to 2 years	–	1,354	2,242	768
2 to 3 years	18	–	192	102
Over 3 years	27	–	–	–
	1,036,838	1,873,859	1,694,687	2,243,761
Due from related parties	31,562	25,180	15,719	22,925
Bills receivables	122,701	84,795	70,232	145,394
Total	**1,191,101**	**1,983,834**	**1,780,638**	**2,412,080**

The following table sets forth the average turnover days of our trade and bills receivables for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Average turnover days of trade and bills receivables[(1)]	126.7	112.0	82.3	71.0

(1) Calculated using the average of the opening and closing balances of trade and bills receivables for the period divided by revenue for the relevant period and multiplied by 365 days for a year.

Our relatively long trade and bills receivables turnover days during the Track Record Period was mainly attributable to our relatively high proportion of sales to customers in China with relatively long credit terms. These customers are typically major telecom and network equipment vendors and operators with significant bargaining power and generally require relatively long credit terms from their suppliers, including us and other market players. Our trade and bills receivables turnover days decreased from 126.7 days in 2023 to 112.0 days in 2024 and further to 82.3 days in 2025 and to 71.0 days in the six months ended June 30, 2026, primarily due to increases in our revenue and our enhanced collection efforts. Our relatively high trade and bills receivables turnover days in 2023 were mainly attributable to the relatively high balance of bills receivables included in the calculation, as certain of our customers made payments to us within their credit terms by way of acceptance bills, which were generally due in six months from the date of issuance. We expect our expanding customer base would help to mitigate our risk exposure to trade receivable collection. We will continue to enhance our customer risk assessment to grant appropriate credit terms corresponding to relevant customers' creditworthiness and financial position. We also intend to engage active communications with our customers to proactively address potential payment issues and expedite our payment collection processes on a regular basis. As of July 31, 2026, RMB1,171.1 million, or 48.6%, of our total trade and bills receivables outstanding as of June 30, 2026 had subsequently been collected. We do not believe that there are material recoverability issues with respect to our outstanding trade and bills receivables and we have made sufficient provisions for any impairment risk, considering that (i) our trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) we do not have material ongoing disputes with such customers, (iii) these customers have been making continuous subsequent repayments to us and their historical repayment patterns were generally stable during the Track Record Period, (iv) we have implemented stringent credit management policies and are closely monitoring the recoverability of our trade receivables, and (v) the vast majority of our trade receivables as of June 30, 2026 were aged within one year.

Contract Assets

Our contract assets represent our rights to consideration for obligations fulfilled under the relevant sales contracts. Our contract assets are transferred to trade receivables when our rights to receive consideration become unconditional, such as upon expiry of the product warranty period. Our contract assets decreased from RMB3.6 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024 and further to RMB1.3 million as of December 31, 2025 and RMB0.3 million as of June 30, 2026, primarily because our obligations under the relevant sales agreements were gradually fulfilled. As of July 31, 2026, RMB0.1 million, or 48.8%, of our contract assets as of June 30, 2026 had subsequently been recognized as revenue.

Prepayments and Other Receivables

The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Prepayments	70,475	114,735	105,836	959,152
Other receivables	14,574	20,686	17,839	20,691
Value-added tax recoverable and prepaid tax expenses	30,213	95,501	140,539	241,213
Listing expenses	–	–	6,320	8,865
Due from related parties	1,211,641	1,622,627	264	5,380
Impairments	(2,837)	(3,526)	(3,069)	(3,032)
Sub-total	**1,324,066**	**1,850,023**	**267,729**	**1,232,269**
Non-current:				
Prepayments	59,087	27,589	77,211	834,417
Other receivables	8,761	12,278	950	2,255
Sub-total	**67,848**	**39,867**	**78,161**	**836,672**
Total	**1,391,914**	**1,889,890**	**345,890**	**2,068,941**

Our prepayments and other receivables consisted of: (i) prepayments made to our suppliers primarily for the purchases of raw materials; (ii) other receivables, primarily representing deposits paid to our customers as performance guarantees; (iii) value-added tax recoverable and prepaid tax expenses in connection with our purchases of equipment to be credited at the end of period, which increased during the Track Record Period primarily due to additional production and R&D equipment we purchased to support our business growth; (iv) listing expenses in connection with this Global Offering; (v) amounts due from related parties; see "— Related Party Transactions"; and (vi) impairments primarily related to expected credit losses on our trade receivables.

Our prepayments and other receivables increased by 35.8% from RMB1,391.9 million as of December 31, 2023 to RMB1,889.9 million as of December 31, 2024, primarily due to an RMB411.0 million increase in amounts due from related parties. Our prepayments and other receivables decreased significantly from RMB1,889.9 million as of December 31, 2024 to RMB345.9 million as of December 31, 2025, primarily due to a decrease of RMB1,622.4 million in amounts due from related parties as we accelerated the collection of such amounts. Our prepayments and other receivables increased by 498.1% from RMB345.9 million as of December 31, 2025 to RMB2,068.9 million as of June 30, 2026, primarily due to (i) an RMB853.3 million increase in current prepayments, mainly in connection with increased purchases of raw materials and advance payments made to secure key materials, and (ii) and an RMB757.2 million increase in non-current prepayments, mainly in connection with long-term advance payments to secure supplier production capacity and key materials, as well as prepayments for the purchase of production equipment in connection with the expansion and upgrades of our production facilities. Given our production cycle and raw material procurement lead time, and customers' increasing demand for timely delivery, such procurement and advance payment arrangements were made mainly to support our production and delivery plans for the second half of 2026 and for 2027, which were based on confirmed orders and customers' demand forecasts. As of July 31, 2026, RMB217.8 million, or 12.3%, of our prepayments and other receivables as of June 30, 2026 had subsequently been collected or settled.

Trade and Bills Payables

Our trade and bills payables represent outstanding amounts due to suppliers, mainly including payables to suppliers for raw materials. Our trade and bills payables are non-interest-bearing and are normally settled within a period of 30 to 90 days from the invoice date.

Our trade and bills payables increased by 40.3% from RMB1,197.1 million as of December 31, 2023 to RMB1,679.1 million as of December, 2024, primarily because we increased raw material procurement to support our business growth. Our trade and bills payables increased by 62.0% from RMB1,679.1 million as of December 31, 2024 to RMB2,719.4 million as of December 31, 2025, primarily because we increased raw material procurement to support our business growth. Our trade and bills payables increased by 12.3% from RMB2,719.4 million as of December 31, 2025 to RMB3,055.2 million as of June 30, 2026, primarily because we increased raw material procurement to support our business growth.

The following table sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,187,286	1,677,555	2,718,804	3,054,650
1 to 2 years	1,619	1,378	444	365
2 to 3 years	1,298	38	1	79
Over 3 years	6,891	96	134	97
Total	**1,197,094**	**1,679,067**	**2,719,383**	**3,055,191**

The following table sets forth the average turnover days of our trade and bills payables for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Average turnover days of trade and bills payables[(1)]	139.1	124.9	120.1	128.9

(1) Calculated using the arithmetic mean of the opening and closing balances of trade and bills payables for the relevant period divided by cost of sales and multiplied by 365 days for a year.

Our trade and bills payables turnover days were 139.1 days, 124.9 days, 120.1 days and 128.9 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our relatively higher trade and bills payables turnover days in 2023 was primarily due to our relatively low total cost of sales in that year. Trade and bills payables turnover days decreased in 2024 and remained relatively stable in 2025 primarily due to increased sales of our products, which resulted in relatively high cost of sales in these years. Our trade and bills payables turnover days increased slightly in the six months ended June 30, 2026, primarily due to our increased procurement of raw materials in anticipation of order growth, which outpaced the increase in our cost of sales during the period. As of July 31, 2026, RMB414.6 million, or 13.6%, of our total trade and bills payables outstanding as of June 30, 2026 had subsequently been settled.

Other Payables and Accruals

The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Contract liabilities	2,311	1,971	2,224	148,803
Payroll and welfare payable	473,862	470,501	263,965	201,527
Other tax payables	9,237	8,950	13,378	10,230
Other payables	161,215	293,602	226,039	312,477
Due to related parties	13,910	20,277	10,324	5,483
Other current liabilities	267	218	4,006	366
Subtotal	660,802	795,519	519,936	678,886
Non-current:				
Contract liabilities	–	–	–	265,928
Total	**660,802**	**795,519**	**519,936**	**944,814**

Our other payables and accruals included: (i) contract liabilities, which consisted of short-term amounts received in advance for delivery of products. We recognize contract liabilities when a payment is received or a payment is due (whichever is earlier) from a customer before the relevant criteria for revenue recognition are satisfied. We recognize contract liabilities as revenue when the relevant criteria for revenue recognition are satisfied; (ii) payroll and welfare payable, which mainly represented the unpaid bonuses and compensation at the period end; (iii) other tax payables, which mainly represented accrued value-added tax and employee income withholding tax; (iv) other payables, which mainly included payments in connection with our purchases of equipment; (v) amounts due to related parties; see "— Related Party Transactions"; and (vi) other current liabilities.

Our other payables and accruals increased by 20.4% from RMB660.8 million as of December 31, 2023 to RMB795.5 million as of December 31, 2024, primarily due to an RMB132.4 million increase in other payables, which was primarily due to our increased production equipment procurement to support our business growth. Our other payables and accruals decreased by 34.6% from RMB795.5 million as of December 31, 2024 to RMB519.9 million as of December 31, 2025, primarily due to (i) an RMB206.5 million decrease in payroll and welfare payable, primarily attributable to the termination of our profit sharing scheme, and (ii) an RMB67.6 million decrease in other payables in connection with our purchases of equipment. Our other payables and accruals increased by 81.7% from RMB519.9 million as of December 31, 2025 to RMB944.8 million as of June 30, 2026, primarily due to an RMB412.5

million increase in contract liabilities, which was mainly attributable to increased advance payments received from our customers. As of July 31, 2026, RMB5.6 million, or 1.3%, of our contract liabilities as of June 30, 2026 had subsequently been recognized as revenue. Our profit sharing scheme was an incentive plan under which participants, including our Directors, senior management and eligible employees, were entitled to receive cash bonus based on our profitability in a specified period in accordance with the terms of the profit sharing scheme. In anticipation of this Global Offering, we had settled and terminated this profit sharing scheme by April 2025. As of July 31, 2026, RMB150.4 million, or 15%, of our other payables and accruals outstanding as of June 30, 2026 had subsequently been settled.

CASH FLOWS

Our use of cash was primarily for operating activities, capital expenditure, and dividend distribution. We have historically financed our operations primarily through cash flows generated from our operations and bank borrowings. We may experience mismatches of operating cash inflows and outflows from time to time primarily due to our relatively long inventory turnover days and trade and bills receivables turnover days, which are in turn attributable to the nature of our business. See "Risk Factors — We are subject to risk related to our prolonged cash conversion cycle." We manage our cash flow mismatch risks primarily through: (i) strict customer credit controls and regular payment collections to ensure timely payment by our customers, and (ii) effective inventory management policies, including maintaining reasonable inventory levels and regularly monitoring inventory turnover days and inventory aging, to ensure healthy inventory turnover.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows generated from/(used in) operating activities	798,762	(615,871)	1,388,382	549,592	(1,256,318)
Net cash flows (used in)/ generated from investing activities	(993,450)	(696,184)	1,577,576	2,107,921	(154,017)
Net cash flows from/(used in) financing activities	216,203	1,433,125	(1,949,098)	(2,151,264)	1,720,126
Net (decrease)/increase in cash and cash equivalents	21,515	121,070	1,016,860	506,249	309,791
Cash and cash equivalents at beginning of the year	116,018	138,503	260,906	260,906	1,273,617
Effect of foreign exchange rate changes, net	970	1,333	(4,149)	6,397	744
Cash and cash equivalents at the end of the year	**138,503**	**260,906**	**1,273,617**	**773,552**	**1,584,152**

Net Cash Flows Generated From/(Used in) Operating Activities

Our net cash flows generated from operating activities in 2023 were RMB798.8 million, primarily reflecting our profit before tax of RMB242.5 million, as adjusted for certain non-cash items, including to add back depreciation of property, plant and equipment of RMB167.6

million and to deduct share of profits of a joint venture of RMB131.9 million. Net cash flows generated from operating activities was also in part due to our working capital changes, primarily attributable to an RMB623.0 million decrease in trade and bills receivables and an RMB136.7 million decrease in pledged deposits, partially offset by an RMB171.1 million decrease in trade and bills payables.

Our net cash flows used in operating activities in 2024 were RMB615.9 million, primarily attributable to negative working capital changes, partially offset by an adjustment for depreciation of property, plant and equipment of RMB225.8 million in connection with additions of production and R&D equipment to support our business operations, and our profit before tax of RMB98.4 million. Our negative working capital changes were primarily attributable to (i) an increase in trade and bills receivables of RMB793.4 million due to the growth in our operations, (ii) an increase in inventories of RMB769.7 million, and (iii) an increase in prepayments and other receivables of RMB120.5 million, partially offset by an increase in trade and bills payables of RMB482.0 million and an increase in other payables and accruals of RMB204.9 million.

Our net cash flows from operating activities in 2025 were RMB1,388.4 million, primarily reflecting our profit before tax of RMB921.6 million, as adjusted for certain non-cash items, including to add back depreciation of property, plant and equipment of RMB312.0 million and a loss on fair value changes of financial liabilities at FVTPL of RMB116.3 million and to deduct gains on disposal of a joint venture of RMB352.8 million. Net cash flows generated from operating activities was also in part due to our working capital changes, primarily attributable to an RMB1,040.3 million increase in trade and bills payables, partially offset by an RMB129.4 million decrease in other payables and accruals, and an RMB815.8 million increase in inventories.

Our net cash flows used in operating activities in the six months ended June 30, 2026 were RMB1,256.3 million, primarily attributable to negative working capital changes, partially offset by our profit before tax of RMB793.9 million and an adjustment for depreciation of property, plant and equipment of RMB187.3 million. Our negative working capital changes were primarily attributable to an increase in prepayments and other receivables of RMB1,459.1 million, an increase in inventories of RMB861.9 million and an increase in trade and bills receivables of RMB631.4 million, partially offset by an increase in trade and bills payables of RMB335.8 million and an increase in other payables and accruals of RMB355.2 million. We will continue to improve our net operating cash outflow position through measures such as: (i) accelerating technological innovation and new product launches and increasing our production capacity, to support our continued revenue growth, (ii) improving our profitability by managing raw material costs through forward procurement arrangements and maintaining prudent control of our operating expenses, and (iii) improving our working capital management by strengthening collections of trade receivables and inventory turnover, thereby enhancing the efficiency of our use of working capital.

Net Cash Flow (Used in)/Generated From Investing Activities

Our net cash flows used in investing activities in 2023 were RMB993.5 million, primarily attributable to (i) advances to a related party of RMB900.0 million, (ii) purchases of financial assets at FVTPL of RMB429.0 million, and (iii) purchases of items of property, plant and equipment of RMB218.4 million mainly in connection with an addition of production and R&D equipment to support our operations, partially offset by proceeds from disposal of financial assets at FVTPL of RMB433.0 million.

Our net cash flows used in investing activities in 2024 were RMB696.2 million, primarily attributable to purchases of items of property, plant and equipment of RMB867.4 million mainly in connection with an addition of production and R&D equipment to support our operations, and advances to a related party of RMB406.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB435.1 million.

Our net cash flows generated from investing activities in 2025 were RMB1,577.6 million, primarily attributable to (i) settlement of advances to related parties of RMB1,606.0 million, (ii) proceeds from disposal of a joint venture of RMB700.0 million, and (iii) proceeds from disposal of financial assets at FVTPL of RMB1,105.8 million, partially offset by (i) purchase of financial assets at FVTPL of RMB1,505.0 million, and (ii) purchases of items of property, plant and equipment of RMB351.8 million, mainly in connection with an addition of production and R&D equipment to support our operations.

Our net cash flows used in investing activities in the six months ended June 30, 2026 were RMB154.0 million, primarily attributable to purchase of financial assets at FVTPL of RMB1,330.0 million and purchases of items of property, plant and equipment of RMB562.1 million, mainly in connection with an addition of production and R&D equipment to support our operations. These factors were partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,735.6 million.

Net Cash Flows From/(Used in) Financing Activities

Our net cash flows from financing activities in 2023 were RMB216.2 million, primarily attributable to new drawdown of interest-bearing bank and other borrowings of RMB1,200.0 million, partially offset by (i) repayments of interest-bearing bank and other borrowings of RMB699.7 million, and (ii) dividends paid of RMB248.6 million.

Our net cash flows from financing activities in 2024 were RMB1,433.1 million, primarily attributable to new drawdown of interest-bearing bank and other borrowings of RMB2,266.0 million, partially offset by (i) repayments of interest-bearing bank and other borrowings of RMB631.9 million, and (ii) dividends paid of RMB123.6 million.

Our net cash flows used in financing activities in 2025 were RMB1,949.1 million, primarily attributable to repayment of interest-bearing bank and other borrowings of RMB4,104.2 million, partially offset by (i) new drawdown of interest-bearing bank and other borrowings of RMB1,269.1 million, (ii) the issue of share of RMB780.0 million, and (iii) capital injection from non-controlling interests of RMB220.0 million.

Our net cash flows from financing activities in the six months ended June 30, 2026 were RMB1,720.1 million, primarily attributable to new drawdown of interest-bearing bank and other borrowings of RMB1,750.8 million, partially offset by principal portion of lease payments of RMB23.1 million.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash flows from operating activities, the existing cash balances, the existing available unutilized credit facilities, other internal resources and the estimated net proceeds from the Global Offering, our Directors are of the view that we have available sufficient working capital for our present requirements, for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures principally comprise expenditures for purchases of property, plant, and equipment and purchases of other intangible assets, primarily related to our production and R&D activities. We have funded, and expect to continue to fund, our capital expenditures mainly from cash from operations and from financing activities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate. The following table sets forth the breakdown of our capital expenditures during the years indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Purchases of items of property, plant and equipment	218,428	867,375	351,808	219,112	562,106
Purchases of other intangible assets	3,089	3,342	1,551	698	468
Total	**221,517**	**870,717**	**353,359**	**219,810**	**562,574**

Commitments

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had contractual commitments for purchases of property, plant and equipment in the amount RMB72.6 million, RMB55.0 million, RMB104.3 million and RMB702.7 million, respectively.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current					
– Interest-bearing bank borrowings	390,922	237,290	–	771,311	808,980
– Interest-bearing other borrowings (due to related parties)	100,048	1,357,304	–	–	–

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
– Lease liabilities					
Due to third parties	4,545	9,748	13,851	32,663	32,962
Due to related parties	5,465	9,302	11,894	10,658	10,689
Sub-total	10,010	19,050	25,745	43,321	43,651
– Financial liabilities at FVTPL	414,132	404,223	–	–	–
Non-current					
– Interest-bearing bank borrowings	710,000	1,240,500	–	979,466	979,466
– Lease liabilities					
Due to third parties	12,980	16,583	14,522	36,472	36,042
Due to related parties	26,800	51,477	46,954	40,512	39,554
Sub-total	39,780	68,060	61,476	76,984	75,596
– Redemption liabilities	–	–	538,952	538,312	538,893
Total	**1,664,892**	**3,326,427**	**626,173**	**2,409,394**	**2,446,586**

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings increased from the year-end of 2023 to the year-end of 2024 in line with our increasing capital needs for business development. We did not have any interest-bearing bank borrowings as of December 31, 2025. The weighted average interest rate on our interest-bearing bank and other borrowings was 2.8% and 2.9% as of December 31, 2023 and 2024, respectively. We further recorded RMB1,750.8 million and 1,788.4 million interest-bearing bank borrowings as of June 30 and July 31, 2026, which had a weighted average interest rate of 2.17% and were for our working capital purposes. Our borrowings are all denominated in Renminbi.

We used bank and other borrowings primarily for our working capital needs. Certain discounted but unexpired bill receivables were reclassified as loans, which amounted to RMB20.7 million as of December 31, 2024. We did not record such amount as of December 31, 2023, 2025 or June 30, 2026. In addition, some of our bank borrowings were guaranteed by our ultimate controlling parent's subsidiaries, which amounted to RMB300.0 million and RMB210.0 million as of December 31, 2023 and 2024, respectively, and we did not record such amount as of December 31, 2025 or June 30, 2026. The guarantee was discharged when we repaid the bank borrowings in 2025.

Other than third-party commercial banks, we also had interest-bearing borrowings from Hisense Finance, a related party of us that is a licensed financial company qualified to provide financial services. As of December 31, 2023 and 2024, our short-term borrowings from Hisense Finance amounted to RMB100.0 million, RMB1,357.3 million, respectively. We did not have such borrowings as of December 31, 2025 or June 30, 2026. See "— Related Party Transactions."

As of July 31, 2026, our unutilized committed banking facilities were RMB1,660 million. Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For example, we are required to maintain an asset-liability ratio of less than 80% and to undertake no change of control of the borrower or guarantors during the term of the relevant borrowings. See Note 28 to the Accountants' Report for more information on our bank and other borrowings. Except for such customary requirements, none of our committed unutilized facilities is subject to any other specific restrictions. During the Track Record Period and up to the Latest Practicable Date, we did not violate any material covenant in our borrowings or experience any default on trade or non-trade payables or in payment of our borrowings, nor did we experience any difficulty in obtaining bank or other borrowings.

Lease Liabilities

We are the lessee in respect of certain properties held under leases for our leasehold land, machinery and offices during the Track Record Period. For any lease with a term of more than 12 months, unless the underlying asset is of low value, we recognize a right-of-use asset representing our right to use the underlying leased asset and a lease liability representing our obligation to make lease payments. As of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, we had a total of current and non-current lease liabilities of RMB49.8 million, RMB87.1 million, RMB87.2 million, RMB120.3 million and RMB119.2 million, respectively.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL represent our obligations to repurchase from a Pre-IPO Investor all or part of its investment in us under certain circumstances. We designated the financial instrument and conversion derivative of the relevant shares issued to this investor as financial liabilities at FVTPL. Changes in fair value of these shares are recognized to profit or loss. For further information regarding the financial liabilities at FVTPL including the redemption features, see Note 31 to the Accountants' Report. Our financial liabilities at FVTPL decreased from RMB414.1 million as of December 31, 2023 to RMB404.2 million as of December 31, 2024, primarily attributable to a decrease in our retained earnings.

We and the Pre-IPO Investor entered into a termination agreement in August 2025 to terminate the investor's redemption right, and amended the termination agreement in September 2025 to remove the investor's right to reinstate the redemption right. Accordingly, the relevant financial liabilities were transferred to equity and we did not recorded any financial liabilities at FVTPL as of December 31, 2025, June 30, 2026 or July 31, 2026.

Redemption Liabilities

In July 2025, we entered into agreements with certain Pre-IPO Investors in connection with their capital injections, under which these investors were granted redemption rights exercisable under certain circumstances. As such, we recognized redemption obligations in favor of these investors in 2025 in the total amount of RMB539.0 million. For additional information in relation to the redemption rights, see Note 32 to the Accountants' Report. We had redemption liabilities of RMB538.3 million and RMB538.9 million as of June 30 and July 31, 2026, respectively.

Indebtedness Statement and Contingent Liabilities

Except as disclosed above, as of July 31, 2026, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness from July 31, 2026 to the date of this document.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions as set out in Note 41 to the Accountants' Report. The following table sets forth a breakdown of our balances due from/to related parties as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hisense Group Holding and its subsidiaries:				
Trade related:				
Current assets: Trade and bills receivables[1]	31,562	25,180	15,719	22,925
Current liabilities: Trade payables[2]	21,556	18,947	20,147	12,780
Non-trade related;				
Current assets:				
Pledged deposits[3]	40,738	59,157	54,785	56,054
Cash and cash equivalents[4]	62,214	160,358	483,513	396,182
Prepayments and other receivables[5]	1,203,352	1,608,036	264	4,683
Current liabilities:				
Lease liabilities[6]	5,465	9,302	11,894	10,658
Short-term borrowings[7]	100,048	1,357,304	–	–
Other payables and accruals[8]	247	6,605	10,236	5,433
Non-current assets:				
Right-of-use assets[6]	30,315	59,062	56,617	51,993
Prepayments and other receivables[9]	1,930	580	580	3,678
Non-current liabilities				
Lease liabilities[6]	26,800	51,477	46,954	40,512
A joint venture:				
Current assets: Trade receivables[1]	10	–	–	–
Shareholder:				
Current assets: Prepayments and other receivables[5]	8,289	14,591	–	–
Current liabilities: Other payables and accruals[10]	427,794	417,886	–	–
An associate of Hisense Group Holding:				
Current liabilities: Other payables and accruals[11]	–	8	50	50
Hisense Investment and its subsidiaries:				
Current assets: Prepayments and other receivables[12]	–	–	–	624
An associate of Hisense investment				
Current assets: Prepayments and other receivables[13]	–	–	–	73
Current liabilities: Other payables and accruals[14]	–	–	38	–

Notes: (1) Resulted primarily from our sales of various products to Hisense Group; (2) Resulted from our purchases of various products and services from Hisense Group; (3) Resulted from the deposits we pledged with Hisense Finance for its issuance of bank and commercial acceptance bills; (4)

Represented our demand deposits with Hisense Finance; (5) Resulted primarily from advances due from Hisense Group; (6) Resulted from our leases of office spaces and production facilities from Hisense Group; (7) Resulted primarily from our short-term interest-bearing borrowings from Hisense Finance; (8) Resulted primarily from advances due to Hisense Group; (9) Resulted primarily from our prepayments to Hisense Group in connection with our purchases of production equipment; (10) Resulted primarily from our obligations to repurchase from a Pre-IPO Investor all or part of its investment in us under certain circumstances as discussed above; (11) Resulted primarily from security deposits received from an associate of Hisense Group Holding in connection with the services it procured from us; (12) Resulted primarily from property management fees paid to Hisense Investment and its subsidiaries; (13) Resulted primarily from office service charges paid to an associate of Hisense Investment; and (14) Resulted from our purchases of products and services from an associate of Hisense investment.

Certain of our related party transactions during the Track Record Period were non-trade in nature. Save as those disclosed under the section entitled "Connected Transactions" in this document, all of the non-trade receivables from and payables to related parties will be settled prior to the Listing. Our Directors confirm that all of our related party transactions during the Track Record Period set out in Note 41 to the Accountants' Report were conducted on arm's length basis and would not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates and for the periods indicated:

	As of/for the Year Ended December 31,			As of/for the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
Current ratio(1)	1.51	1.31	1.90	N/A	1.85
Quick ratio(2)	1.13	0.93	1.16	N/A	1.16
Debt-to-equity ratio(3)	62.1%	147.0%	N/A	N/A	39.9%
Gearing ratio(4)	58.5%	71.1%	35.9%	N/A	47.3%
Gross profit margin(5)	20.6%	17.4%	20.0%	18.7%	24.2%
Net profit margin(6)	5.1%	1.8%	10.4%	12.1%	12.3%
Return on equity(7)	11.2%	4.6%	30.7%	46.9%	32.5%
R&D to revenue ratio(8)	13.1%	12.3%	7.9%	8.1%	5.9%

Notes: (1) Current ratio is calculated using total current assets divided by total current liabilities. The relatively low current ratio as of December 31, 2024 was primarily due to our relatively high level of current liabilities;

(2) Quick ratio is calculated using total current assets less inventories divided by total current liabilities. The relatively low quick ratio as of December 31, 2024 was primarily due to our relatively high level of current liabilities;

(3) Debt-to-equity ratio is calculated using total debt (being the carrying balance of the interest-bearing bank and other borrowings) divided by total equity and multiplied by 100%. The increase in our debt-to-equity ratio from December 31, 2023 to December 31, 2024 was primarily due to the increases in our current and non-current bank and other borrowings. After we repaid bank and other borrowings, debt-to-equity ratio was not applicable as of December 31, 2025. The increase in our debt-to-equity ratio as of June 30, 2026 was primarily due to the incurrence of bank and other borrowings;

(4) Gearing ratio is calculated by dividing net debt (being lease liabilities, interest-bearing bank and other borrowings, redemption liabilities, trade and bills payables, and financial liabilities at fair value through profit or loss less cash and cash equivalents) by the sum of capital and net debt (being equity attributable to owners of the parent plus net debt) and multiplied by 100%. See Note 44 of the Accountants' Report for calculation of the gearing ratio. The increase in our gearing ratio from December 31, 2023 to December 31, 2024 was primarily due to the increases in our current and non-current bank and other borrowings. After we repaid bank and other borrowings, our gearing ratio decreased as of December 31, 2025. The increase in our gearing ratio as of June 30, 2026 was primarily due to the incurrence of bank borrowings;

(5) Gross profit margin represents gross profit as a percentage of total revenue;

(6) Net profit margin represents net profit as a percentage of total revenue;

(7) Return on equity is calculated using profit for the year/period divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%. Our return on equity decreased from 2023 to 2024, primarily due to the decrease in our profit. Our return on equity increased in 2025, primarily attributable to our significant net profit. Our return on equity decreased from 46.9% in the six months ended June 30, 2025 to 32.5% in the same period of 2026, primarily because the increase in our total equity outpaced the increase in our net profit;

(8) R&D to revenue ratio is calculated by dividing our R&D expenses by our revenue and multiplied by 100%. The fluctuations of our R&D to revenue ratio during the Track Record Period were primarily attributable to the changes in the growth of our revenue compared to R&D expenses.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RISK DISCLOSURES

Our principal financial instruments, other than derivatives (namely forward currency contracts), include interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for our operations. The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. For more details, see Note 44 to the Accountants' Report.

Interest Rate Risk: Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. With all other variables held constant, if the interest rate had increased (decreased) by 50 basis points, our profit before tax and equity would have decreased (increased) by RMB3.8 million, RMB6.6 million, nil and RMB5.6 million, respectively, in 2023, 2024, 2025 and the six months ended June 30, 2026.

Foreign Currency Risk: Our transactional currency exposures arise from our sales or purchases in currencies other than the functional currencies. We purchase forward currency contracts to maintain the principle of exchange rate neutrality. If the RMB had weakened (strengthened) against the U.S. dollars by 5%, our profit before tax and equity would have decreased (increased) by RMB8.0 million, RMB5.6 million, RMB1.5 million and RMB4.3 million as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Credit Risk: We trade only with recognized and creditworthy third parties. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had certain concentrations of credit risk as 65.4%, 72.7%, 71.6% and 74.4%, respectively, of the book balance of our trade receivables were due from our five largest customers.

Liquidity Risk: Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Capital Management: We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to our Shareholders, return capital to our Shareholders or issue new shares.

DIVIDENDS

We are a holding company registered by way of continuation under the laws of the Cayman Islands. As a result, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Our Company has been certified as a PRC resident enterprise for tax purposes, and therefore any dividend distributions from our PRC subsidiaries to our Company will not be subject to PRC withholding tax. However, any dividend distributions from Guangdong Broadband to HK Broadband will be subject to PRC withholding tax. In addition, PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Risk Factors — We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have." Any declaration and payment and the amount of dividends will be subject to our Articles and the Cayman Companies Act, and any final dividend for a financial year will be subject to our Shareholders' approval. Under the Cayman Islands law, our Company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As advised by our Cayman Islands counsel, subject to the above, there is no restriction under the Cayman Islands law for our Company to declare and pay a dividend despite our accumulated losses. The payment and the amount of any future dividends will be at the discretion of our Directors. A decision to declare or pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider relevant. In 2023, 2024 and 2025, we declared dividends of RMB259.4 million, RMB123.6 million and RMB51.3 million, respectively. We have fully paid these dividends in cash. We did not declare any dividend in the six months ended June 30, 2026. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future. We currently do not have a formal dividend policy or a pre-determined dividend payout ratio.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we had retained profits of RMB3,460.6 million, which were available for distribution to Shareholders.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisors, the Reporting Accountants and other professional advisors for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the indicative Offer Price of HK$32.96 and assuming that the Over-allotment Option are not exercised) for the Global Offering are approximately HK$224.3 million, representing 4.0% of the gross proceeds of the Global Offering. The estimated total listing expenses consist of: (i) underwriting-related expenses of HK$158.7 million, and (ii) non-underwriting related expenses of HK$65.6 million, comprising (a) fees and expenses of legal advisors and Reporting Accountants of HK$45.5 million, and (b) other fees and expenses of HK$20.1 million. We do not believe that any of these fees or expenses are material to our Group, taken as a whole, or are unusually high. During the Track Record Period, we incurred Listing expense of RMB41.2 million (equivalent to HK$47.6 million), of which RMB32.3 million (equivalent to HK$37.4 million) was charged to the consolidated statements of profit or loss and RMB8.9 million (equivalent to HK$10.2 million) was recognized as a reduction in equity upon successful Listing. We expect to incur additional listing expenses of RMB152.8 million (equivalent to HK$176.7 million) after the Track Record Period, of which RMB16.2 million (equivalent to HK$18.7 million) is expected to be charged to the consolidated statements of profit or loss and RMB136.6 million (equivalent to HK$158.0 million) is expected to be recognized as a deduction in equity directly upon the Listing.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is to illustrate the effects of the Global Offering on our consolidated net tangible assets attributable to the owners of the parent as of June 30, 2026 as if the Global Offering had taken place on June 30, 2026. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets attributable to the owner of the parent had the Global Offering been completed as of June 30, 2026 or as at any future dates. It is prepared based on our consolidated net tangible assets as of June 30, 2026 as set out in the Accountants' Report and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company does not form part of the Accountants' Report.

	Consolidated net tangible assets of our Group attributable to owners of the parent as at June 30, 2026	Estimated net proceeds from the Global Offering	Estimated impact related to the reclassification of redemption liabilities	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at June 30, 2026	Unaudited pro forma adjusted consolidated net tangible assets per Share as at June 30, 2026	Unaudited pro forma adjusted consolidated net tangible assets per Share as at June 30, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
Based on an Offer Price of HK$32.96 per Share.	4,290,988	4,740,190	317,610	9,348,788	9.51	11.00

Notes:

(1) The consolidated net tangible assets of our Group attributable to owners of the parent as at June 30, 2026 are arrived at after deducting other intangible assets of RMB12,748,000 and goodwill of RMB26,468,000 as at June 30, 2026 from the consolidated equity attributable to owners of the parent of RMB4,330,204,000 as at June 30, 2026 set out in the Accountants' Report.

(2) The estimated net proceeds from the Global Offering are based on estimated offer price of HK$32.96 per Share after deduction of underwriting fees and commissions and other related expenses payable by our Company (excluding listing expenses of RMB32.3 million which have been charged to profit or loss during the Track Record Period) and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

(3) The liabilities associated with the redemption rights related to the ordinary shares (as set out in Note 32 of Appendix I to this prospectus) will be terminated upon the completion of Global Offering and the carrying amount of the redemption liabilities as at 30 June 2026 as shown in the Accountants' Report will be transferred to equity.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are arrived at by dividing the unaudited pro forma adjusted consolidated net tangible assets by 982,941,500 shares, being the number of shares in issue assuming that the Global Offering had been completed on June 30, 2026, without taking into account of the exercise of the Over-allotment Option.

(5) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of HK$1.00 to RMB0.86458.

(6) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of our Group to reflect any trading result or other transactions entered into subsequent to June 30, 2026.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2026, being the latest balance sheet date of our combined financial statements in the Accountants' Report.

DISCLOSURE UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.

In addition, our Listing will take place within three months after June 30, 2026. The Accountants' Report has included audited financial information of the Group for the six months ended June 30, 2026. For the management discussion and analysis of our financial performance for the six months ended June 30, 2026, see "— Period-to-Period Comparison of Results of Operations — Six Months Ended June 30, 2026 Compared to the Same Period of 2025" above.

We have complied with the code provisions in Part 2 of Appendix C1 to the Listing Rules. We are not in breach of our Articles of Association or applicable laws and regulations of the Cayman Islands or other regulatory requirements regarding our obligation to publish and distribute interim reports and interim results announcements in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we have fulfilled the three requirements to waive the publication of a separate interim report, and we do not intend to publish a separate interim report in respect of the six months ended June 30, 2026 under the aforementioned Rule.

Upon Listing, transactions between us and our connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

Name	Connected relationship with our Group
Hisense Group Holding and/or its subsidiaries and/or associates, including Hisense Finance	Controlling Shareholder and/or its subsidiaries and/or associates
Hisense Investment and/or its subsidiaries and associates	Hisense Investment and Hisense Group Holding share the same group of shareholders

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction[1]	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
		(RMB in millions)	
1. Business Cooperation Framework Agreement			
a. Supply of Goods and Related Services to Hisense Group Entities			
Transaction amounts to be paid to us by Hisense Group Entities	3.00	3.50	4.00
b. Procurement of Goods and Related Services from Hisense Group Entities			
Transaction amounts to be paid by us to Hisense Group Entities	224.60	254.70	284.80
2. Infrastructure and Shared Services Framework Agreement			
a. Property leasing			
Total value of right-of-use asset relating to leases with Hisense Group Entities	67.00	64.00	55.60
b. Shared services			
Transaction amounts to be paid by us to Hisense Group Entities	82.90	99.85	119.91
c. Provision of properties and other services			
Transaction amounts to be paid to us by Hisense Group Entities	4.00	4.00	4.00
3. Financial Services Framework Agreement			
a. Deposit services			
Maximum daily closing balance (inclusive of interest)	1,000.00	1,200.00	1,400.00
b. Electronic finance company acceptance bill services			
Maximum daily closing balance (inclusive of service fees)	1,802.00	2,460.00	3,460.00

Nature of transaction[1]	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
		(RMB in millions)	
c. Draft discount services			
Annual discount amount (inclusive of interest)	20.00	20.00	20.00
d. Settlement and sale of foreign exchange services			
Annual amount	1,759.00	2,250.00	2,840.00
e. Agency services such as settlement services for receipt and payment of funds			
Annual amount	0.75	0.90	1.08

Note:

(1) Please refer to the subsection headed "— Listing Rules Implications" for the type of connected transaction and applicable Listing Rules in respect of each of the framework agreements.

1. BUSINESS COOPERATION FRAMEWORK AGREEMENT

Principal Terms

We entered into a business cooperation framework agreement with Hisense Group Holding and Hisense Investment on September 7, 2026 (the "**Business Cooperation Framework Agreement**"), pursuant to which:

(a) our Group will supply various goods (including finished products, raw materials, equipment and parts and components) and related services (including contract manufacturing services) to Hisense Group Entities in return for fees for the provision of such goods and related services; and

(b) Hisense Group Entities will supply various goods (including finished products, raw materials, equipment and parts and components) and related services (including contract manufacturing services) to our Group in return for fees for the provision of such goods and related services.

The initial term of the Business Cooperation Framework Agreement will commence on the Listing Date and end on December 31, 2028, subject to renewal upon mutual consent.

Reasons for the Transactions

Our Directors consider that the mutual purchases of various goods and related services between the Group and Hisense Group Entities would benefit our Company for the following reasons:

- We have maintained a strong commercial relationship with Hisense Group Entities, conducting transactions on arm's length terms comparable to those with Independent Third Parties. Considering the product quality, prices and services provided by Hisense Group Entities, procuring finished products, raw materials, equipment and components from them meets our manufacturing needs whilst reducing procurement and logistics costs, thereby improving our overall cost efficiency and enhancing our products' cost competitiveness; and

- Our Group values the high standard of services and proven expertise and experience consistently provided by Hisense Group Entities, which support our daily operations. As Hisense Group Holding is a global major appliance and electronics manufacturer, the collaboration leverages each party's distinct advantages in different business areas, creating synergies and mutual benefits. Accordingly, the cooperation is in the best interests of both parties.

Pricing Policies

Supply of Goods and Related Services to Hisense Group Entities

Fees to be paid to us will be determined through arm's length negotiations, reflecting fair market rates and comparable historical prices. Prices for finished products, raw materials, equipment and parts and components shall be determined with reference to purchase volume, product costs and the prices offered to Independent Third Parties for comparable products. Service fees shall be determined with reference to transaction volume, transaction amount, scale of services, and the fees offered to Independent Third Parties for comparable services.

Procurement of Goods and Related Services from Hisense Group Entities

Fees to be paid by us to Hisense Group Entities will be determined through arm's length negotiations taking into account factors such as nature, transaction amount and term of the goods and services, and shall be benchmarked with fees offered by Independent Third Party suppliers for comparable goods and services. Such fees shall be in line with prevailing market rates and with reference to prices of comparable goods and services to ensure that we receive fair and reasonable terms from Hisense Group Entities.

Historical Amounts

The following table sets forth the historical transaction amounts received by us and paid by us for the supply and procurement of goods and related services during the Track Record Period:

	For the years ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
	(RMB in millions)			
a. Supply of Goods and Related Services to Hisense Group Entities				
Transaction amounts paid to us by Hisense Group Entities	13.50[(1)]	4.98	3.62	1.02
b. Procurement of Goods and Related Services from Hisense Group Entities				
Transaction amounts paid by us to Hisense Group Entities	150.73	246.15	161.80	117.94

Note: (1) This amount includes a one-time non-recurring procurement of the Group's raw materials by Hisense Group Entities, driven by specific operational needs rather than the regular transaction pattern between the parties during the Track Record Period.

Annual Caps

The proposed annual caps for the transactions under the Business Cooperation Framework Agreement for each of the three years ending December 31, 2028 are as follows:

	For the years ending December 31,		
	2026	2027	2028
		(RMB in millions)	
a. Supply of Goods and Related Services to Hisense Group Entities			
Transaction amounts to be paid to us by Hisense Group Entities	3.00	3.50	4.00
b. Procurement of Goods and Related Services from Hisense Group Entities			
Transaction amounts to be paid by us to Hisense Group Entities	224.60	254.70	284.80

Basis of Caps

Supply of Goods and Related Services to Hisense Group Entities

The above proposed annual caps are determined with reference to the following factors:

- the historical transaction amounts for the supply of various goods and related services between our Group and Hisense Group Entities during the Track Record Period (but excluding the effect of the one-off transaction resulting from a temporary demand for the Group's raw materials by Hisense Group Entities in 2023); and

- the expected increase in demand for our Group's goods and services from Hisense Group Entities taking into account their business development and needs.

The proposed annual caps have also taken into account inflation factors and assume no adverse changes or disruptions in market conditions, operations, business environment or government policies that may materially affect the business of our Group or Hisense Group Entities during the term of the Business Cooperation Framework Agreement.

Procurement of Goods and Related Services from Hisense Group Entities

The above proposed annual caps are determined with reference to the following factors:

- the historical transaction amounts during the Track Record Period for the procurement of various goods and related services by our Group from Hisense Group Entities;

- the expected growth of our Group's overall business over the coming years, leading to a corresponding increase in demand for goods and services from Hisense Group Entities, particularly contract manufacturing services;

- the expected increase in demand for fixed assets which is driven primarily by the Group's need to expand production capacity to meet rapidly growing market demand for high-speed optical transceivers. Key items of procurement include key equipment, industrial air-conditioning systems and costs associated with the construction of Thailand new facility B. For details, please see "Business — Production Facilities" and "Business — Upgrade and Expansion Plans". In particular, such new equipment has a standard lead time of over one year globally with limited annual supply, and the procurement of compatible second-hand units from Hisense Group Entities enables delivery and installation several months earlier than procurement through standard order channels. In addition, procurement of industrial air-conditioning systems from a Hisense Group Entity whose production facility is located within the same industrial park as the Group's production facilities enables significantly faster delivery and a shorter overall procurement cycle compared to independent third-party suppliers. Consequently, we anticipate an increase in the procurement of fixed assets from Hisense Group Entities, although such procurement is expected to represent a relatively small proportion of our overall capital expenditure;

- the expectation of bulk procurement of raw materials from Hisense Group Entities to secure more favorable payment terms, in light of the anticipated supply shortages and significant price fluctuations in the storage IC market; and

- our Group expects to maintain its business cooperation with Hisense Group Entities, leveraging their capabilities and expertise, which have been developed over years of collaboration and which third-party providers may find challenging to replicate in a short period.

The proposed annual caps have also taken into account inflation factors and assume no adverse changes or disruptions in market conditions, operations, business environment or government policies that may materially affect the business of our Group or Hisense Group Entities during the term of the Business Cooperation Framework Agreement.

2. INFRASTRUCTURE AND SHARED SERVICES FRAMEWORK AGREEMENT

Principal Terms

We entered into an infrastructure and shared services framework agreement with Hisense Group Holding and Hisense Investment on September 7, 2026 (the "**Infrastructure and Shared Services Framework Agreement**"), pursuant to which Hisense Group Entities and us will provide various infrastructure and shared services to each other. The initial term of the Infrastructure and Shared Services Framework Agreement will commence on the Listing Date and end on December 31, 2028, subject to renewal upon the mutual consent of the parties.

The following sets out the details of each category of services under the Infrastructure and Shared Services Framework Agreement.

Property Leasing

We will lease properties from Hisense Group Entities for production, warehouse and office use. Separate agreements will be entered into between the relevant parties setting out the specific terms and conditions (including property rents, payment methods and other ancillary property management services fees) in respect of the relevant leased property based on the principles, and within the parameters provided, under the Infrastructure and Shared Services Framework Agreement.

Shared Services

Hisense Group Entities will provide certain back-office administrative support services to us at actual costs, including IT and software and systems support services, installation and maintenance services and various miscellaneous support services.

Furthermore, Hisense Group Holding will provide us with brand image promotional services. In return, the Company will pay certain brand image promotional service fees.

Provision of Properties and Other Services

Hisense Group Entities will lease properties from us for production and office use. Separate agreements will be entered into between the relevant parties setting out the specific terms and conditions (including property rents, payment methods and other ancillary property management services fees) in respect of the relevant leased property based on the principles, and within the parameters provided, under the Infrastructure and Shared Services Framework Agreement. We will also provide certain support services to Hisense Group Entities, including equipment leasing services and various miscellaneous support services.

Reasons for the Transactions

Our Directors consider that the Infrastructure and Shared Services Framework Agreement and each category of transactions thereunder would benefit our Company for the reasons set out as follows.

Property Leasing

We have historically leased certain properties from Hisense Group Entities for production, warehouse and office use. As compared to Independent Third Parties, Hisense Group Entities have a better understanding of our property requirements in relation to manufacturing, warehouse and office premises, and leasing properties from them also facilitates our business cooperation with them geographically. In addition, relocating our existing production facilities, warehouses and offices to other premises will cause unnecessary disruptions to our normal business operations and incur unnecessary costs. We consider that the terms of the Infrastructure and Shared Services Framework Agreement are consistent with normal commercial terms and would enable us to achieve long-term development and continuity of our business operations.

Shared Services

The shared services between the Group and Hisense Group Entities can reduce the administrative costs of our Group in procuring similar services from a wide range of other service providers. The Infrastructure and Shared Services Framework Agreement will allow our Group to better leverage the mature infrastructure and coverage already built by Hisense Group Entities and promote better cooperation between the Group and Hisense Group Entities. Furthermore, the continuation of shared services will help minimize the risk of disruption to our operations and internal processes.

The use of brand image promotional services provided by Hisense Group Holding will enable the Company to leverage the reputation of Hisense Group Holding. Moreover, the Company has been using such services for several years and it will be less disruptive for our Group's business operations to continue to do so. Accordingly, it is in the best interests of the Company and its Shareholders to continue to receive brand image promotional services from Hisense Group Holding after Listing.

Provision of Properties and Other Services

We have historically leased certain properties to Hisense Group Entities for production and office use. Considering our procurement arrangements with them, their use of facilities and office premises in proximity to our facilities would be beneficial in terms of enhanced logistical efficiency and elimination of unnecessary transportation expenses. We have historically provided other ancillary services to Hisense Group Entities, which primarily include equipment rental services, housing and property management services and labor services. Our provision of other ancillary services to Hisense Group Entities would help to optimize the utilization of our existing assets, infrastructure, and workforce capabilities, generating better returns on our investments in equipment, property, and human resources whilst reducing idle capacity costs.

Pricing Policies

Property Leasing

The rents payable by us during the lease term will be determined on normal commercial terms after arm's length negotiations, and the rents shall be in line with or no higher than the prevailing market rates of properties of comparable location, floor area and quality made available by Independent Third Parties. We will make inquiries on and survey the rental prices offered by Independent Third Parties for manufacturing and office leasing spaces of comparable location and quality to determine the prevailing market rates for comparison to ensure that the rental fees payable by us are on normal commercial terms and are fair and reasonable and in the best interest of the Company and our Shareholders as a whole.

Shared Services

Our Group shall pay Hisense Group Entities the actual costs incurred in relation to the shared services. Such costs are allocated based on our usage of such resources and services taking into consideration costs incurred during the course of provision of shared services (such as labor costs and operating costs including office space rental, utility expenses and support services). We will annually review the actual costs incurred by Hisense Group Entities in providing relevant services to ensure that they are on normal commercial terms and are fair and reasonable.

Provision of Properties and Other Services

The rents payable to us by Hisense Group Entities will be determined based on the prevailing market rates of similar properties, with reference to geographical locations and leased area. To ensure that the rents we charge Hisense Group Entities are on normal commercial terms, fair and reasonable and in the interest of the Company and our Shareholders as a whole, we will make inquiries on and survey the rental prices offered by Independent Third Parties for production facilities and office leasing spaces of comparable location and quality, in order to determine the prevailing market rates for comparison. The service fees payable to us by Hisense Group Entities under the Infrastructure and Shared Services Framework Agreement will be determined through arm's length negotiations between the relevant parties and shall be in line with the fees charged by Independent Third Parties for similar services, to ensure that the terms of purchasing such services are fair and reasonable.

Historical Amounts

The following table sets forth the historical transaction amounts of property leasing, shared services, provision of properties and other services during the Track Record Period:

	For the years ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
	(RMB in millions)			
a. Property leasing[(1)]				
Total value of right-of-use asset relating to leases with Hisense Group Entities	37.35	63.54	59.01	59.13
b. Shared services				
Transaction amounts paid by us to Hisense Group Entities	71.55	70.58	67.15	35.94
c. Provision of properties and other services				
Transaction amounts paid to us by Hisense Group Entities	2.45	2.42	4.44	1.53

Note: (1) The aggregate annual amounts of the property rents payable by us to Hisense Group Entities for each of the three years ended December 31, 2025 and the six months ended June 30, 2026 are RMB7.45 million, RMB9.77 million, RMB10.41 million and RMB6.73 million, respectively.

Annual Caps

The proposed annual caps for each type of transactions under the Infrastructure and Shared Services Framework Agreement for each of the three years ending December 31, 2028 are as follows:

	For the years ending December 31,		
	2026	2027	2028
	(RMB in millions)		
a. Property leasing[(1)]			
Total value of right-of-use asset relating to leases with Hisense Group Entities	67.00	64.00	55.60
b. Shared services			
Transaction amounts to be paid by us to Hisense Group Entities	82.90	99.85	119.91
c. Provision of properties and other services			
Transaction amounts to be paid to us by Hisense Group Entities	4.00	4.00	4.00

Note: (1) The aggregate annual amounts of the property rents payable by us to Hisense Group Entities for each of the three years ending December 31, 2028 are not expected to exceed RMB14.50 million, RMB17.00 million and RMB19.00 million, respectively. Due to the one-off recognition of right-of-use assets required under IFRS 16, which we expect will be applicable to our current and future leases from Hisense Group Entities, the annual caps will be materially higher than the actual payments we expect to pay to them on an annual basis.

Basis of Caps

Property Leasing

Pursuant to IFRS 16, the lease of properties by us as lessee under the Infrastructure and Shared Services Framework Agreement will be recognized as both right-of-use assets and ongoing lease liability payables over the lease term. The proposed annual caps are determined with reference to the following factors: (i) the historical transaction amounts under the existing property leasing arrangements; (ii) the expected increase in demand for manufacturing, warehouse and office premises which is in line with our expansion of business operations. For instance, the Group intends to enter into new leasing arrangements in the second half of 2026 for additional laboratory and office space adjacent to its existing R&D facilities, to accommodate its growing research and development needs, as well as additional production facilities in the vicinity of its existing leased premises, and leasing from Hisense Group Entities enables the Group to leverage shared infrastructure and maintain closer operational coordination; (iii) the Group's planned recruitment of personnel across various functions, particularly in R&D in anticipation of the new R&D facilities, necessitates additional office premises to accommodate the expanding workforce; and (iv) other factors such as inflation and market rental fluctuations and expected additional premises needs.

Shared Services

The above proposed annual caps are determined with reference to the following factors:

- the historical transaction amounts under the existing arrangements for shared services during the Track Record Period;

- the expected growth in our operational scale in the three years ending December 31, 2028, and our need for expanded production capacity to meet customer delivery demands. Specifically, the Group's revenue in 2025 experienced a 64.2% growth as compared to 2024, whilst cost of sales increased by 59.0%. This recent business growth directly drives our need for expanded operational capacity, including additional production and manufacturing facilities to meet higher output requirements and increased office space to house the larger workforce required to support our expanding operations. For further details, please see "Business — Upgrade and Expansion Plans";

- the expected increase in utilities, property management, and maintenance and installation expenses as these expenses directly correlate to our aggregate leased area and/or production volume. Correspondingly, we expect continued growth in personnel sharing, IT services, and other costs that scale with employee headcount and business volume. Such increase will be marginally offset by the potential decrease in brand image promotional services in the coming years; and

- our Group expects to continue the procurement of shared services from Hisense Group Entities (save for the aforesaid potential decrease in brand image promotional services), leveraging their standardized processes and deep institutional understanding of our operations, which have been developed over past years of business relationship and which third-party providers may find challenging to replicate in a short period.

The proposed annual caps have also taken into account inflation factors and assume no adverse changes or disruptions in market conditions, operations, business environment or government policies that may materially affect the business of our Group or Hisense Group Entities during the term of the Infrastructure and Shared Services Framework Agreement.

Provision of Properties and Other Services

The above proposed annual caps are determined with reference to the following factors: (i) the historical transaction amounts under the existing arrangement for provision of production facilities, office premises and other services; (ii) the expected demand from Hisense Group Entities for each of the three years ending December 31, 2028, which is anticipated to remain at a broadly stable level; and (iii) other factors such as inflation.

3. FINANCIAL SERVICES FRAMEWORK AGREEMENT

Principal Terms

Our Company entered into a financial services framework agreement with Hisense Finance on September 7, 2026 (the "**Financial Services Framework Agreement**"), pursuant to which Hisense Finance will provide the following financial services to us:

(a) Deposit services: we will deposit cash into our bank account(s) maintained with Hisense Finance, including cash generated by our daily business operations, and Hisense Finance will pay deposit interest to us.

(b) Electronic finance company acceptance bill services: Hisense Finance will provide commercial and bank acceptance bill services, and we will pay certain service fees.

(c) Draft discount services: we will submit commercial drafts and bills to Hisense Finance for early payment at a discounted rate, and we will pay discount charges.

(d) Settlement and sale of foreign exchange services: we will engage Hisense Finance to facilitate currency conversion transactions and foreign exchange settlements for international trade payments, and we will pay certain service fees.

(e) Agency services such as settlement services for receipt and payment of funds: we will utilize Hisense Finance's settlement services for receipt and payment of funds, and we will pay certain service fees.

The initial term of the Financial Services Framework Agreement will commence on the Listing Date and end on December 31, 2028, subject to renewal upon the mutual consent of both parties.

Reasons for the Transactions

Our Directors consider that the Financial Services Framework Agreement and each category of transactions thereunder would benefit our Company for the reasons set out as follows:

- Hisense Finance is regulated by the National Financial Regulatory Administration and complies with the regulations and operation requirements issued by the relevant regulatory authorities in its provision of financial services. Hisense Finance is able to offer financial services that are comparable with, if not better than, major commercial banks in the PRC. For example, interest rates offered by Hisense Finance for deposits of the same type and tenor are comparable to those offered by major commercial banks;

- Additionally, as Hisense Finance has been providing various financial services to us during the Track Record Period, it has developed a deep understanding of our capital structure, business operations, funding needs and cash flow patterns, which facilitates the provision of expedient and efficient services. Therefore, Hisense Finance is well-positioned in providing us with customized financial services; and

- Furthermore, Hisense Finance has advantages over external banks in terms of communication and work efficiency, as well as cost advantages as the internal margin requirements, settlement and sales of foreign exchange spreads and other applicable fees and rates are significantly lower than those of external banks.

Pricing Policies

The transactions contemplated under the Financial Services Framework Agreement are carried out in the ordinary course of business between the parties on normal commercial terms and on terms no less favorable than those available from Independent Third Parties.

Deposit services

Interest rates for the deposits to be placed by us with Hisense Finance will not be lower than the prevailing market rates offered by major PRC commercial banks which are Independent Third Parties for deposits of a similar type for the same period, and benchmarked against (i) the interest rate offered to Independent Third Parties for their deposits of a similar type for the same period placed with Hisense Finance and (ii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks to us.

Electronic Finance Company Acceptance Bill Services

The service fees for the electronic finance company acceptance bill services to be provided by Hisense Finance will not be higher than the service fee for such services of a similar type for the same period offered by independent commercial banks to us.

Draft Discount Services

The discount charges for the draft discount services to be provided by Hisense Finance will be determined with reference to the re-discount rate published by the PBOC, and will not be higher than the discount rates for such services of a similar type for the same period offered by independent commercial banks to us.

Settlement and Sale of Foreign Exchange Services

Hisense Finance shall offer services (including the exchange rates) of a standard no less favorable than those offered by independent commercial banks. The service fees for the settlement and sale of foreign exchange services to be provided by Hisense Finance will not be higher than the service fee for such services of a similar type for the same period offered by independent commercial banks to us.

Agency Services such as Settlement Services for Receipt and Payment of Funds

The service fees for the agency services to be provided by Hisense Finance will not be higher than the service fee for such service of a similar type for the same period offered by independent commercial banks to us.

Historical Amounts

The following table sets forth the historical transaction amounts in respect of financial services provided by Hisense Finance during the Track Record Period:

	For the years ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
	(RMB in millions)			
a. Deposit services				
Maximum daily closing balance (inclusive of interest)	1,329.81	1,865.54	688.08	875.10
b. Electronic finance company acceptance bill services				
Maximum daily closing balance (inclusive of service fees)	1,173.26	1,285.68	1,170.62	1,294.47
c. Draft discount services				
Annual discount amount (inclusive of interest)	–	–	20.46	–
d. Settlement and sale of foreign exchange services				
Annual amount	800.24	731.41	1,227.52	876.60
e. Agency services such as settlement services for receipt and payment of funds				
Annual amount	0.22	0.35	0.51	0.29

Annual Caps

The proposed annual caps for each type of transactions under the Financial Services Framework Agreement for each of the three years ending December 31, 2028 are as follows:

	For the years ending December 31,		
	2026	2027	2028
	(RMB in millions)		
a. Deposit services			
Maximum daily closing balance (inclusive of interest)	1,000.00	1,200.00	1,400.00
b. Electronic finance company acceptance bill services			
Maximum daily closing balance (inclusive of service fees)	1,802.00	2,460.00	3,460.00

	For the years ending December 31,		
	2026	2027	2028
		(RMB in millions)	
c. Draft discount services			
Annual discount amount (inclusive of interest)	20.00	20.00	20.00
d. Settlement and sale of foreign exchange services			
Annual amount	1,759.00	2,250.00	2,840.00
e. Agency services such as settlement services for receipt and payment of funds			
Annual amount	0.75	0.90	1.08

Basis of Caps

Deposit Services

The above proposed annual caps for the maximum daily closing balance (inclusive of interest) are determined with reference to the following factors: (i) the historical amounts under the existing deposit services arrangements; (ii) the current and expected future cash flow position of the Company in light of our estimated scale and growth of business operation; and (iii) the assumption that market interest rates on the expected outstanding deposit amount remain stable at current prevailing rates. The maximum daily closing balance (inclusive of interest) for each year is subject to fluctuations in our cash flow position and the proposed annual caps reflect the aggregate of our anticipated maximum daily balance of deposits placed and interest income.

Electronic Finance Company Acceptance Bill Services

The above proposed annual caps for the maximum daily closing balance (inclusive of service fees) are determined with reference to the following factors: (i) the historical amounts under the existing electronic finance company acceptance bill services; (ii) the expectation that the demand for electronic finance company acceptance bill services would increase in the upcoming years in light of (a) an increase of domestic sourcing of raw materials, with domestic suppliers generally accepting acceptance bills as payment whereas overseas suppliers typically require cash settlement, (b) the Group's expanding business scale, and (c) the potential increase in raw material reserves to mitigate supply chain risks and ensure timely delivery, including advance procurement by the new production facility in Thailand; and (iii) assuming that the market rates of handling fees remain stable at the current prevailing market rates.

Draft Discount Services

The above proposed annual caps for the annual discount amount (inclusive of interest) are determined with reference to the following factors: (i) the historical amounts under the existing draft discount service arrangements; (ii) the Group's anticipated discounting bill issuance volumes and working capital management needs; and (iii) assuming that the market rates of discount charges remain stable as the current prevailing market rates.

Settlement and Sale of Foreign Exchange Services

The above proposed annual caps for the annual amount are determined with reference to the following factors: (i) the historical amounts under the existing settlement and sale of foreign exchange service arrangements, taking into account the recent considerable increase in the Group's revenue and cost of sales in 2025 as compared to 2024; (ii) the expected increase in demand for this service in line with the expected expansion of production facilities in Thailand, which will drive growth in overseas businesses and procurement. For details, please see "Business — Upgrade and Expansion Plans" and "Financial Information — Revenue — Revenue by Geographical Market"; and (iii) assuming that the market rates of service fees for such service remain stable at the current prevailing market rates.

Agency Services such as Settlement Services for Receipt and Payment of Funds

The above proposed annual caps for the annual amount are determined with reference to the following factors: (i) the historical amounts under the existing agency service arrangements; (ii) the expected increase in demand for this service in line with an expected expansion of our business scale; and (iii) assuming that the market rates of service fees for such service remain stable as the current prevailing market rates.

LISTING RULES IMPLICATIONS

Fully Exempt Continuing Connected Transaction

In respect of each of (i) the supply of goods and related services to Hisense Group Entities under the Business Cooperation Framework Agreement and (ii) the provision of properties and other services under the Infrastructure and Shared Services Framework Agreement, as the highest applicable percentage ratio for each of the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be less than 0.1% on an annual basis, such transactions will, upon Listing, be fully exempt from the annual reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Partially Exempt Continuing Connected Transactions

In respect of each of (i) the procurement of goods and related services from Hisense Group Entities under the Business Cooperation Framework Agreement, (ii) property leasing and shared services under the Infrastructure and Shared Services Framework Agreement (collectively, the "**Partially Exempt Continuing Connected Transaction**"), as the highest applicable percentage ratio for each of the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but be less than 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Non-Exempt Continuing Connected Transaction

In respect of the transactions under the Financial Services Framework Agreement, in aggregate, as the highest applicable percentage ratio for each of the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Partially Exempt Continuing Connected Transactions

In relation to the Partially Exempt Continuing Connected Transactions, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of these transactions, provided that the total value of these transactions for each of the three years ending December 31, 2028 will not exceed the relevant proposed annual caps above.

Non-Exempt Continuing Connected Transactions

In relation to the transactions under the Financial Services Framework Agreement, as such transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement and independent Shareholders' approval requirements will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules in respect of these transactions, provided that the total value of these transactions for each of the three years ending December 31, 2028 will not exceed the relevant proposed annual caps as set out above. The independent non-executive Directors and auditors of our Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

CONFIRMATION BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that: (a) the non-exempt continuing connected transactions described above for which waivers are sought have been and will be carried out in the ordinary and usual course of business of our Group and all such transactions will be conducted on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (b) the proposed annual caps for such non-exempt continuing connected transactions set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION BY THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant information and historical figures prepared and provided by our Company relating to the non-exempt continuing connected transactions described above; (ii) obtained confirmations from our Company and the Directors; and (iii) participated in the due diligence and discussions with the management of our Group. Based on the foregoing, the Joint Sponsors are of the view that: (a) the non-exempt continuing connected transactions described above for which waivers are sought have been and will be entered into in the ordinary and usual course of business of our Group and are on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (b) the proposed annual caps for such non-exempt continuing connected transactions set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. The table below sets forth certain information of each of our Directors:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Yu Zhitao (于芝濤)	50	Non-executive Director and chairman of the Board	December 2021	December 9, 2021	Providing guidance and advice on corporate and business strategies and presiding over the Board
Dr. Hong Jin (洪進)	62	Executive Director, chief executive officer and general manager of optical transceiver business unit	March 2023	August 11, 2025	Overall strategic planning and business operation and the operation of optical transceiver business unit
Ms. Wang Hui (王惠)	48	Executive Director, chief financial officer and secretary to the Board	December 2024	August 11, 2025	Overall strategic planning, finance and capital management
Dr. Jia Shaoqian (賈少謙)	54	Non-executive Director	January 2019	January 31, 2019	Providing guidance and advice on corporate and business strategies
Dr. Huang Weiping (黃衛平)	68	Non-executive Director	June 2002	March 31, 2009	Providing guidance and advice on corporate and business strategies
Mr. Zhang Jing (張晶)	45	Non-executive Director	April 2018	April 24, 2018	Providing guidance and advice on corporate and business strategies
Dr. Zhou Changjun (周長軍)	56	Independent non-executive Director	August 2025	August 11, 2025	Supervising and providing independent opinion and judgment to the Board
Dr. Sun Ying (孫瑩)	43	Independent non-executive Director	August 2025	August 11, 2025	Supervising and providing independent opinion and judgment to the Board
Dr. Tong Franklin Fuk Kay (湯復基)	70	Independent non-executive Director	February 2013 and re-joined in August 2025	August 11, 2025	Supervising and providing independent opinion and judgment to the Board

Non-executive Director and Chairman of the Board

Mr. Yu Zhitao (于芝濤), aged 50, is our non-executive Director and chairman of the Board. He was appointed as a Director in December 2021 and served as chairman of the Board from December 2021 to April 2023. In May 2025, Mr. Yu has been re-appointed as the chairman of the Board. He is primarily responsible for providing guidance and advice on corporate and business strategies and presiding over the Board.

Mr. Yu has been serving as a director and chief executive officer of Hisense Group Holding since May 2023 and July 2023, respectively; a director and chairman of board of Hisense Visual Technology Co., Ltd. (海信視像科技股份有限公司) (Shanghai Stock Exchange ("**SSE**"): 600060) ("**Hisense Visual**") since April 2019 and February 2023, respectively; a director of Sanden Corporation (Tokyo Stock Exchange : 6444) since March 2023; an executive director of Hisense Home Appliances Group Co., Ltd. (海信家電集團股份有限公司) (Hong Kong Stock Exchange ("**HKSE**"): 921; Shenzhen Stock Exchange ("**SZSE**"): 000921) ("**Hisense HA**") since April 2023; a director of Xiamen Changelight Co., Ltd. (廈門乾照光電股份有限公司) (SZSE: 300102) ("**Xiamen Changelight**") and chairman of board of Shijiazhuang Kelin Electric Co., Ltd. (石家莊科林電氣股份有限公司) (SSE: 603050) ("**Kelin Electric**"), respectively, since December 2025.

Mr. Yu served as executive vice president of Hisense Group Holding from February 2023 to July 2023, president of Hisense Visual from January 2019 to February 2023, general manager of Juhaokan Technology Co., Ltd. (聚好看科技股份有限公司) from September 2016 to January 2019, deputy general manager and general manager of Qingdao Hisense Media Network Technology Company Ltd. (青島海信傳媒網絡技術有限公司) from March 2008 to September 2016, deputy general manager of Qingdao Hisense Mobile Technology Company Ltd. (青島海信移動通信技術有限公司) from May 2005 to March 2008, and R&D engineer of Hisense Group Co., Ltd. from July 1998 to May 2005.

Mr. Yu obtained his bachelor's degree in optical technology and optoelectronic instruments from Zhejiang University (浙江大學) in the PRC in June 1998.

Executive Directors

Dr. Hong Jin (洪進), aged 62, is our executive Director, chief executive officer and general manager of optical transceiver business unit. He was appointed as a Director in August 2025 and is primarily responsible for the overall strategic planning and business operation and the operation of optical transceiver business unit.

Dr. Hong joined our Company in March 2023 as vice president, primarily responsible for data communication business unit. He has been serving as general manager of optical transceiver business unit since January 2025, and was appointed as the chief executive officer of the Company in May 2025. Dr. Hong also serves as a director in other members of our Group: Ligent, Inc. (appointed in March 2024), HK Broadband (appointed in July 2025), LigentCom (appointed in August 2025), Ligent Tech (appointed in August 2025), and LigentComm (appointed in August 2025).

Dr. Hong has decades of experience in the telecommunications industry, with a focus on optical communications. Prior to joining our Group, Dr. Hong was vice president of data center business group and R&D general manager of silicon photonics product division of Intel Corporation (NASDAQ: INTC) from February 2019 to January 2022. Prior to that, Dr. Hong served various senior management roles at companies such as Ciena Communications, Inc., Oplink Communications, Inc., StrataLight Communications, Inc., Opnext, Inc., EMCORE Corporation (NASDAQ: EMKR) and NeoPhotonics Corporation, primarily responsible for R&D and business and product management. Dr. Hong has been a senior member of the Institute of Electrical and Electronics Engineers ("**IEEE**") since 2004 and was elected as a fellow of Optica (formerly known as the Optical Society of America) in 2024.

Dr. Hong obtained his bachelor's degree and master's degree in electrical engineering from University of Science and Technology of China (中國科學技術大學) in the PRC in July 1986 and October 1989, respectively. He further obtained his doctoral degree in electrical engineering from University of Waterloo in Canada in May 1994.

Ms. Wang Hui (王惠), aged 48, is our executive Director, chief financial officer and secretary to the Board. She joined our Group in December 2024 as vice president and was appointed as chief financial officer and Director in June 2025 and August 2025, respectively. Ms. Wang is primarily responsible for the overall strategic planning, finance and capital management.

Ms. Wang also serves as a director in other members of our Group: Qingdao Broadband (appointed in June 2025), Xiamen Lianzhiguang (appointed in June 2025), Qingdao Lianzhiguang (appointed in June 2025), and HK Broadband (appointed in July 2025).

Ms. Wang has extensive experience in corporate management, financial strategy and capital operations, mainly gained in real estate development and consumer electronics industries. She has been serving as a cooperative supervisor for master of accounting degree program at Ocean University of China (中國海洋大學) since January 2025. From November 2022 to September 2025, she served as a director of Xiamen Changelight. From January 2022 to December 2024, Ms. Wang worked as chief financial officer and general manager of operations and financial management department at Hisense Visual. Prior to that, Ms. Wang held various key positions at Qingdao Hisense Real Estate Co., Ltd. (青島海信房地產股份有限公司) including chief accountant and manager of planning and finance department, deputy general manager and president, from July 2004 to January 2022.

Ms. Wang obtained her bachelor's degree in management from Qingdao University of Technology (青島理工大學) in the PRC in June 2000.

Non-executive Directors

Dr. Jia Shaoqian (賈少謙), aged 54, was appointed as our Director in January 2019 and was redesignated as non-executive Director in August 2025. Dr. Jia is primarily responsible for providing guidance and advice on corporate and business strategies.

Dr. Jia has been serving as a director and chairman of the board of directors of Hisense Group Holding since February 2019 and February 2023, respectively; an executive director of Hisense HA since June 2015; a director of Hisense Visual since June 2021; and a director of Xiamen Changelight and Kelin Electric, respectively, since December 2025.

Dr. Jia served as president of Hisense Group Holding from December 2019 to July 2023, executive vice president and president of Hisense Group Co., Ltd. from January 2019 to November 2021, general manager of Hisense Refrigerator Co., Ltd. (海信冰箱有限公司) from June 2015 to March 2019, vice president and president of Hisense HA from January 2007 to January 2019, chairman of supervisory committee of Hisense Visual from June 2006 to March 2011, and deputy director and director of the president's office of Hisense Group Co., Ltd. from January 2003 to January 2007.

Dr. Jia obtained his bachelor's degree in international economic law from Qingdao University (青島大學) in the PRC in July 1997 and his master's degree in administration management from Shandong University (山東大學) in the PRC in June 2012. He further received his doctoral degree in economics from China University of Political Science and Law (中國政法大學) in the PRC in June 2024.

Dr. Huang Weiping (黃衛平), aged 68, is the founder of our Group. He was appointed as our Director in March 2009 and was redesignated as non-executive Director in August 2025. Dr. Huang is primarily responsible for providing guidance and advice on corporate and business strategies.

Dr. Huang also serves as a director in other members of our Group: Ligent Tech (appointed in July 2002), Qingdao Broadband (appointed in April 2003), HK Broadband (appointed in March 2011), LigentCom (appointed in March 2013), Ligent, Inc. (appointed in April 2024), and Ligent (Singapore) Pte. Ltd. (appointed in August 2025). Since April 2026, Dr. Huang has also served as an independent non-executive director of Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司) (HKSE: 1879).

Dr. Huang has over three decades of experience in optical communication field and is internationally known for his contributions and expertise for photonic devices and integrated circuits. He has been working at Shandong University (山東大學) in the PRC since May 2013 and currently serves as dean of the Shandong University-Hisense Optoelectronic Research Institute, on-campus director of the state key laboratory of chips and systems for advanced light field display, and professor of the school of information science and engineering (of which he previously served as dean). From 1999 to 2013, Dr. Huang served as a professor at McMaster University in Canada. From September 1989 to December 1999, he worked in department of electrical and computer engineering at University of Waterloo in Canada, successively served as assistant professor, associate professor with tenure and professor.

Apart from his academic achievements prior to founding our Group in 2002, he founded Apollo Photonics Inc. in August 1995 where he developed and commercialized design and simulation software for photonic devices and integrated circuits. Apollo Photonics Inc. was acquired in 1999 by Nanovation Technologies Inc. in the United States.

Dr. Huang is a senior member of the IEEE and a member of Massachusetts Institute of Technology ("**MIT**") Electromagnetics Academy. He was also elected as a Cheung Kong Scholar by the Ministry of Education of the PRC and the Li Ka Shing Foundation in Hong Kong in 2000 and as a Taishan Scholar Overseas Distinguished Expert by the Shandong Provincial People's Government of the PRC in March 2012. In 2024, Dr. Huang was included in the list of the world's top 2% scientists published by Stanford University in the United States.

Dr. Huang obtained a bachelor's degree in electronics from Shandong University (山東大學) in the PRC in February 1982, a master's degree in fiber optics from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 1984 and a doctoral degree in electrical engineering from MIT in the United States in September 1989.

Mr. Zhang Jing (張晶), aged 45, was appointed as our Director in April 2018 and was redesignated as non-executive Director in August 2025. Mr. Zhang is primarily responsible for providing guidance and advice on corporate and business strategies.

Mr. Zhang joined Phancy Group Co., Ltd. (formerly known as Beijing Fourth Paradigm Technology Co., Ltd.) (範式智能技術集團股份有限公司) (HKSE: 6682) as a director in February 2021 and has been serving as its non-executive director since July 2021. Mr. Zhang joined Primavera Capital Limited (春華資本有限公司) in June 2010 and currently serves as a partner of the firm where he led investments in a number of industry-leading companies. Prior to joining Primavera Capital Group, Mr. Zhang worked at Morgan Stanley from August 2006 to March 2010.

Mr. Zhang obtained a bachelor's degree and a master's degree in management from Tsinghua University (清華大學) in the PRC in July 2003 and July 2005, respectively.

Independent Non-Executive Directors

Dr. Zhou Changjun (周長軍), aged 56, was appointed as our independent non-executive Director in August 2025. He is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Zhou joined Shandong University (山東大學) in July 1995 and served as dean of the law school from December 2018 to June 2026. He is currently a Tier-II Professor (二級教授) and a doctoral supervisor at Shandong University. Dr. Zhou pursued postdoctoral research in criminal procedure law at the postdoctoral research station of law in China University of Political Science and Law (中國政法大學) in the PRC from October 2004 to July 2007. He was selected as a special government allowance expert by the State Council of the PRC in January 2015.

Dr. Zhou obtained his bachelor's degree and master's degree in law from Sichuan University (四川大學) in the PRC in July 1992 and June 1995, respectively. He further obtained a doctor of laws degree from Peking University (北京大學) in the PRC in June 2004.

Dr. Sun Ying (孫瑩), aged 43, was appointed as our independent non-executive Director in August 2025. Dr. Sun is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Sun has extensive experience in accounting and financial management. She has been holding various key positions in the college of management at Ocean University of China (中國海洋大學), including lecturer from August 2011 to December 2017, associate professor from January 2018 to December 2024, deputy director of master of accounting education center since December 2022, doctoral supervisor since October 2024 and professor since January 2025. Dr. Sun's primary research focus includes capital efficiency and financial risks studies. Since 2009, she has been serving as an associate editor for the Annual Report of the Development of Capital Efficiency (資本效率發展報告) and Annual Report of the

Development of Financial Risk (財務風險發展報告), which covered more than 3,000 A-share listed and A+H dual-listed companies on an annual basis. Her academic achievements can also be recognised by her publications such as her book titled "*Redefinition of Working Capital and Management Innovation*" (營運資金概念重構與管理創新) published in December 2017, and her papers in various top-tier domestic journals such as Accounting Research (會計研究) and Finance and Accounting (財務與會計). These publications have covered case studies and analysis of major listed companies including Sany Heavy Industry Co., Ltd. (三一重工股份有限公司) (HKSE: 6031; SSE: 600031); Weichai Heavy Machinery Co Ltd (濰柴重機股份有限公司) (SZSE: 000880); Tsingtao Brewery Company Limited (HKSE: 168; SSE: 600600) and JD.com Inc (HKSE: 9618; NASDAQ: JD).

Dr. Sun has also been serving as an independent director and audit committee chairperson of the following companies: Qingdao Kingking Applied Chemistry Co., Ltd. (青島金王應用化學股份有限公司) (SZSE: 002094) since May 2022; Qingdao Kutesmart Co., Ltd. (青島酷特智能股份有限公司) (SZSE: 300840) since May 2023; and Aotecar New Energy Technology Group Co., Ltd. (奧特佳新能源科技集團股份有限公司) (SZSE: 002239) since December 2025. Her primary responsibilities in these listed companies include supervising the preparation of financial statements and annual reporting processes, reviewing and analyzing audited financial statements and significant accounting policies, overseeing the internal audit functions and evaluating the effectiveness of internal controls over financial reporting. She also served as an independent director of Techking Tires Limited (青島泰凱英專用輪胎股份有限公司) (Beijing Stock Exchange: 920020) from October 2022 to October 2023 and as an independent director of Qingdao Hi-image Technologies Co., Ltd. (青島信芯微電子科技股份有限公司) from December 2022 to November 2024.

Pursuant to the Guidelines for Self-Regulatory Supervision of Listed Companies No. 1 — Standardised Operation of Main Board Listed Companies (《深圳證券交易所上市公司自律監管指引第1號 — 主板上市公司規範運作》) and the Guidelines for Self-Regulatory Supervision of Listed Companies No. 2 — Standardised Operation of ChiNext Listed Companies (《深圳證券交易所上市公司自律監管指引第2號 — 創業板上市公司規範運作》) issued by the Shenzhen Stock Exchange, a nominee for an independent director candidate as an accounting professional must possess extensive accounting expertise and experience and, among other conditions, hold a senior professional title, an associate professorship or above, or a doctoral degree in accounting, auditing or financial management. Since Dr. Sun has served as an independent director and audit committee chairperson of the aforementioned companies listed on the Shenzhen Stock Exchange, her qualifications are in compliance with the applicable rules of the Shenzhen Stock Exchange. Accordingly, our Directors consider that Dr. Sun has been recognised by the Shenzhen Stock Exchange as possessing extensive accounting expertise and experience.

Dr. Sun obtained a bachelor's degree in management from Yantai University (煙台大學) in the PRC in June 2006, a master's degree in management from Lanzhou University of Finance and Economics (蘭州財經大學) in the PRC in June 2008, and a doctoral degree in management from Ocean University of China (中國海洋大學) in the PRC in June 2011. She has been a Chartered Global Management Accountant since October 2019. Further, Dr. Sun was selected for the high-level finance and accounting talent quality improvement project by the Ministry of Finance of the PRC in 2024.

Dr. Tong Franklin Fuk Kay (湯復基), aged 70, first joined our Group in February 2013 and re-joined our Group as our independent non-executive Director in August 2025. Dr. Tong is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Tong currently works at QBN Capital and has served as its managing partner since November 2019. Dr. Tong's career began at IBM Research, a division of IBM Corporation (New York Stock Exchange: IBM), where he worked as a laser research scientist until January 1997. From January 1996 to August 2004, Dr. Tong successively served as an associate professor and a professor in information engineering department at the Chinese University of Hong Kong. From May 2005 to January 2013, he served as a vice president of optical communication components unit of SAE Magnetics (H.K.) Ltd. (a subsidiary of TDK corporation (Tokyo Stock Exchange: 6762)). Dr. Tong served as deputy general manager of our Company from February 2013 to June 2014. From July 2014 to June 2017, Dr. Tong served as chief executive officer at the Hong Kong Applied Science and Technology Institute (ASTRI). From August 2017 to July 2019, Dr. Tong worked at HSBC Holdings plc (HKSE: 0005; New York Stock Exchange: HSBC; London Stock Exchange: HSBA; and Bermuda Stock Exchange: HSBC.BH) with the last position as global head of innovation and investment of innovation IT.

Dr. Tong obtained a bachelor's degree in physics from The University of California, San Diego, in the United States in June 1980, a master's degree in physics from The University of California, Santa Barbara, in the United States in December 1982, a master's degree and a doctoral degree in applied physics from Columbia University in the United States in January 1987 and October 1987, respectively.

SENIOR MANAGEMENT

The following sets forth information about our senior management:

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Dr. Hong Jin (洪進)[1]	62	Executive Director, chief executive officer and general manager of optical transceiver business unit	March 2023	March 2023	Overall strategic planning and business operation and the operation of optical transceiver business unit
Ms. Wang Hui (王惠)[1]	48	Executive Director, chief financial officer and secretary to the Board	December 2024	December 2024	Overall strategic planning, finance and capital management
Dr. Li David Dawei (李大偉)	61	Vice president and general manager of chip business unit	November 2002	November 2002	Strategy execution and business operation of chip business unit

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Tan Yi (譚屹)	57	Vice president	September 2002	September 2002	Sales and business development in Europe and the Americas

Note: (1) For the biographical details of Dr. Hong and Ms. Wang, please refer to the paragraph headed "— Board of Directors — Executive Directors" in this section.

Dr. Li David Dawei (李大偉), aged 61, is our vice president and general manager of chip business unit. He joined our Group in November 2002 as vice president of Ligent Tech. Dr. Li is primarily responsible for the strategy execution and business operation of chip business unit.

Dr. Li also serves as a director in other members of our Group: Ligent Tech (appointed in December 2008), LigentCom (appointed in March 2016), and Ligent, Inc. (appointed in April 2024). Prior to joining our Group, Dr. Li held various positions at corporate institutions including principal design engineer at Molex Incorporated in the United States from February 2000 to September 2002 and director of R&D department at Epsilon Lambda Electronics Inc. in the United States from June 1996 to January 2000. Dr. Li has been a member of IEEE Standards Association since October 2015.

Dr. Li obtained a bachelor's degree in electrical engineering from Shandong University (山東大學) in the PRC in July 1984. He further obtained a doctoral degree in engineering from University of Electronic Science and Technology of China (電子科技大學) in the PRC in October 1990 and a doctoral degree in electrical engineering from the University of Houston in the United States in May 1998.

Mr. Tan Yi (譚屹), aged 57, is our vice president. He joined our Group in September 2002 as chief financial officer of Ligent Tech and has been our vice president since October 2018. Mr. Tan is primarily responsible for sales and business development in Europe and the Americas.

Mr. Tan also serves as a director in other members of our Group: LigentCom (appointed in January 2017), Ligent, Inc. (appointed in April 2024), Ligent Tech (appointed in August 2025), and LigentComm (appointed in August 2025). Mr. Tan successively served as chief financial officer of Ligent Tech, from September 2002 to February 2012, chief accountant of the Company from February 2012 to October 2018, and deputy general manager and general manager of Ligent Tech from January 2017 to August 2025.

Mr. Tan obtained his bachelor's degree in economics from Fudan University (復旦大學) in the PRC in July 1992 and a master's degree in business administration from The University of British Columbia in Canada in July 1998.

GENERAL

None of our Directors, or members of the senior management is related to other Directors, or members of senior management of our Company. Save as disclosed in this section, (i) none of our Directors, or senior management members held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date; and (ii) to the best knowledge, information and belief of the Directors and having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Wang Hui (王惠) is one of our joint company secretaries. For the biographical details of Ms. Wang, please refer to the paragraph headed "— Board of Directors — Executive Directors" in this section.

Mr. Tse Yu Yeung (謝愉陽) is one of our joint company secretaries. Mr. Tse has over 5 years of experience in company secretarial and corporate governance fields and is currently an assistant manager of the entity solutions division at Computershare Hong Kong Investor Services Limited ("**Computershare**"). Prior to joining Computershare, he served as an assistant manager of company secretarial services at a leading global professional services firm, where he provided comprehensive corporate services to Hong Kong-listed companies, multinational corporations, and local and offshore private entities.

Mr. Tse obtained the master of science in corporate governance and compliance from Hong Kong Baptist University in July 2024. He is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in August 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the

Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors has an interest in any business which competes or is likely to compete (either directly or indirectly) with our business and which is required to be disclosed under Rule 8.10(2).

BOARD COMMITTEES

We have established the following committees under our Board: an audit committee (the "**Audit Committee**"), a remuneration committee (the "**Remuneration Committee**") and a nomination committee (the "**Nomination Committee**"). The committees operate in accordance with their respective terms of reference approved by our Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of Dr. Sun Ying (being the chairperson and the independent non-executive director who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules), Dr. Zhou Changjun and Mr. Yu Zhitao.

The primary duties of the Audit Committee are to, among others, consider issues in relation to the external auditors and their appointment, oversee the financial reporting system, risk management and internal control systems of our Group, review the financial information of our Group and review policies and practices in relation to corporate governance.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of Dr. Zhou Changjun (the chairperson), Dr. Tong Franklin Fuk Kay and Dr. Hong Jin.

The primary duties of the Remuneration Committee are to, among others, review the remuneration policy and make recommendations to our Board on the remuneration packages of our Directors and other senior management.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of Mr. Yu Zhitao (the chairperson), Dr. Tong Franklin Fuk Kay and Dr. Sun Ying.

The primary duties of the Nomination Committee are to, among others, assess and make recommendations on appropriate candidates for directorship, propose procedures and criteria for the appointment of Directors, review the structure, size and composition of our Board, and assess the independence of independent non-executive Directors.

CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. We intend to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing.

Board Diversity Policy

We have adopted a diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity in our Board in order to enhance its effectiveness. Pursuant to the Board Diversity Policy, we seek to achieve diversity in our Board through the consideration of the following factors when selecting candidates to our Board, including skills, regional and industry experience, professional experience, cultural and educational background, gender and age, ethnicity and length of service.

Our Directors have a balanced mix of knowledge and skills including in electrical engineering, business administration, information technology, accounting and financial management, and we have seven non-executive Directors, including three independent non-executive Directors, with different industry backgrounds.

Besides, we particularly recognize the importance of gender diversity, which is an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Our Company currently has two female Directors on the Board. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Taking into account our existing business model and specific needs and the different backgrounds of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After Listing, our Board will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its effectiveness. We will also disclose in our annual corporate governance report a summary of the Board Diversity Policy together with information regarding the implementation of the Board Diversity Policy.

Management Presence

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers — Management Presence in Hong Kong."

REMUNERATION

Our Directors and senior management receive their remuneration in the form of salaries, allowances and benefits in kind, performance related bonuses, share-based payments expenses, pension scheme contributions and profit sharing scheme expense subject to applicable laws, rules and regulations. For details of the service contracts and letters of appointment that we have entered into with our Directors, see "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Service Contracts and Appointment Letters".

The number of directors among the five highest paid individuals was one, one, three and two for the three years ended December 31, 2025 and the six months ended June 30, 2026, respectively. During the same periods, the total remuneration paid by us to our Directors amounted to RMB7.4 million, RMB6.8 million, RMB13.8 million and RMB5.9 million, respectively, and the total emoluments paid by us to the remaining non-director highest paid individuals amounted to approximately RMB12.0 million, RMB14.4 million, RMB8.8 million and RMB5.1 million, respectively.

During the Track Record Period, no payment was made by us to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. None of the Directors waived their remuneration during the relevant period.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the financial year ending December 31, 2026 to be approximately RMB14 million.

Further information on the remuneration of our Directors and/or the five highest paid individuals during the Track Record Period is set out Notes 9 and 10 in the Accountants' Report, and in "Appendix IV — Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 2. Particulars of Service Contracts and

Appointment Letters — (d) Others". Save for the remuneration as set out in Notes 9 and 10 of the Accountants' Report, no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group. The compensation of the Directors is determined by the Board which, following Listing, will receive recommendations from the Remuneration Committee which will take into account applicable laws, rules and regulations.

COMPLIANCE ADVISOR

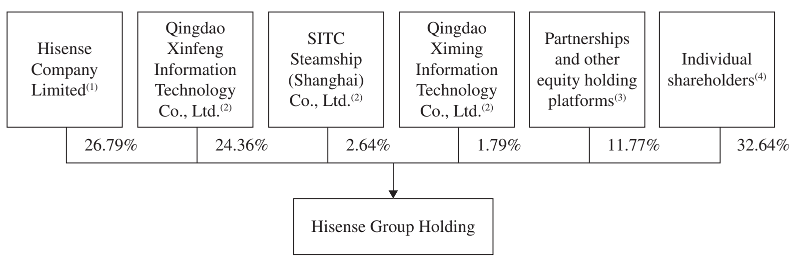
We have appointed Quam Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon Listing in compliance with Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases; (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and (d) the Compliance Advisor will act as one of the key channels of communication of our Company with the Stock Exchange. Where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Hisense Group Holding, directly and indirectly via its wholly owned subsidiary CKL, held in aggregate 394,224,950 Shares, representing approximately 48.61% of our issued share capital. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Hisense Group Holding, directly and indirectly via CKL, will together be interested in and control 394,224,950 Shares, representing approximately 40.11% of our issued share capital. Therefore, Hisense Group Holding and CKL will constitute a group of Controlling Shareholders upon the Listing.

Hisense Group Holding is a PRC-incorporated company headquartered in Qingdao. It is a Chinese multinational technology conglomerate and has built a global presence integrating R&D, production and sales. Hisense Group Holding operates across multiple business segments focusing on smart life, smart energy, semiconductor, and automotive electronics sectors. The simplified shareholding structure of Hisense Group Holding as of the Latest Practicable Date is as follows:



Notes:

(1) Hisense Company Limited was ultimately controlled by the State-Owned Assets Supervision & Administration Commission of Qingdao People's Government (青島市人民政府國有資產監管理委員會) as at the Latest Practicable Date.

(2) As at the Latest Practicable Date, Qingdao Xinfeng Information Technology Co., Ltd., SITC Steamship (Shanghai) Co., Ltd. and Qingdao Ximing Information Technology Co., Ltd. were, by virtue of an acting-in-concert arrangement, ultimately controlled by Mr. Yang Shaopeng (楊紹鵬), an independent third party of the Company.

(3) As at the Latest Practicable Date, there were in total 22 employee shareholding platforms in aggregate, through which nearly 900 individuals held interests. None of these employee shareholding platforms holds more than 2% of the equity interest in Hisense Group Holding as at the Latest Practicable Date. Save for Dr. Hong Jin (our Director), Dr. Li David Dawei (a director of our subsidiaries), Mr. Tan Yi (a director of our subsidiaries), Mr. Shen Wenhui (a director of our subsidiaries) and Dr. Zhang Hua (a director of our subsidiaries), all of the other shareholders or limited partners of these shareholding platforms are independent third parties of the Company.

(4) As at the Latest Practicable Date, there were over 150 individual shareholders, and none of them holds more than 2% of the equity interest in Hisense Group Holding. Save for Mr. Yu Zhitao (our Director), Dr. Jia Shaoqian (our Director), Ms. Wang Hui (our Director), Dr. Li David Dawei (a director of our subsidiaries), Ms. Xu Min (a director of one of our subsidiaries) and Ms. Liang Jiurong (spouse of a director of one of our subsidiaries), all of the other individuals are independent third parties of the Company.

(5) Minor discrepancies in the above chart between the sum of the equity interest percentages and 100% are due to rounding.

CLEAR DELINEATION OF BUSINESS

The Controlling Shareholders have confirmed that, as of the Latest Practicable Date, the Controlling Shareholders did not have any interest in any business, other than our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from the Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our business is managed by our Board and senior management. Upon Listing, our Board will consist of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. See further in "Directors and Senior Management."

Our Directors are of the view that our Board, together with our senior management team, is able to perform the managerial role in our Group independently of our Controlling Shareholders for the following reasons:

(a) Except for Mr. Yu Zhitao and Dr. Jia Shaoqian, two of our non-executive Directors, none of our Directors hold any directorship or management position in Hisense Group Holding. Mr. Yu Zhitao currently serves a director and chief executive officer of Hisense Group Holding. Dr. Jia Shaoqian currently serves as the chairman of the board of directors of Hisense Group Holding. As non-executive Directors, neither Mr. Yu nor Dr. Jia will be involved in our day-to-day management and operations. See "Directors and Senior Management" for their roles within Hisense Group Holding;

(b) Our day-to-day management and operations are carried out by our senior management team, which has substantial experience in the industry in which we operate, and will therefore be able to make business decisions that are in the best interests of our Group. None of them holds any directorship and/or any management roles within Hisense Group Holding;

(c) All of our three independent non-executive Directors are independent of Hisense Group Holding and are professionals having extensive experience in their respective areas of expertise. See further in "Directors and Senior Management". They are appointed in accordance with the Listing Rules requirements to ensure that the Board decisions are made with due consideration of independent and impartial opinions. None of our independent non-executive Directors are directors of Hisense Group Holding or otherwise connected with Hisense Group Holding in any manner that may affect their independent judgment or independence as required under the Listing Rules;

(d) Each Director is aware of his or her fiduciary duties as a Director including, to act for the benefit and in the best interest of our Company and our Shareholders as a whole and to avoid any conflicts between their personal interests and their responsibilities as a Director;

(e) We have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See further in "— Corporate Governance Measures"; and

(f) Some of our Directors or chief executives, namely Mr. Yu Zhitao, Dr. Hong Jin, Ms. Wang Hui and Dr. Jia Shaoqian, are eligible to participate in the shareholding scheme of Hisense Group Holding and therefore directly or indirectly hold certain interests in Hisense Group Holding as of the Latest Practicable Date. Accordingly, such Directors or chief executives hold certain shares or interests in Hisense Group Holding but they expect such interests (if any) would not affect their ability to act in the best interest of our Company and our Shareholders as a whole. Furthermore, the relevant Directors or chief executives will comply with applicable corporate governance measures to manage conflicts of interest, if any.

Based on the above, our Directors are of the view that our management team is independent from the Controlling Shareholders and their respective close associates, and that all of our Directors have relevant experience and ability to ensure proper and effective operation of the Board.

Operational Independence

We believe that we can operate our business independently from our Controlling Shareholders and their respective close associates due to the following reasons:

(a) We independently source, acquire and serve our customers with core functions operated independently from Hisense Group Holding. We have an independent sales and marketing team comprising 71 staff members as of June 30, 2026, which sources and acquires customers independently. To the best knowledge of our Directors, save for the transactions as further described in "Connected Transactions", all of our suppliers are Independent Third Parties;

(b) We have independent access to our customers and an independent management team to operate our business. As Hisense Group Holding is a large multinational conglomerate with diverse business investments, there could be some overlap between our customer base and business partners of Hisense Group Entities. Despite so, no formal customer referral program exists between us and the Hisense Group Holding;

(c) Save as disclosed in "Connected Transactions — 2. Infrastructure and Shared Services Framework Agreement", we hold all material licenses and own all material intellectual properties (or rights to use intellectual properties) and research and development facilities necessary to carry on our business;

(d) We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We have established departments for various functions including general administration, human resources, finance, auditing and internal control. These departments operate independently from Hisense Group Holding, save for certain back-office administrative support services as described in "Connected Transactions — 2. Infrastructure and Shared Services Framework Agreement." These administrative support services only relate to the peripheral aspects of our Group's business operations that can be easily replaced by other Independent Third Party service providers should we choose to do so; and

(e) We have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operations. See further in "— Corporate Governance Measures" in this section.

We have entered into a number of transactions with Hisense Group Holding in terms of our business cooperation, but such transactions between us and Hisense Group Holding and/or its close associates only constitute an insignificant proportion of our business transactions and collaborative arrangements.

Business Cooperation Framework Agreement

Following the Listing, Hisense Group Entities and us expect to supply to each other various goods and related services. During the Track Record Period, (i) the terms of supply of various products and services to Hisense Group Entities are fair and comparable to those offered to our Independent Third Parties for similar products and services; and (ii) to our best knowledge, the terms of procurement of various products and services from Hisense Group Entities are fair and comparable to (i) those offered by them to independent third parties of Hisense Group Entities for similar products and services and (ii) those offered by Independent Third Party suppliers to us for similar products and services. See "Connected Transactions — 1. Business Cooperation Framework Agreement" for further details of and reasons for entering into these transactions.

During the Track Record Period, our Company has been purchasing certain goods and services from Hisense Group Entities to satisfy our business and operational needs. They have acquired a comprehensive understanding of our business and operational requirements and established a great foundation for mutual trust. On this basis, our Directors believe that they are capable of fulfilling our demands efficiently and reliably with a stable and high quality supply of services, and entering into the such agreements would minimize disruption to the Company's operation and internal procedures.

Given the established long-term mutually beneficial relationship between our Group and Hisense Group Entities, such arrangements are unlikely to materially adversely change or terminate following the Listing. Nevertheless, we are not obliged to cooperate with Hisense Group Entities unless we agree to do so. We had historically developed in-house and engaged independent service providers for similar products and services. During the Track Record Period, our in-house capabilities had grown and we had increasingly engaged more independent service providers as their product offerings and services became more standardized.

Furthermore, our Directors are of the view that we are capable of procuring such goods and services from independent service providers given the sufficient choices of comparable goods and services in the market at a similar cost.

Infrastructure and Shared Services Framework Agreement

We lease properties from Hisense Group Entities for production, warehouse and office use. We also obtain certain back-office administrative support services from Hisense Group Entities, including IT and software and systems support services, installation and maintenance services, brand image promotional services and various miscellaneous support services. See "Connected Transactions — 2. Infrastructure and Shared Services Framework Agreement" for further details of and reasons for entering into these transactions.

Our Directors are of the view that these transactions will be in the best interests of our Company, taking into account the following factors:

(a) compared with Independent Third Parties, Hisense Group Entities have a better understanding of the Group's property requirements in relation to manufacturing, warehouse and office premises, and leasing properties from them also facilitates geographical proximity for business cooperation; (b) these arrangements allow our Group to better leverage the mature infrastructure and coverage already built by Hisense Group Entities; and (c) we have been using the offices and production facilities provided by Hisense Group Entities in the past. Relocating offices and production facilities and switching to other service providers will cause unnecessary disruptions to our Group's normal business operations and incur unnecessary costs.

Our Group is not obliged to lease production, warehouse and office premises owned by Hisense Group Entities, or procure the aforementioned services from Hisense Group Entities. Our Group currently also (i) leases office premises from independent property owners and (ii) procures services such as IT and software and systems support services and promotional services from independent suppliers, and will continue to do so where the terms and conditions, location or infrastructure (where applicable) offered are more favourable than those provided by Hisense Group Entities.

Based on the above, our Directors are of the view that our Company can operate its business independently from the Controlling Shareholders and their respective close associates.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We are capable of making financial decisions independently according to our own needs, and the Controlling Shareholders and their respective close associates do not and will not interfere with our use of funds. We maintain and manage bank accounts independently and do not share any bank accounts with the Controlling Shareholders and their respective close associates. We are registered independently for tax and pay tax independently pursuant to applicable PRC tax laws and regulations, rather than on a combined basis with the Controlling Shareholders or other enterprises under their control.

We have obtained financing from independent commercial banks without reliance on Hisense Group Holding or its associates during the Track Record Period, and are expect to continue accessing such external financing independently of our Controlling Shareholders and their associates after Listing. We expect that our working capital will be primarily funded by cash generated from our business operations, and to a lesser extent, external indebtedness.

In addition, we have been receiving financial services from Hisense Finance including deposit services and other financial services in connection with our ordinary course of business operation. Hisense Finance is regulated by National Financial Regulatory Administration and complies with the regulations and operation requirements issued by the relevant regulatory authorities in its provision of financial services. See further in "Connected Transactions." Our Directors consider that the financial services arrangements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Group is able to choose financial services provided by other independent commercial banks and financial institutions, even if the arrangements with Hisense Finance is terminated. As of June 30, 2026, there were no outstanding loans, pledges or guarantees provided for our benefit by the Controlling Shareholders or their respective close associates.

Financial Services Framework Agreement

Our Group has deposited funds with Hisense Finance, and intends to continue to have deposits with Hisense Finance upon completion of the Listing in our ordinary course of business. However, such deposit arrangement does not affect the financial independence of our Company from Hisense Group Holding, as no financial assistance is being provided by Hisense Group Holding or us to each other. See "Connected Transactions — 3. Financial Services Framework Agreement" for further details of and reasons for entering into these transactions.

Our Group has also been engaging Hisense Finance for various other financial services, and intends to continue to engage Hisense Finance for financial services, including electronic finance company acceptance bill services, draft discount services, settlement and sale of foreign exchange services and agency services in our ordinary course of business, after Listing. These services are short-term in nature and operate on commercial terms with market-based pricing. We believe that we are capable of obtaining such financial services from independent financial institutions given there are the sufficient choices of comparable services in the market at a comparable cost. Accordingly, the financial services arrangements are reasonable and are in the interests of the Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that the Board, together with our senior management team, are capable of maintaining financial independence from the Controlling Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following corporate governance measures to resolve actual or potential conflicts of interests between our Group and the Controlling Shareholders:

(a) where a Shareholders' meeting is to be held to consider a proposed transaction in which the Controlling Shareholders or any of their associates has a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting in respect of such transactions;

(b) the Company has established internal control mechanisms to identify connected transactions. Upon Listing, if the Company enters into connected transactions with the Controlling Shareholders or their respective associates, the Company will comply with the applicable Listing Rules;

(c) all non-fully exempt continuing connected transactions between our Group and our connected persons will be subject to annual review by our independent non-executive Directors and the auditors of the Company. Our independent non-executive Directors will provide impartial and professional advice to protect the interests of our Shareholders as a whole;

(d) there are and will be four non-executive Directors and three independent non-executive Directors on our Board to ensure that our Board can effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors will review whether there is any conflict of interest between our Group and the Controlling Shareholders annually (including review of the composition of the Board and consider whether the Board, in light of the management overlap and the matters requiring the overlapping Directors to abstain from voting, can maintain effective functioning) and provide impartial and professional advice to protect the interests of our minority Shareholders;

(e) where the advice from independent professionals, such as that from a financial advisor, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such independent professional will be made at our Company's expense; and

(f) we have appointed Quam Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of our authorized shares and shares of our Company in issue and to be issued as fully paid or credited as fully paid or issued and outstanding immediately prior to and following the completion of the Global Offering.

1. Share Capital as of the Latest Practicable Date

As of the Latest Practicable Date, (i) the authorized share capital of our Company was US$60,000,000, comprising 3,000,000,000 Shares with a par value of US$0.02 each; and (ii) the issued share capital of our Company was US$16,218,536, comprising 810,926,800 Shares with a par value of US$0.02 each.

2. Share Capital Immediately after Completion of the Global Offering

(i) Authorized Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares
3,000,000,000	Shares of par value US$0.02 each	US$60,000,000

(ii) Issued Share Capital

Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the share capital of our Company will be as follows:

Number of Shares	Description of Shares	Aggregate nominal value of Shares
810,926,800	Shares of par value US$0.02 each	US$16,218,536
172,014,700	Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised)	US$3,440,294
982,941,500	**Shares in total**	US$19,658,830

Immediately after the completion of the Global Offering (assuming the Over-allotment Option is exercised in full), the share capital of our Company will be as follows:

Number of Shares	Description of Shares	Aggregate nominal value of Shares
810,926,800	Shares of par value US$0.02 each	US$16,218,536
197,816,900	Shares to be issued under the Global Offering (assuming the Over-allotment Option is exercised in full)	US$3,956,338
1,008,743,700	**Shares in total**	US$20,174,874

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering and that the Over-allotment Option is not exercised. The above does not take into account any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to the Board to issue or repurchase Shares as described below.

RANKING

The Offer Shares rank equally with all Shares currently in issue or to be issued as mentioned in this document and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which General Meeting and Class Meeting are Required

Our Company may by ordinary resolution (i) increase its share capital by the creation of new Shares; (ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares; (iii) cancel any Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person; and (iv) sub-divide its Shares or any of them into Shares of smaller amount. In addition, our Company may by special resolution reduce its share capital or any capital redemption reserve subject to any conditions prescribed by the Cayman Companies Act. If at any time the share capital of our Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided for in the terms of issue of the Shares of that class) may, subject to the provisions of the Cayman Companies Act, be varied or abrogated only with (in addition to a special resolution to amend the Memorandum or the Articles) the consent in writing of the holders of not less than three-fourths of the voting rights of the issued Shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the Shares of that class. See further in “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — 2.1 Shares”.

General Mandate to Issue Shares

Subject to the conditions stated in the section headed “Structure of the Global Offering — Conditions of the Global Offering” in this document, the Board has been granted a general unconditional mandate to allot, issue and deal with the Shares with a total nominal value of not more than the sum of: (i) 20% of the total nominal value of Shares in issue immediately following the completion of the Global Offering; and (ii) the aggregate nominal value of Shares repurchased by the Company under the authority referred to in paragraph headed “General Mandate to Repurchase Shares” below.

This general mandate to issue Shares will expire at the earliest of: (i) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of the Shareholders in general meeting either unconditionally or subject to condition; or (ii) the expiration of the period within which we are required by any applicable laws of the Cayman Islands or our Articles to hold the next annual general meeting of our Company; or (iii) the passing of an ordinary resolution of our Shareholders in general meeting of our Company revoking or varying the authority. See further in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders".

General Mandate to Repurchase Shares

Subject to the conditions stated in the section headed "Structure of the Global Offering — Conditions of the Global Offering", the Board has been granted a general unconditional mandate to exercise all of our powers to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Global Offering.

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with the Listing Rules. See summary of relevant Listing Rules in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 5. Repurchase of Our Own Securities".

This general mandate to repurchase Shares will expire at the earliest of: (i) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of the Shareholders in general meeting either unconditionally or subject to condition; or (ii) the expiration of the period within which we are required by any applicable laws of the Cayman Islands or our Articles to hold the next annual general meeting of our Company; or (iii) the passing of an ordinary resolution of our Shareholders in general meeting of our Company revoking or varying the authority. See further in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders".

SHARE INCENTIVE SCHEME

We adopted the Post-IPO Share Incentive Scheme on September 7. For details, please refer to the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Scheme".

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and that there is no change to our issued share capital between the Latest Practicable Date and the Listing), the following persons will have an interest or a short position in the Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Number of Shares held immediately following the completion of the Global Offering	Approximate percentage of shareholding in the total issued share capital of our Company following the completion of the Global Offering[1]
Hisense Group Holding[2]	Beneficial owner	360,373,650	36.66%
	Interest in controlled corporation	33,851,300	3.44%
TransLight	Beneficial owner	188,300,750	19.16%
Global Optical[3]	Beneficial owner	133,630,750	13.59%

Notes:

(1) The calculation is based on a total of 982,941,500 Shares in issue upon Listing, comprising 172,014,700 Shares to be issued pursuant to the Global Offering, without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option.

(2) CKL is a beneficial owner of 33,851,300 Shares and is a wholly owned subsidiary of Hisense Group Holding. By virtue of the SFO, Hisense Group Holding was deemed to be interested in the same number of Shares which CKL was interested.

(3) Global Optical is a company incorporated in Hong Kong with limited liability. It is ultimately controlled by Primavera Capital Group.

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Strategies."

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$5,445.3 million based on an indicative offer price of HK$32.96 per Offer Share unless otherwise announced and assuming no exercise of the Over-allotment Option, or HK$6,295.7 million if the Over-allotment Option is exercised in full, after deducting estimated underwriting fees and other estimated expenses payable by us in connection with the Global Offering. In line with our strategies, we plan to use the net proceeds from the Global Offering for the purposes set forth below:

(1) approximately 52.9% of the net proceeds, or approximately HK$2,881.5 million, is expected to be allocated to continuous investment in the research and development of new products and technologies. Aside from these net proceeds from the Global Offering, in the third quarter of 2025 we successfully raised approximately RMB1.0 billion to enhance our R&D capabilities and expand our production capacity for optical chips. With respect to the Global Offering,

    (i) approximately 32.6% of the net proceeds, or approximately HK$1,776.2 million, will be used to retain existing and attract new top-tier R&D talent and professionals from world-class universities to further strengthen our research and development capabilities globally. This includes remunerations and compensation to recruit and incentivize R&D personnel for optical transceivers, optical chips and optical network terminals. Specifically, considering our R&D strategies which have covered a variety of new products and multiple new technologies, we plan to recruit over 450 R&D personnel in the fields of optical transceivers, optical network terminals and optical chips over the next five years. These R&D personnel are expected to have an average of over five years of experience in the optical communications industry or other related technology areas. In line with our globalization and high-tech manufacturing strategies, we will focus on acquiring top global talent with expertise in core technology related R&D and intelligent manufacturing, particularly those with experience working at multinational companies. The annual salary of our existing and newly recruited R&D personnel is expected to range from approximately RMB0.4 million to RMB2.2 million per person, depending on their experience, qualification, position and location. We expect that the portion of the net proceeds from the Global Offering allocated for this purpose will be able to cover their salaries up to 2030. See "Business — Our Strategies — Strengthen our R&D capabilities, particularly in emerging technologies, to enhance our products' competitiveness."

(ii) approximately 17.1% of the net proceeds, or approximately HK$933.8 million, will be used to procure and install specialized research and development equipment for optical transceivers and optical network terminals. Specifically, we plan to invest in dedicated equipment for:

(a) the development and testing of next-generation high-rate optical interconnect products, including 3.2T pluggable optical transceivers, 3.2T and 6.4T optical engines supporting NPO and CPO packaging technologies, ELSFP modules and other integrated optical interconnect products, and high-density 12.8T XPO optical transceivers. The expected total purchase cost of such equipment is approximately HK$840.4 million. For more details on our optical transceivers under development, please see "Business — Our Products — Optical Transceivers"; and

(b) the development and testing of optical network terminals, such as 25GS-PON and 50G ONT boxes. The expected total purchase cost of such equipment is approximately HK$93.4 million. For more details on our optical network terminals under development, please see "Business — Our Products — Optical Network Terminals."

(iii) approximately 3.2% of the net proceeds, or approximately HK$171.5 million, will be used for our research and development activities. These include expenditures for the purchase and upgrade of our R&D software tools, procurement of R&D materials, and operations of our R&D facilities.

(2) approximately 25.1% of the net proceeds, or approximately HK$1,365.9 million, is expected to be allocated to expanding our production capacity for optical transceivers and optical chips, and enhancing automation across our product lines.

(i) approximately 23.5% of the net proceeds, or approximately HK$1,280.3 million, will be used for expanding our production capacity for optical transceivers and high-end laser chips. These investments are expected to help us achieve greater economies of scale, further optimize our cost structure, deepen our localized collaboration with customers, and enhance our overseas supply capabilities and market share. In anticipation of the emerging market demand, the ramp-up of next-generation products and evolving technological trends, we are strategically expanding our global production capacity to ensure product matrix upgrade (particularly for the production of higher-rate optical transceivers and higher-end laser chips), timely delivery and long-term competitiveness. In particular, we plan to allocate these investments in: (A) approximately 50.0%, or HK$640.2 million, for constructing two new production facilities in Thailand. We have been planning two new production facilities in Thailand (i.e., new facilities A with two phases and B with one phase), out of which Phase 1 of the new facility A had commenced operation as of the Latest Practicable Date. We expect to commence commercial production at new facility B by the end of 2027. As advised by our local counsel in Thailand, the establishment of our new production facilities in Thailand would generally be subject to applicable laws and regulations, including those relating to land use, industrial estate, zoning, factory notification or licensing, building permits, environmental assessments/approvals, and hazardous substances controls, depending on the location, size, and other specification of the new production facilities. Our local counsel in Thailand is of the view that, provided that the facilities comply with all applicable legal requirements, there is no material legal impediment to obtaining the requisite licenses or approvals; and (B) approximately 50.0%, or HK$640.2 million, for upgrading and expanding current production facilities, which include (a) approximately 10.0%, or HK$128.0 million, for upgrading and expanding our U.S. facilities and purchasing equipment for the manufacturing of high-end laser chips and high-end optical transceivers, particularly 1.6T and 800G optical transceivers; (b) approximately 30.0%, or HK$384.1 million, for upgrading and expanding our Qingdao facility and purchasing equipment for the manufacturing of high-end laser chips and high-end optical transceivers, particularly 1.6T and 800G optical transceivers; Phase 1 of the Qingdao expanded facility for optical chips had commenced operation as of the Latest Practicable Date; and (c) approximately 10.0%, or HK$128.0 million, for upgrading and expanding our Jiangmen facility and purchasing equipment for the manufacturing of high-end optical transceivers, particularly 1.6T and 800G optical transceivers. As discussed above, aside from these net proceeds from the Global Offering, the RMB1.0 billion we raised in the third quarter of 2025 will also be used to expand our production capacity for optical chips, including to establish a new R&D and production facility in Xiamen, China. For more details on our production capacity expansion plans, see "Business — Production — Upgrade and Expansion Plans." In connection with our production capacity expansion, we expect to enter into lease and other property-related transactions with Hisense Group Entities. See "Connected Transactions."

(ii) approximately 1.6% of the net proceeds, or approximately HK$85.7 million, will be used to accelerate the upgrade of the intelligence levels of our manufacturing system. Building on our existing core automated production lines, we plan to implement end-to-end intelligence level upgrade at our current Qingdao and Jiangmen, China and Thailand production facilities, with the aim of increasing production efficiency, improving product quality, and enhancing overall production yield. We also plan to advance our ESG strategy, including to upgrade our energy-efficient equipment and intelligent environmental monitoring and control systems, thus further reducing our energy consumption and waste emissions.

(3) approximately 4.0% of the net proceeds, or approximately HK$217.8 million, is expected to be allocated to enhance business promotion and overseas market expansion.

(i) approximately 3.2% of the net proceeds, or approximately HK$173.3 million, will be used to expand our global sales network and deploy dedicated local sales teams in the PRC and the United States, to strengthen customer coverage and improve responsiveness to customer demands across domestic and overseas markets. We plan to recruit close to 30 sales personnel for the United States with over ten years of related industry experience and those for the Asia-Pacific region with over five years of related industry experience.

(ii) approximately 0.8% of the net proceeds, or approximately HK$44.5 million, will be used for business promotion and brand-building initiatives. We plan to organize professional forums and seminars and participate in trade shows to enhance our brand recognition. We believe that engaging in these marketing activities will enable us to establish connections with potential customers and demonstrate the technical superiority of our products, thereby facilitating and accelerating the market penetration rate of our products.

(4) approximately 8.0% of the net proceeds, or approximately HK$435.6 million, is expected to be allocated to strategic investments and acquisitions across the optical communication value chain in domestic and overseas markets over the next five years. We intend to pursue strategic investment and acquisition opportunities that could have synergies with our existing business and align with our long-term objectives, focusing primarily on upstream sectors of the optical communication industry's value chain (mainly manufacturers of critical components for optical transceivers) and companies with advanced packaging technologies. These investments are expected to enhance our vertical integration and generate operational synergies. In particular, we will seek investment or acquisition opportunities that will enable us to secure critical raw materials, broaden our customer base, strengthen our technological capabilities, and expand our production capacity. We anticipate for these investments or acquisitions to help us achieve economies of scale, unlock our growth potential, and enhance our overall profitability. In selecting investment or acquisition targets, we will consider mainly whether we can achieve synergies through the investment or acquisition, including whether it will bring in new customers, new technologies and additional manufacturing capacity to complement our existing capabilities. We may consider both acquisitions of controls and minority equity investments in the target companies. We intend to primarily target upstream companies for minority equity investments, and may also consider acquiring controls of companies in upstream sectors or in the same sectors as ours in our industry's value chain. The number of investments or acquisitions we may make will depend on the size of the targets that we consider meet our criteria and align with our growth strategies, considering then-prevailing market conditions. Our Directors believe, and Frost & Sullivan concurs, that given the rapid growth and significant breadth of the optical communication industry, there are plenty of potential targets available in the market that satisfy our criteria. As of the Latest Practicable Date, we had not identified any specific targets for acquisitions or investments, or entered into any investment agreement, to which we will apply these proceeds. For more details, see "Business — Our Strategies — Strategic investments and acquisitions."

(5) approximately 10.0% of the net proceeds, or approximately HK$544.5 million, is expected to be allocated for working capital and general corporate purposes to support our business operation and growth.

The table below summarizes the planned yearly allocation of the net proceeds from the Global Offering, from 2026 through 2030. These plans are based on assumptions and are subject to uncertainties, including the risks described in the "Risk Factors" section of this Prospectus. As such, we cannot guarantee that our plans will proceed as scheduled or that our goals will be fully achieved.

	2026 to 2028	2029 to 2030	Total
Item (1) above	35.1%	17.8%	52.9%
Item (2) above	21.0%	4.1%	25.1%
Item (3) above	2.2%	1.8%	4.0%
Item (5) above	10.0%	–	10.0%

Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purposes accordingly on a pro rata basis in the event the Over-allotment Option is exercised.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as intended, we will only deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together, the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities (including qualified domestic institutional investor(s) ("**QDII(s)**") as approved by the relevant PRC authorities) to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) that may be purchased for an aggregate amount of US$340 million (or approximately HK$2,665.8 million, calculated based on the exchange rate set out in the section headed "Information about this Document and the Global Offering — Exchange Rate Conversion") and, exclusive of brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy (the "**Cornerstone Placing**").

Based on the Offer Price of HK$32.96 per Offer Share, the total number of Offer Shares to be subscribed for by the Cornerstone Investors (including those to be subscribed through QDII(s)) would be 80,876,700. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
47.02%	8.23%	40.88%	8.02%

We believe that the Cornerstone Placing demonstrates our Cornerstone Investors' confidence in our Company and its business prospects, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Overall Coordinators in the Global Offering.

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors (including those to be subscribed through QDII(s)) will rank *pari passu* in all respects with the fully paid Shares in issue following the Global Offering of the Company. The Offer Shares to be subscribed by the Cornerstone Investors (excluding the Offer Shares expected to be allocated to Primavera Investment Fund) will be counted towards the public float of our Company under Rule 8.08(1) of the Listing Rules. Immediately following the completion of the Global Offering, (i) the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company, (ii) none of the Cornerstone Investors or their close associates will become a substantial Shareholder of our Company, save that Primavera Investment Fund will remain a close associate of Global Optical, an existing substantial Shareholder of our Company, and (iii) the equity interests in the Company being beneficially owned by the three largest public Shareholders will be less than 50% for the purpose of Rule 8.08(3) of the Listing Rules. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

To the best knowledge of our Company, among the Cornerstone Investors, (i) Primavera Investment Fund (as defined below) is a close associate of Global Optical, an existing Shareholder; and (ii) China Securities (International) Investment Company Limited is a close associate of Xiamen TorchRunxin, an existing Shareholder. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 9.09(b) and 10.04 of the Listing Rules, and consent under paragraph 18 of Chapter 4.15 of the Guide to permit subscription of Offer Shares by such Cornerstone Investor. For further details, see "Waivers — Allocation of Offer Shares to Close Associate of Existing Shareholders as Cornerstone Investors". Each of the Cornerstone Investors is (i) not accustomed to take instructions from our Company or any of our Directors, chief executive, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; and (ii) not financed by our Company or any of our Directors, chief executive of our Company, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iii) other than Primavera Investment Fund, each of the Cornerstone Investors and their respective ultimate beneficial owners is independent of the Company, its connected persons and their respective close associates (as defined in the Listing Rules). In addition, to the best knowledge of our Company, each of the Cornerstone Investors makes independent investment decisions.

Each of GF Fund Management, GF Fund HK, E Fund Management and E Fund HK (as defined below) is a member of the same group of companies as GF Securities (Hong Kong) Brokerage, being one of the Joint Bookrunners and Underwriters of the Global Offering, and therefore each of them is a connected client of GF Securities (Hong Kong) Brokerage. The Stock Exchange has granted its consent under paragraph 1(C)(1) of the Placing Guidelines to permit each of GF Fund Management, GF Fund HK, E Fund Management and E Fund HK to participate in the Global Offering as cornerstone investors subject to certain conditions. For further details, see "Waivers — Consent in relation to the Proposed Subscription of Offer Shares by Certain Cornerstone Investors who are Connected Clients".

As confirmed by each of the Cornerstone Investors, its subscription under the Cornerstone Placing would be financed by its own internal financial resources, financial resources of its shareholders or the assets managed for its investors (in the case of Cornerstone Investors which are funds or investment managers) and it has sufficient funds to settle its respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing. Save as disclosed below, each of the Cornerstone Investors and its ultimate beneficial owner are not listed on any stock exchange.

The Cornerstone Investors have agreed to fully pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors before the Listing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors (including those to be subscribed through QDII(s)) may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this document, our Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a *pro rata* basis in accordance with the terms of the Cornerstone Investment Agreements to satisfy the public demands under the Hong Kong Public Offering. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Monday, September 21, 2026.

THE CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing:

			Based on the Offer Price of HK$32.96 per Offer Share			
Cornerstone Investor	Subscription amount [(1)]	Number of Offer Shares[(2)]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
			Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
	(USD in millions)					
Primavera Investment Fund	30.0	7,136,300	4.15%	0.73%	3.61%	0.71%
GBAHIL						
– *Mega Prime*	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%
– *Poly Platinum*	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%
CFTC Paragon SP	30.0	7,136,300	4.15%	0.73%	3.61%	0.71%
HK BVF I LPF	30.0	7,136,300	4.15%	0.73%	3.61%	0.71%
Orient Asset Management	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%

Cornerstone Investor	Subscription amount (1)	Number of Offer Shares(2)	Based on the Offer Price of HK$32.96 per Offer Share — Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
			Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
	(USD in millions)					
Mount Altai	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%
Peak View Capital	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%
Sinofortune International	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%
Ambre Lau Trade Limited	15.0	3,568,100	2.07%	0.36%	1.80%	0.35%
SCV Delta	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
Mirae Asset Securities HK	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
PAG Capital Structure Opportunity Fund LP.	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
Turquoise Hime (ORIX)	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
GF Fund						
– *GF Fund Management*	9.5	2,259,800	1.31%	0.23%	1.14%	0.22%
– *GF Fund HK*	0.5	118,900	0.07%	0.01%	0.06%	0.01%
E Fund						
– *E Fund HK*	9.5	2,259,800	1.31%	0.23%	1.14%	0.22%
– *E Fund Management*	0.5	118,900	0.07%	0.01%	0.06%	0.01%
CSC OTC Swap	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
First Seafront Asset Management Limited	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
GaoTeng Global Asset Management Limited	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
GigaDevice	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
Amlogic Hong Kong	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
Atlas Venture Limited	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
Alphahill Capital	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
ODI Trust	10.0	2,378,700	1.38%	0.24%	1.20%	0.24%
Barings	5.0	1,189,300	0.69%	0.12%	0.60%	0.12%
Total	**340.0**	**80,876,700**	**47.02%**	**8.23%**	**40.88%**	**8.02%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy.

(2) Subject to rounding down to the nearest whole board lot of 100 Shares. Calculated based on the exchange rate set out in the section headed "Information about this Document and the Global Offering — Exchange Rate Conversion".

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Primavera Investment Fund

Primavera Cornflower Investment Fund L.P. ("**Primavera Investment Fund**") is controlled by its general partner, Primavera Cornflower Investment GP L.P., which is ultimately controlled by Primavera Capital Group. Primavera Capital Group mainly engages in equity investment focusing on consumer and retail, technology, energy transition, healthcare, advanced manufacturing, business services, and financial services sectors. As at the date of this prospectus, there is no single limited partner holding 30% or more interest in Primavera Investment Fund. Save for Mr. Hu, Fred Zuliu (胡祖六), there is no other ultimate beneficial owner holds 30% or more interest in Primavera Capital Group.

GBAHIL

Greater Bay Area Homeland Investments Limited ("**GBAHIL**") is a company incorporated in Hong Kong with limited liability and is jointly owned by ten shareholders, each of which holds less than 13% equity interest therein. GBAHIL's business encompasses investment, investment holding and the establishment or management of private equity funds through its subsidiaries to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an international innovation and technology hub, focusing on technological innovation, industrial upgrading, quality of life, smart city and all other related industries.

Mega Prime Development Limited ("**Mega Prime**") is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of GBA Homeland Limited, which in turn is wholly owned by GBAHIL. Mega Prime subscribes for the Offer Shares through the account managed by Greater Bay Area Development Fund Management Limited (大灣區發展基金管理有限公司) ("**GBADFML**"), on a discretionary basis. GBADFML is a company wholly owned by GBAHIL and licensed under the SFO to conduct Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities in Hong Kong. As of the Latest Practicable Date, no single ultimate beneficial owner holds 30% or more interests in GBADFML. GBADFML's internal investment committee is responsible for making its investment decisions.

Poly Platinum Enterprises Limited ("**Poly Platinum**") is a company incorporated in the British Virgin Islands with limited liability and is wholly-controlled by Greater Bay Area Homeland Development Fund LP ("**GBA Fund**"). GBA Fund is a private fund established in the Cayman Islands and has nine limited partners, each of which holds less than 16% equity interest therein. The general partner of the GBA Fund is Greater Bay Area Homeland Development Fund (GP) Limited, which is ultimately wholly-controlled by GBAHIL. Poly Platinum and GBA Fund are managed by GBADFML.

CFTC Paragon SP

CFTC Paragon SP is a segregated portfolio of CFTC Summit Fund SPC. CFTC Summit Fund SPC (acting for and on behalf of, and for the account of, the sub-fund(s)) is a segregated portfolio company incorporated in the Cayman Islands in July 2026, principally engaged in investment business. The investment manager of CFTC Summit Fund SPC is CFTC Asset Management (Hong Kong) Limited, a company incorporated in Hong Kong in July 2022 and licensed by the SFC to carry on Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities in Hong Kong, and is authorized to make discretionary investment decisions on behalf of CFTC Summit Fund SPC (including the relevant sub-fund). As of the Latest Practicable Date, save for Tiger Group Investments Ltd. which is owned by Mr. Porter, Graham John (50%) and Mr. Wang, Gerry Yougui (王友貴) (50%) (whom are Independent Third Parties), no investor holds 30% or more interest in the two sub-funds of CFTC Summit Fund SPC that will participate in the Global Offering.

HK BVF I LPF

HK BVF I LPF is a limited partnership fund established in Hong Kong in January 2026, principally engaged in investment business. HK BVF I LPF is managed by its investment manager, Broad Vision (HK) Holding Limited, on a discretionary basis. Broad Vision (HK) Holding Limited is a company incorporated under the laws of Hong Kong and licensed by the SFC to carry on Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. As of the Latest Practicable Date, (i) save for Richlong Investment Development Limited, no entity or individual holds 30% or more ultimate beneficial ownership interest in HK BVF I LPF; (ii) save for Mr. Yang Longzhong (楊龍忠), no entity or individual holds 30% or more ultimate beneficial ownership interest in Richlong Investment Development Limited; (iii) save for BVF (BVI) Holding Limited and Mr. Xu Wenbo (徐文博), no entity or individual holds 30% or more ultimate beneficial ownership interest in Broad Vision (HK) Holding Limited; and (iv) save for Mr. Xu Wenbo, no entity or individual holds 30% or more ultimate beneficial ownership interest in BVF (BVI) Holding Limited.

Orient Asset Management

Orient Asset Management (Hong Kong) Limited (東方資產管理(香港)有限公司) ("**Orient Asset Management**") is a wholly-owned subsidiary of Orient Finance Holdings (Hong Kong) Limited and is licensed to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO in Hong Kong by the SFC. Orient Finance Holdings (Hong Kong) Limited is a wholly-owned subsidiary of DFZQ (東方證券股份有限公司), which is listed on the Stock Exchange (Stock code: 3958) and the Shanghai Stock Exchange (Stock code: 600958).

Orient Asset Management has agreed, in its capacity as investment manager, to subscribe for the Offer Shares of the Company for and on behalf of ORIENT SUN RISE FUND SERIES SPC, acting for and on behalf of its segregated portfolio, ORIENT DONGSHENG NO.1 FUND SP, as well as certain discretionary investment accounts managed by Orient Asset Management for its relevant clients, on a discretionary basis. To the best knowledge of the Company and Orient Asset Management, the fund, such relevant clients and the investors of such discretionary investment accounts are Independent Third Parties. Mr. Liu Peng (劉鵬) is an investor holding more than 30% interest in ORIENT DONGSHENG NO.1 FUND SP.

The investors of such discretionary investment accounts include Robinia Global Limited, Renzhu Asset Management Pte. Ltd., Andon Hong Kong Co., Limited, Win Growth (Hong Kong) Limited, Apex Mix Limited and Ms. Wang Yan (王艶). Robinia Global Limited is wholly owned by Apifera Limited, which in turn is wholly owned by Apifera Family Trust, of which Mr. Liu Dan (劉丹) is the settlor and protector. Renzhu Asset Management Pte. Ltd. is indirectly wholly owned by Ms. Ma Yu through a series of wholly-owned holding companies. Andon Hong Kong Co., Limited is an overseas wholly-owned subsidiary of Andon Health Co., Ltd. (天津九安醫療電子股份有限公司) (Shenzhen Stock Exchange: 002432). Win Growth (Hong Kong) Limited is wholly owned by Ms. Yu Guanlan (于冠蘭). Apex Mix Limited is wholly owned by Mr. Chen Huwen (陳湖文).

Mount Altai

Mount Altai Investments Limited ("**Mount Altai**") is a limited company established under the laws of the BVI, principally engaged in investments. There is no ultimate beneficial owner holding 30% or more of the shareholding interest in Mount Altai. Mount Altai is an investing entity associated with ZW Capital, an investment firm focusing on consumer and technology sectors across global high-growth markets.

Peak View Capital

Peak View Capital Limited ("**Peak View Capital**") is a company incorporated in the British Virgin Islands with limited liability. Peak View Capital is 71% owned by E-resources International Limited ("**E-resources**"), which in turn is wholly owned by Mr. Zhu Liming (朱利明) ("**Mr. Zhu**").

Peak View Capital is anchored by long-term family capital associated with Mr. Shilin Huang ("**Mr. Huang**"), a co-founder of Contemporary Amperex Technology Co., Limited. Mr. Zhu holds his interests in Peak View Capital (through E-resources) on behalf of Mr. Huang, who is the ultimate beneficial owner of Peak View Capital.

Sinofortune Nova

Sinofortune Fund SPC, acting for and on behalf of Sinofortune Nova SP ("**Sinofortune Nova**"), is an exempted company incorporated under the laws of the Cayman Islands and registered as a segregated portfolio company. Sinofortune Nova is a segregated portfolio of Sinofortune Fund SPC. Sinofortune Nova is principally engaged in equity and equity-related investments in the next-generation technology and technology-driven sectors, including but not limited to artificial intelligence, intelligent manufacturing, financial technology, biopharmaceuticals and cloud services. None of the investors of Sinofortune Nova holds 30% or more interest in Sinofortune Nova.

Sinofortune Nova is managed by Sinofortune International Asset Management Limited (華豐國際資產管理有限公司) ("**Sinofortune International**") on a discretionary basis, pursuant to which Sinofortune International makes discretionary investment decisions on behalf of Sinofortune Nova. Sinofortune International is a company incorporated in Hong Kong and is licensed by the SFC to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Sinofortune International is beneficially owned as to 70% by Mrs. Xi Qi (奚奇) and as to 30% by Mr. Huang Zhifang (黃志芳), both of whom are Independent Third Parties.

Ambre Lau Trade Limited

Ambre Lau Trade Limited operates as a holding company with a diverse portfolio of entities in the semiconductor and AI industries in Mainland China and Hong Kong. Ambre Lau Trade Limited is engaged in semiconductor and AI-related business activities. AMBRE TECHNOLOGY PTE. LTD. holds 100% equity in Ambre Lau Trade Limited. The ultimate beneficial owner is Mr. Luo Guoyang (劉國揚), who indirectly 100% controls Ambre Lau Trade Limited. Mr. Liu is an individual investor with experience in equity investments and investments in technology-related industries.

SCV Delta

SCV Delta L.P. ("**SCV Delta**") is a private fund formed and registered in the Cayman Islands. Its general partner is wholly owned by SV China Holdco Ltd., which is in turn wholly owned by SBVA Corp. SBVA Corp. is formerly known as SoftBank Ventures Asia Corp., which was established in 2000 and was then an early-stage venture capital institution wholly owned by SoftBank Group Corp. It was subsequently acquired by The Edge of Korea Co., Ltd. in June 2023 and was renamed as SBVA Corp. SBVA Corp. is wholly owned by The Edge of Korea Co., Ltd., which is in turn owned as to 87.71% by THE EDGEOF, PTE. LTD. THE EDGEOF, PTE. LTD. is indirectly owned as to 60% by Mr. Taizo Son, who is an Independent Third Party. As at the Latest Practicable Date, (i) save for Summa Capital SPC-Summa Capital SP 3 ("**Summa Capital SP 3**"), there is no other single limited partner holds 30% or more interest in SCV Delta; (ii) save for Mr. Taizo Son, there is no other entity or individual holding 30% or more ultimate beneficial ownership interest in THE EDGEOF, PTE. LTD.; (iii) the ultimate beneficial owner of the management shares of Summa Capital SP 3 is Ms. Qin Lin (覃琳); and (iv) save for Mr. Zheng Lianrong (鄭練榮) who holds 30% interests, there is no other entity or individual holding 30% or more ultimate beneficial ownership interest in Summa Capital SP 3. SCV Delta makes investment decisions on a discretionary basis.

Mirae Asset Securities HK

Mirae Asset Securities (HK) Limited ("**Mirae Asset Securities HK**"), a wholly owned subsidiary of Mirae Asset Securities Co., Ltd. ("**Mirae Asset Securities**"), was established in Hong Kong in July 2005 and is licensed by the SFC to carry on, among others, Type 9 (Asset Management) regulated activity. Mirae Asset Securities is one of the largest investment banks in the Republic of Korea, providing a comprehensive range of financial services, including brokerage, wealth management, investment banking, sales & trading, and principal investments. Mirae Asset Securities is listed on the Korea Exchange under stock code 006800.KS. It is ultimately controlled by Mirae Asset Capital Co., Ltd., a financial investment company in the Republic of Korea.

PAG Capital Structure Opportunity Fund LP

PAG Capital Structure Opportunity Fund LP (acting by its general partner, PAG Capital Structure Opportunity GP Limited) is an investment fund established as an exempted limited partnership under the laws of Cayman Islands. PAG Capital Structure Opportunity GP Limited, as the general partner acting on behalf of PAG Capital Structure Opportunity Fund LP, makes investments on a discretionary basis. PAG Capital Structure Opportunity Fund LP is advised by PAG Opportunistic Strategies Advisors Limited, and is in turn advised, with respect to its investment, by Pacific Alliance Investment Management (HK) Limited a company incorporated under the laws of Hong Kong with limited liability, which is licensed by the SFC to carry out Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities (CE Number: ANS005) in Hong Kong. Each of PAG Capital Structure Opportunity GP Limited and Pacific Alliance Investment Management (HK) Limited is indirectly and wholly owned by PAG, an exempted company incorporated in the Cayman Islands. Other than Mr. Weijian Shan (單偉建), there is no entity or individual who holds 30% or more ultimate beneficial ownership interest in PAG as of the Latest Practicable Date.

Turquoise Hime (ORIX)

TURQUOISE HIME, L.P. ("**Turquoise Hime**") is a Cayman Islands Exempted Limited Partnership registered as a private fund with the Cayman Islands Monetary Authority. No single ultimate beneficial owner holds 30% or more interest in the Turquoise Hime. Hime Investment Limited is a Cayman Islands exempted company and acts as general partner of Turquoise Hime. Its ultimate beneficiary owner is ORIX Corporation (TYO:8591, NYSE:IX). ORIX Asia Asset Management Limited ("**OAAM**"), acts as the investment manager on a discretionary basis of Turquoise Hime.

OAAM is a key investment management platform for ORIX Corporation in the Asia-Pacific Region. ORIX Group (ORIX Corporation: TYO:8591, NYSE:IX) was established in 1964 and has grown from its roots in leasing in Japan to become a global, diverse, and unique corporate group. Today, it is active around the world in financing and investment, life insurance, asset management, real estate, public infrastructure, environment and energy, automobile-related services, industrial/ICT equipment, ships and aircraft. Since expanding outside of Japan in 1971, ORIX Group has grown its business globally and now operates in around 30 countries and regions across the world.

GF Fund

GF Fund Management Co., Ltd. (廣發基金管理有限公司) ("**GF Fund Management**") and GF International Investment Management Limited (廣發國際資產管理有限公司) ("**GF Fund HK**", together with GF Fund Management, "**GF Fund**") have respectively entered into

Cornerstone Investment Agreements with our Company. GF Fund Management was established on August 5, 2003. As of December 31, 2025, its assets under management exceeded RMB2 trillion. It offers a comprehensive range of product offerings, covering active equity, bonds, money market, overseas investments, passive investments, FOF, and quantitative hedging, among others, to meet the diversified investment needs of domestic and international clients. The controlling shareholder of GF Fund Management is GF Securities Co., Ltd. (廣發證券股份有限公司) ("**GF Securities**"), a company limited by shares listed on the Stock Exchange (stock code: 1776) and the Shenzhen Stock Exchange (stock code: 000776), holding a 54.53% equity interest in GF Fund Management. Apart from GF Securities, no other shareholder holds 30% or more of the equity in GF Fund Management.

GF Fund HK is a wholly-owned subsidiary of GF Fund Management. GF Fund HK (central entity number of its SFC license: AXL121) was incorporated in Hong Kong in December 2010. It is licensed by the SFC to carry on Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities in Hong Kong. GF Fund HK serves as the global investment and business platform for its parent company, GF Fund Management. Acting as GF Fund Management's overseas window company, GF Fund HK strategically connects the Chinese and overseas markets. Leveraging the investment and research capabilities of GF Fund Management and its competitive advantages in the overseas market, GF Fund HK provides comprehensive and high-quality services to its clients.

GF Fund Management and GF Fund HK will subscribe for the Offer Shares as cornerstone investors in their capacity as the discretionary investment managers of certain funds under their management. To the best knowledge of GF Fund Management and GF Fund HK, each fund is an Independent Third Party, and no ultimate beneficial owner holds 30% or more interest.

GF Securities is the holding company of GF Securities (Hong Kong) Brokerage. Both GF Fund Management and GF Fund HK are members of the same group of companies as GF Securities (Hong Kong) Brokerage, and therefore each of GF Fund Management and GF Fund HK is a "connected client" of GF Securities (Hong Kong) Brokerage. Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1(C)(1) of the Appendix F1 to the Listing Rules to permit GF Fund Management and GF Fund HK to participate in the Global Offering as cornerstone investors subject to certain conditions. For further details, see "Waivers — Consent in relation to the Proposed Subscription of Offer Shares by Certain Cornerstone Investors who are Connected Clients".

E Fund

E Fund Management Co., Ltd. ("**E Fund Management**"), is a leading comprehensive asset management company in the PRC. E Fund Management is a QDII approved by the relevant PRC authority and targets at companies with competitive edge over its competitors. E Fund Management is a fund manager managing assets on behalf of its underlying clients. The shareholders of E Fund Management include (1) Guangdong Finance Trust Co., Ltd. (廣東粵財信託有限公司), which is ultimately owned by The People's Government of Guangdong Province (廣東省人民政府), (2) GF Securities, and (3) Infore Group Co., Ltd (盈峰集團有限

公司), which is ultimately owned by Mr. He Jianfeng (何劍鋒), each holding 22.65% in E Fund Management and an Independent Third Party. None of the remaining shareholders of E Fund Management owns 30% or more equity interest therein. E Fund Management will participate in the cornerstone investment through certain funds under its management, and such participation does not involve any proprietary trading. No single holder of any such funds holds 30% or more of the interests in E Fund Management.

E Fund Management (Hong Kong) Co., Ltd. (易方達資產管理(香港)有限公司) ("**E Fund HK**", together with E Fund Management, "**E Fund**"), a company incorporated in Hong Kong in August 2008, is a wholly-owned subsidiary of E Fund Management. E Fund HK is licensed for Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities by the SFC. E Fund HK serves as the global investment and business platform for its parent company, E Fund Management. As E Fund Management's gateway company overseas, E Fund HK strategically connects China with the overseas market. E Fund HK leverages the investment and research capabilities of E Fund Management and its competitive advantage in the overseas market to provide comprehensive and quality service to its clients. E Fund HK will participate in the cornerstone investment through certain funds under its management, and such participation does not involve any proprietary trading. Save for E Fund (HK) Neo Horizon Fund SP (易方達香港新視野基金), in which Mr. YANG Runji (楊潤基) holds 30% or more of the interests, no single holder of any such funds holds 30% or more of the interests therein.

Since both E Fund Management and E Fund HK are members of the same group of companies as GF Securities (Hong Kong) Brokerage, each of them is a "connected client" of GF Securities (Hong Kong) Brokerage. Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1(C)(1) of the Appendix F1 to the Listing Rules to permit E Fund Management and E Fund HK to participate in the Global Offering as cornerstone investors subject to certain conditions. For further details, see "Waivers — Consent in relation to the Proposed Subscription of Offer Shares by Certain Cornerstone Investors who are Connected Clients".

CSC OTC Swap

China Securities (International) Investment Company Limited (建投(海外)投資有限公司) and CSC Financial Co., Ltd. (中信建投証券股份有限公司) will enter into one or more cross border delta-one OTC swap transactions ("**CSC OTC Swap**"), pursuant to which the China Securities (International) Investment Company Limited will hold the Offer Shares to be subscribed under the Cornerstone Investment Agreement on a non-discretionary basis to hedge the CSC OTC Swap while the economic risks and returns of the underlying Offer Shares are passed to CSC Financial Co., Ltd., subject to customary fees and commissions. The CSC OTC Swap will be fully funded by CSC Financial Co., Ltd. and constitute a proprietary investment of CSC Financial Co., Ltd..

China Securities (International) Investment Company Limited is an indirect wholly-owned subsidiary of CSC Financial Co., Ltd., of which its shares are listed on the Shanghai Stock Exchange (stock code: 601066) and the Hong Kong Stock Exchange (stock code: 6066).

First Seafront Asset Management Limited

First Seafront Fund Series SPC, on behalf of First Seafront Capital Ascent Fund SP and First Seafront Capital Ascent II Fund SP, is a fund established in the Cayman Islands. First Seafront Fund Series SPC is a Segregated Portfolio Company incorporated in the Cayman Islands with limited liabilities and is an Independent Third Party, and First Seafront Capital Ascent Fund SP and First Seafront Capital Ascent II Fund SP are both segregated portfolios of First Seafront Fund Series SPC. First Seafront Fund Series SPC is controlled by First Seafront Asset Management Limited as the investment manager on a discretionary basis.

First Seafront Asset Management Limited is a company incorporated in Hong Kong with limited liability on June 9, 2022, and is licensed by the SFC in Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) activities since September 2023. It conducts dealing in securities, investment advisory, and asset management activities in Hong Kong in compliance with regulatory requirements. First Seafront Asset Management Limited is ultimately owned by First Seafront Holding Limited, and no ultimate beneficial owner holds 30% or more interest in First Seafront Asset Management Limited. No single investor holds 30% or more interest in First Seafront Fund Series SPC, and no ultimate beneficial owner holds 30% or more interest in First Seafront Fund Series SPC.

GaoTeng Global Asset Management Limited

GaoTeng SP6 is a segregated portfolio of GaoTeng All Weather Fund SPC, which is an open-ended segregated portfolio company incorporated with limited liability in the Cayman Islands.

GaoTeng Global Asset Management Limited ("**GaoTeng Global AM**") acts as the investment manager of GaoTeng SP6 to manage and invest the assets of GaoTeng SP6, on a discretionary basis, subject to the control and review of the directors of GaoTeng All Weather Fund SPC. GaoTeng Global AM is a Hong Kong-based asset management company, which is held as to more than 40% by each of Hillhouse Capital Group and Tencent Holdings Limited (HKSE: 0700). As of the Latest Practicable Date, none of the limited partners holds 30% or more partnership interests in GaoTeng SP6. GaoTeng Global AM is licensed by the Securities and Futures Commission of Hong Kong for Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. GaoTeng Global AM is also registered with China Securities Regulatory Commission as Qualified Foreign Institutional Investor (QFII/RQFII) and is qualified by Asset Management Association of China as a registered Hong Kong stock investment advisory institution.

GigaDevice

GigaDevice Semiconductor (HK) Limited ("**GigaDevice HK**") is a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of GigaDevice Semiconductor Inc. ("**GigaDevice**"), a joint stock company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 603986.SH) and the Stock Exchange (stock code: 3986.HK). Founded in 2005 and headquartered in Beijing, GigaDevice is a leading fabless integrated circuit design company. It develops chips, systems and solutions, including corresponding algorithms and software, used in the consumer electronics, automotive, industrials, computing and network communications sectors. GigaDevice is principally engaged in the design, research and development, and sales of specialized memory chips, microcontrollers, sensor chips, analog chips, and a complete set of systems and solutions.

Amlogic Hong Kong

Amlogic Co., Limited (晶晨香港有限公司) ("**Amlogic Hong Kong**") was incorporated in Hong Kong in September 2015, and is a wholly-owned subsidiary of Amlogic (Shanghai) Co., Ltd. (晶晨半導體(上海)股份有限公司) (a company listed on the Shanghai Stock Exchange STAR Market (stock code: 688099.SH) since August 2019) ("**Amlogic Inc.**"). Amlogic Inc. is a system-level semiconductor design company that is committed to empowering smart devices worldwide to progress from basic connectivity to intelligent and seamless interconnection.

Atlas Venture Limited

Atlas Venture Limited is a limited liability company incorporated in the BVI. It is a special purpose vehicle wholly owned by DT Ligent Limited Partnership, a limited partnership established in the BVI. DT Ligent Limited Partnership is managed by its general partner, DT Capital Management Company Limited ("**DT Capital**"). There is no limited partner holding 30% or more interests in DT Ligent Limited Partnership. The ultimate beneficial owners of DT Capital are Mr. Shaw Roman Jun (邵俊) and Mr. Tian Lixin (田立新). DT Capital focuses on investments in advanced technologies and the AI industry value chain.

Alphahill Capital

Alphahill Capital Limited ("**Alphahill Capital**"), on a discretionary basis, acting for and on behalf of Alphahill Future Fund, Manifold Master Fund and York House Investment I Limited in the capacity as the investment manager, is a licensed corporation incorporated in Hong Kong and ultimately controlled by Mr. Jiang Siliang (姜思亮), an Independent Third Party. It is regulated by the SFC and holds licences for Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. The principal business of Alphahill Capital is asset management. Alphahill Capital has sole discretion over the investment decision in the investment funds. Alphahill Future Fund has a total of 15 investors, and is held approximately 32% by Maverick Asia Limited ("**Maverick**"). The ultimate beneficial owner of Maverick is Ms. Wang Xinting (王欣婷), an Independent Third Party, who holds 50% interest of Maverick and no other person holds 30% or more interest of Maverick. None of the beneficial owners in Manifold Master Fund holds 30% or more interest. York House Investment I Limited is wholly owned by Mr. Leung Chi Kit (梁志傑). Save for Mr. Leung Chi Kit, no other person holds 30% or more interest of York House Investment I Limited.

ODI Trust

ODI TRUST LIMITED ("**ODI Trust**") is a public company registered in the Hong Kong and regulated by the Hong Kong Trustee Ordinance. As a professional institution, it provides services to clients in the capacity of a trustee. It also holds a Trust or Company Service Provider (TCSP) license. ODI Trust is a global integrated financial group, equipped with comprehensive financial licenses and cross-border financial service capabilities. ODI Trust is dedicated to serving high-net-worth individuals, businesses, and financial institutions in the Asia-Pacific region, becoming their trusted cross-border financial partner. The cornerstone investment to be made by ODI Trust in the Global Offering will be funded by its own capital and does not involve any capital managed by ODI Trust on behalf of its clients. There is no ultimate beneficial owner holding 30% or more of the equity interest in ODI Trust.

Barings

Baring Asset Management (Asia) Limited ("**Barings**") is a subsidiary of Barings LLC which is part of the Barings Group. Barings Group is a US$502 billion (assets under management as of June 30, 2026) global alternative asset manager that partners with institutional, insurance, and wealth clients, and supports leading businesses with flexible financing solutions. Barings LLC, a subsidiary of Massachusetts Mutual Life Insurance Company ("**MassMutual**") with a minority investment from MS&AD Insurance Group Holdings, Inc, seeks to deliver excess returns by leveraging its global scale and capabilities across credit, real assets, capital solutions and emerging markets. MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policyowners. Founded in 1851, the company has been guided by one consistent purpose: to help people secure their future and protect the ones they love. With a focus on delivering long-term value, MassMutual offers a wide range of protection, accumulation, wealth management and retirement products and services.

Barings in its capacity as the investment manager for and on behalf of certain fund(s) and discretionary investment account(s) participates in this cornerstone investment, on a discretionary basis. The fund under management which will beneficially own the subscribed shares is Barings International Umbrella Fund — Barings Hong Kong China Fund, a SFC authorized fund. Currently, no investor holds beneficial ownership of 30% or more in the fund.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares (including those to be subscribed through QDII(s)) under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the other Underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are and will be accurate, complete and true in all respects and not misleading or deceptive and that there is no material breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

HONG KONG UNDERWRITERS

Citigroup Global Markets Asia Limited
CLSA Limited
GF Securities (Hong Kong) Brokerage Limited
Futu Securities International (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 17,201,500 Hong Kong Offer Shares and the International Offering of initially 154,813,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned herein on the Main Board of the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occurs at any time prior to 8:00 a.m. on the Listing Date, the Joint Sponsors in their absolute discretion may, by giving notice to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan and Singapore or other jurisdictions relevant to the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant**

Jurisdictions"); or (ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or (iii) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or (iv) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (1) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (2) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market; or (v) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or (vi) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or (vii) the commencement by any authority or other regulatory or political body or organization of any public action or investigation against a member of the Group or a director of the Company or announcing an intention to take any such action; or (viii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of the Group or any of the Controlling Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or (ix) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or (x) that the Chairman of the Board, any Director or any member of senior management of the Company named in this Prospectus seeks to retire, or is removed from office or vacating his/her office; or (xi) any Director or any member of senior management of the Company named in this Prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or (xii) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or (xiii) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Controlling Shareholder or any Director or senior management members as named in this Prospectus; or (xiv) any contravention by any member of the Group or any Director of the Listing Rules or applicable laws; or (xv) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this Prospectus, which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (i) has or will or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or the Group as a whole; (ii) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or (iii) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering, or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or (iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(i) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents was, when it was issued, or has become unfair or misleading in any material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission or misstatement in any Global Offering Document; or (iii) any material breach of, or any event or circumstance rendering untrue, inaccurate or misleading in any respect, any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or (iv) any event, act or omission which gives rise or is reasonably likely to give rise to any material liability of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or (v) any material breach of any of the obligations or undertakings imposed upon the Company or any cornerstone investor (as applicable) under the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements; or (vi) there is any change or development involving a prospective change, constituting or having a material adverse effect; or (vii) the Company withdraws this Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or (viii) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or (ix) any person whose consent is required for the issue of this Prospectus has withdrawn its consent to being named in the Prospectus or to the issue of any of the Offering Documents with the inclusion of its reports, letters and/or legal opinions (as the case may be) in the form and context in which they respectively appear; or (x) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or (xi) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or (xii) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC filings pursuant to the CSRC rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC filings with the CSRC rules or any other applicable laws; or (xiii) that (1) a material portion of the orders placed or confirmed in the bookbuilding process or (2) any investment commitment made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise, then, in each case, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertaking to the Stock Exchange pursuant to the Listing Rules

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares or securities, or sale or transfer of treasury shares will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or the Over-allotment Option, or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to us that, except in compliance with the requirements of the Listing Rules, it will not and will procure that the relevant registered holder(s) will not, either directly or indirectly: (i) the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; or (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of us.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its shareholding in us is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will and will procure that the relevant registered holder(s) will: (a) when it pledges or charges any securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of the securities so pledged or charged; and (b) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

Upon being informed of matters referred to in paragraph (i) or (ii) above by any of the Controlling Shareholders, our Company will inform the Stock Exchange and make an announcement in accordance with the Listing Rules as soon as practicable.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertaking by Our Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Hong Kong Underwriters and each of them not to (save for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option)), without the prior written consent of the Joint Sponsors and unless in compliance with the requirements of the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the last date of the six months after the Listing Date (the "**First Six-Month Period**"): (a) offer, allot, issue, sell, accept subscription for, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of or create any Encumbrance (as defined under the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any Shares or other securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, or deposit any Shares or other securities of our Company, as applicable, with a depository in connection with the issue of depository receipts); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company, or any interest in any of the foregoing (c) (including, without limitation, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or (d) enter into or effect any transaction with the same economic effect as any transaction described in (i) and (ii) above; or (e) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in (i), (ii) and (iii) above,

in each case, whether any such transaction described in (i), (ii) and (iii) above is to be settled by delivery of the Shares or other securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period).

In the event that, during the period of six months immediately following the First Six-Month Period (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in (i), (ii) and (iii) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of our Company.

Undertakings by the Existing Shareholders

Each of the existing Shareholders has entered into a lock-up undertaking (the "**Lock-up Undertaking**") in favor of the Company, the Joint Sponsors and the Overall Coordinators (acting for themselves and on behalf of the Underwriters) that, except with the prior written consent of the Company, the Joint Sponsors and the Overall Coordinators, it will not, and will procure that none of the relevant registered holder(s) or its associates or companies controlled by it or any nominee or trustee holding on trust for it will, at any time during the period commencing on the Listing Date and ending on, and including, the date that is twelve months from the Listing Date (the "**Lock-up Period**"), (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over (each a "**transfer**"), either directly or indirectly, conditionally or unconditionally, any such Shares or such other securities of the Company (the "**Relevant Shares**") or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) held by, or otherwise beneficially owned by, such Shareholder immediately following completion of the Global Offering; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Relevant Shares; (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that such Shareholder will or may enter into any transaction described in (i), (ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Relevant Shares, in cash or otherwise (whether or not the settlement or delivery of such Relevant Shares will be completed within the Lock-up Period). provided that the foregoing shall not: (a) apply to transferring of any Relevant Shares by the Shareholder (i) as may be required by applicable law or regulation or by any competent authority; (ii) with the prior written consent of the Joint Sponsors and Overall Coordinators (for themselves and on behalf of the Underwriters); (iii) to any affiliate of the Shareholder, provided that such affiliate transferee enters into a lock-up undertaking with the Company and the Joint Sponsors and Overall Coordinators (for themselves and on behalf of the Underwriters) on substantially the same terms as set forth in the Lock-up Undertaking; (iv) as part of the acceptance of a general or public tender offer for the Shares of the Company made in accordance with the relevant public takeover rules (including but not limited to the Takeovers Code), the provision of an irrevocable undertaking to accept such an offer, a sale to an offeror (or potential offeror) which is named in a public announcement of a firm intention to make an offer (or possible intention to make such an offer) or a sale of shares to an offeror (or potential offeror) during an offer period (as defined by the relevant public takeover rules); or (v) pursuant to an offer by the Company to repurchase its own Shares, as long as this is executed on a pro-rata basis; or (b) apply to Shares subscribed by the Shareholder under the Global Offering or subsequent to the completion of the Global Offering; or (c) prevent the Shareholder from using the Shares beneficially owned by such Shareholder as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, provided that (i) the Shareholder immediately informs the Company, the Joint Sponsors and Overall Coordinators (for themselves and on behalf of the Underwriters) of such pledge or charge together with the number of Shares so pledged or charged, and (ii) when the Shareholder receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, the Shareholder immediately informs the Company, the Joint Sponsors and Overall Coordinators (for themselves and on behalf of the Underwriters) of such indications. The number of Relevant Shares of each existing Shareholder subject to the Lock-up Undertaking is different, being: (a) for each of Hisense Group Holding, CKL, Bolangde and Talents Holdings, the Relevant Shares shall represent 100% of the Shares held by each of them immediately following completion of the Global Offering (the "**Shareholder Shares**") during the entire Lock-up Period; and (b) for each of TransLight, Global Optical, Archcom LLC and Xiamen Entities, the Relevant Shares shall represent (i) 100% of the Shareholder Shares for the first six months after the Listing Date; (ii) 85% of the Shareholder Shares for the seventh month after the Listing Date; (iii) 50% of the Shareholder Shares for the eighth month and the ninth month after the Listing Date; and (iv) 20% of the Shareholder Shares for the tenth month after the Listing Date until the end of the Lock-up Period.

Hong Kong Underwriters' Interests in Our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of our Company or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Underwriting Agreements.

The International Offering

International Underwriting Agreement

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with the Joint Sponsors, the Overall Coordinators and the International Underwriters on or around Friday, September 18, 2026. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds to the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering" in this prospectus.

Over-allotment Option

Our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilizing Manager (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 25,802,200 Shares, representing not more than 15% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option" for further details.

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.8% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Fixed Fee**"), out of which they will pay any sub-underwriting commissions and other fees.

No incentive fee will be paid by Our Company to the Underwriters or the Capital Market Intermediaries (the "**Discretionary Fee**"). The ratio of the Fixed Fee and the Discretionary Fee payable to all Underwriters is therefore approximately 80:20.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable by our Company to the Underwriters in relation to the Global Offering at the Offer Price of HK$32.96 per Offer Share (assuming the Over-allotment Option is not exercised) will be approximately HK$151.3 million.

The aggregate underwriting commissions and incentive fees together with the Stock Exchange listing fees, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$224.3 million (assuming the Over-allotment Option is not exercised) and will be paid by our Company.

Joint Sponsors' Fee

An aggregate amount of US$900,000 is payable by our Company as sponsor fee to the Joint Sponsors.

Indemnity

The Company has agreed to indemnify, among others, the Joint Sponsors, the Sponsor-overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, loan financing, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities, co-investments and/or instruments of or with our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Company's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following: (a) the Syndicate Members (other than the Stabilizing Manager or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, loan financing and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Citigroup Global Markets Asia Limited and CLSA Limited are the Overall Coordinators of the Global Offering.

The Listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued as mentioned in this prospectus.

172,014,700 Offer Shares (subject to the Over-allotment Option) will initially be made available under the Global Offering comprising: (a) the Hong Kong Public Offering of initially 17,201,500 Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" in this section below; and (b) the International Offering of initially 154,813,200 Shares (subject to reallocation and the Over-allotment Option) (a) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S and (b) in the United States solely to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as described in "— The International Offering" in this section below.

Investors may either: (a) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (b) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 17.50% of the enlarged issue share capital of our Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 19.61% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Subject to reallocation as mentioned below, our Company is initially offering 17,201,500 Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.00% of the total number of Offer Shares initially available under the Global Offering. Subject to reallocation as mentioned below, the number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.75% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" in this section below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided into two pools: pool A and pool B (with any odd lot being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 8,600,700 Hong Kong Offer Shares (being approximately 50% of the total number of Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 8,600,700 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 25,802,200 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before exercise of the

Over-allotment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of Offer Shares to the Hong Kong Public Offering.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their discretion consider appropriate.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

Details of any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement which is expected to be published on Monday, September 21, 2026.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or taken up, or indicated an interest for, any International Offer Shares under the International Offering. Such applicant's application under the International Offering is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering are required to pay, on application, the Offer Price of HK$32.96 per Offer Share in addition to the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,329.24 for one board lot of 100 Shares. See "How to Apply for Hong Kong Offer Shares" for further details.

THE INTERNATIONAL OFFERING

Number of International Offer Shares initially offered

The International Offering will consist of an offering of initially 154,813,200 Shares being offered by our Company and representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 15.75% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Shares to QIBs in the United States in accordance with Rule 144A and institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the International Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilizing Manager (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Stabilizing Manager (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 25,802,200 Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.56% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken: (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company; (b) may be discontinued at any time; and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes: (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that: (a) the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares; (b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position; (c) liquidation of any such long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares; (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall; (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, through the Stock Borrowing Agreement or by a combination of these methods.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager or any person acting for it may choose to borrow up to 25,802,200 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Global Optical Holdings Limited, pursuant to the stock borrowing agreement, which is expected to be entered into between the Stabilizing Manager or any person acting for it (the "**Stock Borrowing Agreement**") and Global Optical Holdings Limited on or around Friday, September 18, 2026.

If the Stock Borrowing Agreement is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager or any person acting for it for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option, in connection with over-allocations in the International Offering.

The same number of Shares so borrowed must be re-delivered to Global Optical Holdings Limited on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, (b) the day on which the Over-allotment Option is exercised in full and all relevant Shares have been issued and allotted by the Company, or (c) such earlier time as the Stabilizing Manager or any person acting for it and Global Optical Holdings Limited may from time to time agree in writing.

The stock borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Global Optical Holdings Limited by the Stabilizing Manager or any person acting for it in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The Offer Price will be HK$32.96 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Offer Price of HK$32.96 per Offer Share plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,329.24 for one board lot of 100 Shares.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Hong Kong Stock Exchange at **www.ligent.com** and **www.hkexnews.hk**, respectively, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the revised Offer Price will be final and conclusive.

Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus or a new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalization; (ii) listing timetable and underwriting obligations; (iii) price/earning multiple, unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and working capital adequacy confirmation based on revised proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price will not be changed.

If there is any change to the offer size due to change in the number of Offer Shares initially offered in the Global Offering (other than pursuant to the exercise of the Over-allotment Option and/or reallocation mechanism as disclosed in this prospectus), or change to the Offer Price, or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our Shares as prescribed under Rule 11.13 of the Listing Rules, our Company is required to cancel the Global Offering and relaunch the offer and issue a supplemental prospectus or a new prospectus. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

In the event of a reduction in the number of Offer Shares, the Hong Kong Offer Shares and the International Offer Shares may be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Overall Coordinators.

The level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results".

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Friday, September 18, 2026. These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting".

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on: (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned herein on the Main Board of the Stock

Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the Shares on the Stock Exchange; (b) the execution and delivery of the International Underwriting Agreement on or about Friday, September 18, 2026; and (c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **www.ligent.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Tuesday, September 22, 2026, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, September 22, 2026, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Tuesday, September 22, 2026.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 9856.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at **www.ligent.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for: (a) are 18 years of age or older; and (b) have a Hong Kong address (*for the **White Form eIPO** service only*); and (c) are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for: (a) are an existing Shareholder or a Director; (b) are a close associate of any of the above; (c) are a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering; or (d) have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Monday, September 14, 2026 and end at 12:00 noon on Thursday, September 17, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	www.eipo.com.hk	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, September 14, 2026 to 11:30 a.m. on Thursday, September 17, 2026. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, September 17, 2026.
HKSCC EIPO channel.	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

The **White Form eIPO** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority:	• Identity document type, with order of priority:
i. HKID card; or	i. LEI registration document; or
ii. National identification document; or	ii. Certificate of incorporation; or
iii. Passport; and	iii. Business registration certificate; or
• Identity document number	iv. Other equivalent document; and
	• Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange. "Statutory control" means you (i) control the composition of the board of directors of the company; (ii) control more than half of the voting power of the company; or (iii) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100 Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The Offer Price is HK$32.96 per Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to prefund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Public Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **White Form eIPO** service you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		*HK$*		*HK$*		*HK$*
100	3,329.24	2,000	66,584.80	30,000	998,772.05	400,000	13,316,960.65
200	6,658.48	3,000	99,877.21	40,000	1,331,696.07	500,000	16,646,200.80
300	9,987.72	4,000	133,169.61	50,000	1,664,620.08	1,000,000	33,292,401.60
400	13,316.96	5,000	166,462.01	60,000	1,997,544.10	1,500,000	49,938,602.40
500	16,646.19	6,000	199,754.41	70,000	2,330,468.11	2,000,000	66,584,803.20
600	19,975.44	7,000	233,046.82	80,000	2,663,392.13	3,000,000	99,877,204.80
700	23,304.67	8,000	266,339.22	90,000	2,996,316.14	4,000,000	133,169,606.40
800	26,633.92	9,000	299,631.61	100,000	3,329,240.15	5,000,000	166,462,008.00
900	29,963.16	10,000	332,924.01	200,000	6,658,480.32	6,000,000	199,754,409.60
1,000	33,292.40	20,000	665,848.03	300,000	9,987,720.48	8,600,700(1)	286,337,958.44

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(a) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(b) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(c) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(d) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(e) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(f) agree that our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**"), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(g) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;

(h) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(i) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(j) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which you will not be allocated Hong Kong Offer Shares" in this section;

(k) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(l) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(m) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(n) warrant that the information you have provided is true and accurate;

(o) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(p) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(q) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the Hong Kong Share Registrar or by any one as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function. The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service provider at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	24 hours, from 11:00 p.m. Monday, September 21, 2026 to 12:00 midnight Sunday, September 27, 2026 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.ligent.com** which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	at or before 11:00 p.m. on Monday, September 21, 2026
Telephone	+852 2862 8555 — the allocation results telephone enquiry line provided by the Hong Kong Share Registrar.	between 9:00 a.m. and 6:00 p.m., on Tuesday, September 22, 2026, Wednesday, September 23, 2026, Thursday, September 24, 2026 and Friday, September 25, 2026 (Hong Kong time)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, September 18, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, September 18, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.ligent.com** by no later than 11:00 p.m. on Monday, September 21, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If Your Application is Revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If We or Our Agents Exercise Our Discretion to Reject Your Application:

We, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the Allocation of Hong Kong Offer Shares is Void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either: (a) within three weeks from the closing date of the application lists; or (b) within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If: (a) you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications; (b) your application instruction is incomplete; (c) your payment (or confirmation of funds, as the case may be) is not made correctly; (d) the Underwriting Agreements do not become unconditional or are terminated; (e) we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If There is Money Settlement Failure for Allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Tuesday, September 22, 2026, (Hong Kong time), provided that the Global Offer has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of Share certificate		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, September 22, 2026 (Hong Kong time)	No action by you is required
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.	
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.	
	Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk	
	Time: Monday, September 21, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, September 22, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	**White Form** e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it

Except in the event of any Bad Weather Signals (as defined below) in force in Hong Kong on the business day before the Listing Date rendering it impossible for the relevant share certificates to be despatched to HKSCC in a timely manner, our Company shall procure the

Hong Kong Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, September 17, 2026 if, there is/are: (a) a No. 8 typhoon warning signal or above; (b) a black rainstorm warning signal; and/or (c) an Extreme Conditions, (collectively, "**SEVERE Weather Signals**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 17, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **SEVERE** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.ligent.com** of the revised timetable.

If a **SEVERE** Weather Signal is hoisted on Monday, September 21, 2026, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, September 22, 2026.

If a **SEVERE** Weather Signal is hoisted on Monday, September 21, 2026:

- For application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical Share certificate(s) and/or refund cheque (if applicable) will be made by ordinary post when the post office re-opens after the **SEVERE** Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, September 21, 2026 or on Tuesday, September 22, 2026).

If a **SEVERE** Weather Signal is hoisted on Tuesday, September 22, 2026:

- For application of 1,000,000 Hong Kong Offer Shares or more, the physical Share certificate(s) and/or refund cheque (if applicable) will be available for collection in person from the Hong Kong Share Registrar's office after the **SEVERE** Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, September 22, 2026 or on Wednesday, September 23, 2026).

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS. You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes: (a) processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares; (b) compliance with applicable laws and regulations in Hong Kong and elsewhere; (c) registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees; (d) maintaining or updating the register of members of our Company; (e) verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares; (f) facilitating Hong Kong Offer Shares balloting; (g) establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.; (h) distributing communications from our Group; (i) compiling statistical information and profiles of the holder of the Shares; (j) disclosing relevant information to facilitate claims on entitlements; and (k) any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by our Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following: (a) our Company's appointed agents such as financial advisors, receiving banks and overseas principal share registrar; (b) HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS); (c) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with their respective business operation; (d) the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and (e) any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

Our Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of our Company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LIGENT TECHNOLOGIES, INC., CITIGROUP GLOBAL MARKETS ASIA LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND CLSA LIMITED

Introduction

We report on the historical financial information of Ligent Technologies, Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-84, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-84 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 September 2026 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "**Interim Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young
Certified Public Accountants
Hong Kong
14 September 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
REVENUE	*5*	4,238,989	5,086,600	8,354,680	4,215,825	5,392,648
Cost of sales		(3,365,077)	(4,203,511)	(6,682,449)	(3,427,738)	(4,086,598)
Gross profit		873,912	883,089	1,672,231	788,087	1,306,050
Other income and gains	*6*	121,622	105,924	141,373	76,390	72,760
Gains on disposal of a joint venture	*16*	–	–	352,785	352,785	–
Selling and marketing expenses		(68,387)	(60,452)	(78,051)	(46,719)	(39,100)
Research and development expenses		(553,278)	(623,132)	(663,730)	(341,807)	(319,973)
Administrative expenses		(188,840)	(164,107)	(322,138)	(149,251)	(170,552)
Reversal of impairment/ (impairment) of financial assets, net		1,247	(1,315)	(183)	(725)	8
Impairment of property, plant and equipment	*7*	–	(7,456)	(4,216)	–	(2,580)
(Impairment)/reversal of impairment of contract assets, net	*7*	(736)	1,917	(295)	(28)	(926)
Fair value loss on financial liabilities at fair value through profit or loss		(30,038)	(12,045)	(116,274)	(106,650)	–
Other expenses and losses	*6*	(16,443)	(22,757)	(12,535)	(9,922)	(34,778)
Finance costs	*8*	(28,420)	(56,416)	(47,383)	(35,526)	(16,977)
Share of profits of a joint venture		131,860	55,149	–	–	–
PROFIT BEFORE TAX	*7*	242,499	98,399	921,584	526,634	793,932
Income tax expenses	*11*	(26,978)	(8,909)	(48,944)	(17,094)	(132,941)
PROFIT FOR THE YEAR/PERIOD		215,521	89,490	872,640	509,540	660,991
Attributable to:						
Owners of the parent		215,521	89,490	875,869	509,540	656,102
Non-controlling interests		–	–	(3,229)	–	4,889
		215,521	89,490	872,640	509,540	660,991
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic/diluted (RMB)	*13*	0.29	0.12	1.13	0.68	0.81

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	215,521	89,490	872,640	509,540	660,991
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	3,518	7,251	2,292	3,205	(30,854)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	3,518	7,251	2,292	3,205	(30,854)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	219,039	96,741	874,932	512,745	630,137
Attributable to:					
Owners of the parent	219,039	96,741	878,161	512,745	625,248
Non-controlling interests	–	–	(3,229)	–	4,889
	219,039	96,741	874,932	512,745	630,137

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	749,970	1,317,877	1,305,413	1,473,809
Right-of-use assets	15(a)	61,964	98,216	97,584	133,071
Goodwill	19	26,468	26,468	26,468	26,468
Investment in a joint venture	16	371,182	347,215	–	–
Other intangible assets	17	6,389	7,126	14,524	12,748
Deferred tax assets	21	3,941	9,159	2,203	34,102
Prepayments and other receivables	20	67,848	39,867	78,161	836,672
Total non-current assets		1,287,762	1,845,928	1,524,353	2,516,870
CURRENT ASSETS					
Inventories	26	1,060,615	1,745,997	2,426,376	3,174,687
Trade and bills receivables	25	1,191,101	1,983,834	1,780,638	2,412,080
Contract assets	27	3,649	2,000	1,265	256
Prepayments and other receivables	20	1,324,066	1,850,023	267,729	1,232,269
Financial assets at fair value through profit or loss	22	431,461	–	400,737	–
Derivative financial instruments	24	2,959	644	2,064	5,716
Time deposits	23	–	11,380	11,580	27,010
Pledged deposits	23	40,738	59,157	54,785	56,054
Cash and cash equivalents	23	138,503	260,906	1,273,617	1,584,152
Total current assets		4,193,092	5,913,941	6,218,791	8,492,224
CURRENT LIABILITIES					
Trade and bills payables	29	1,197,094	1,679,067	2,719,383	3,055,191
Other payables and accruals	30	660,802	795,519	519,936	678,886
Financial liabilities at fair value through profit or loss	31	414,132	404,223	–	–
Derivative financial instruments	24	746	4,177	254	370
Interest-bearing bank and other borrowings	28	490,970	1,594,594	–	771,311
Lease liabilities	15(b)	10,010	19,050	25,745	43,321
Tax payables		281	6,884	–	34,592
Total current liabilities		2,774,035	4,503,514	3,265,318	4,583,671

	Notes	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	RMB'000	RMB'000	RMB'000
NET CURRENT ASSETS		1,419,057	1,410,427	2,953,473	3,908,553
TOTAL ASSETS LESS CURRENT LIABILITIES		2,706,819	3,256,355	4,477,826	6,425,423
NON-CURRENT LIABILITIES					
Deferred income		18,628	19,519	90,385	70,268
Other payables and accruals	30	–	–	–	265,928
Interest-bearing bank and other borrowings	28	710,000	1,240,500	–	979,466
Lease liabilities	15(b)	39,780	68,060	61,476	76,984
Pillar Two tax liabilities		–	–	–	20,321
Deferred tax liabilities	21	4,674	–	29,291	86,285
Redemption liabilities	32	–	–	538,952	538,312
Other non-current liabilities		163	–	–	–
Total non-current liabilities		773,245	1,328,079	720,104	2,037,564
NET ASSETS		1,933,574	1,928,276	3,757,722	4,387,859
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	100,744	100,744	109,134	109,134
Treasury shares	34	–	(6,980)	–	–
Reserves	35	1,832,830	1,834,512	3,595,822	4,221,070
		1,933,574	1,928,276	3,704,956	4,330,204
Non-controlling interests		–	–	52,766	57,655
Total equity		1,933,574	1,928,276	3,757,722	4,387,859

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Notes	Share capital	Capital reserve*	Treasury shares	Share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
		Attributable to owners of the parent						
		RMB'000	RMB'000 (Note 35)	RMB'000 (Note 34)	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000
At 1 January 2023		100,744	502,354	–	101,061	(15,387)	1,227,200	1,915,972
Profit for the year		–	–	–	–	–	215,521	215,521
Other comprehensive income for the year:								
Exchange differences related to foreign operations		–	–	–	–	3,518	–	3,518
Total comprehensive income for the year		–	–	–	–	3,518	215,521	219,039
Dividend declared	12	–	46,083	–	–	–	(259,420)	(213,337)
Recognition of share-based payments	36	–	3,448	–	3,669	–	–	7,117
Proceeds of exercise of share awards		–	4,783	–	–	–	–	4,783
At 31 December 2023		100,744	556,668	–	104,730	(11,869)	1,183,301	1,933,574

Year ended 31 December 2024

	Notes	Share capital	Capital reserve*	Treasury shares	Share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
		Attributable to owners of the parent						
		RMB'000	RMB'000 (Note 35)	RMB'000 (Note 34)	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000
As at 1 January 2024		100,744	556,668	–	104,730	(11,869)	1,183,301	1,933,574
Profit for the year		–	–	–	–	–	89,490	89,490
Other comprehensive income for the year:								
Exchange differences related to foreign operations		–	–	–	–	7,251	–	7,251
Total comprehensive income for the year		–	–	–	–	7,251	89,490	96,741
Dividend declared	12	–	21,953	–	–	–	(123,580)	(101,627)
Recognition of share-based payments	36	–	4,540	–	2,028	–	–	6,568
Purchase of treasury shares		–	–	(6,980)	–	–	–	(6,980)
As at 31 December 2024		100,744	583,161	(6,980)	106,758	(4,618)	1,149,211	1,928,276

Year ended 31 December 2025

	Notes	Attributable to owners of the parent								
		Share capital	Capital reserve*	Treasury shares	Share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000* *(Note 35)*	*RMB'000* *(Note 34)*	*RMB'000* *(Note 36)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025		100,744	583,161	(6,980)	106,758	(4,618)	1,149,211	1,928,276	–	1,928,276
Profit for the year		–	–	–	–	–	875,869	875,869	(3,229)	872,640
Other comprehensive income for the year:										
Exchange differences related to foreign operations		–	–	–	–	2,292	–	2,292	–	2,292
Total comprehensive income for the year		–	–	–	–	2,292	875,869	878,161	(3,229)	874,932
Issue of shares		8,390	771,610	–	–	–	–	780,000	–	780,000
Dividend declared	*12*	–	9,108	–	–	–	(51,273)	(42,165)	–	(42,165)
Termination of redemption rights of financial liabilities	*31*	–	(319,270)	–	–	–	830,658	511,388	–	511,388
Recognition of redemption liabilities of the Company's shares	*32*	–	(320,946)	–	–	–	–	(320,946)	–	(320,946)
Recognition of redemption liabilities of a subsidiary's shares	*32*	–	(213,850)	–	–	–	–	(213,850)	–	(213,850)
Contribution from non-controlling interests		–	164,005	–	–	–	–	164,005	55,995	220,000
Proceed of exercise of share-based payment		–	–	6,980	–	–	–	6,980	–	6,980
Recognition of share-based payments	*36*	–	3,525	–	9,582	–	–	13,107	–	13,107
As at 31 December 2025		109,134	677,343	–	116,340	(2,326)	2,804,465	3,704,956	52,766	3,757,722

Six months ended 30 June 2025 (unaudited)

	Notes	Attributable to owners of the parent								
		Share capital	Capital reserve*	Treasury shares	Share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000 (Note 35)	RMB'000 (Note 34)	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025		100,744	583,161	(6,980)	106,758	(4,618)	1,149,211	1,928,276	–	1,928,276
Profit for the period (unaudited)		–	–	–	–	–	509,540	509,540	–	509,540
Other comprehensive income for the period:										
Exchange differences related to foreign operations (unaudited)		–	–	–	–	3,205	–	3,205	–	3,205
Total comprehensive income for the period (unaudited)		–	–	–	–	3,205	509,540	512,745	–	512,745
Dividend declared (unaudited)	12	–	9,108	–	–	–	(51,273)	(42,165)	–	(42,165)
Proceed of exercise of share-based payment (unaudited)		–	–	6,677	–	–	–	6,677	–	6,677
Recognition of share-based payments (unaudited)		–	2,461	–	9,582	–	–	12,043	–	12,043
As at 30 June 2025		100,744	594,730	(303)	116,340	(1,413)	1,607,478	2,417,576	–	2,417,576

Six months ended 30 June 2026

	Attributable to owners of the parent							
	Share capital	Capital reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (Note 35)	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2026	109,134	677,343	116,340	(2,326)	2,804,465	3,704,956	52,766	3,757,722
Profit for the period	–	–	–	–	656,102	656,102	4,889	660,991
Other comprehensive income for the period:								
Exchange differences related to foreign operations	–	–	–	(30,854)	–	(30,854)	–	(30,854)
Total comprehensive income for the period	–	–	–	(30,854)	656,102	625,248	4,889	630,137
As at 30 June 2026	109,134	677,343	116,340	(33,180)	3,460,567	4,330,204	57,655	4,387,859

* These reserve accounts comprise the consolidated reserves of RMB1,832,830,000, RMB1,834,512,000, RMB3,595,822,000 and RMB4,221,070,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		242,499	98,399	921,584	526,634	793,932
Adjustments for:						
Finance costs	*8*	28,420	56,416	47,383	35,526	16,977
Share of profits of a joint venture		(131,860)	(55,149)	–	–	–
Interest income	*6*	(27,068)	(40,320)	(22,539)	(19,905)	(3,404)
Loss on fair value changes of financial liabilities at fair value through profit or loss		30,038	12,045	116,274	106,650	–
Loss on disposal of property, plant and equipment, net	*6*	1,176	2,554	1,984	737	380
Gain on early termination of leases	*6*	–	–	(1,602)	(1,598)	–
Gain on disposal of derivative financial instruments	*6*	(12)	–	(462)	(32)	(1,511)
Loss on disposal of derivative financial instruments	*6*	9,726	1,794	5,089	1,513	1,116
Gains on disposal of financial assets at fair value through profit or loss	*6*	(4,035)	(3,643)	(750)	(399)	(5,615)
Gains on disposal of a joint venture	*16*	–	–	(352,785)	(352,785)	–
Fair value gains on derivative financial instruments	*6*	(2,959)	(61)	(2,064)	(2,166)	(4,859)
Fair value losses on derivative financial instruments	*6*	746	4,177	254	4,734	227
Fair value gains on financial assets at fair value through profit or loss	*6*	(2,461)	–	(737)	–	–
Depreciation of property, plant and equipment	*7*	167,569	225,838	311,973	148,403	187,283
Depreciation of right-of-use assets	*7*	12,702	15,145	19,132	8,318	20,804
Amortization of other intangible assets	*7*	2,854	2,628	4,359	1,230	2,208
(Reversal of impairment)/ impairment of trade and bills receivables, net	*7*	(1,531)	632	647	812	5
Impairment/(reversal of impairment) of other receivables, net	*7*	284	683	(464)	(88)	(13)
Impairment of property, plant and equipment	*7*	–	7,456	4,216	–	2,580
Impairment/(reversal of impairment) of contract assets, net	*7*	736	(1,917)	295	28	926

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Provision for inventories	7	45,349	84,369	135,240	37,541	113,672
Share-based payment expense		7,117	6,568	13,107	12,043	–
Foreign exchange difference, net		(278)	840	10,420	1,025	(16,903)
		379,012	418,454	1,210,554	508,221	1,107,805
Decrease/(increase) in inventories		65,760	(769,659)	(815,796)	(131,756)	(861,850)
Decrease/(increase) in trade and bills receivables		622,972	(793,365)	202,549	(265,633)	(631,447)
Decrease in contract assets		1,673	3,566	440	53	83
(Increase)/decrease in prepayments and other receivables		(66,715)	(120,474)	(99,600)	97,384	(1,459,069)
Decrease/(increase) in pledged deposits		136,658	(29,799)	4,172	(27,391)	(16,699)
(Increase)/decrease in derivative financial instruments		(38,853)	(164)	(8,160)	(3,391)	2,228
(Decrease)/increase in trade and bills payables		(171,129)	481,973	1,040,316	587,307	335,808
(Decrease)/increase in other payables and accruals		(107,455)	204,880	(129,433)	(206,354)	355,228
Cash generated from/(used in) operations		821,923	(604,588)	1,405,042	558,440	(1,167,913)
Interest received		1,101	915	2,921	1,947	1,444
Income tax paid		(24,262)	(12,198)	(19,581)	(10,795)	(89,849)
Net cash flows generated from/(used in) operating activities		798,762	(615,871)	1,388,382	549,592	(1,256,318)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		72,050	61,358	19,616	17,958	1,960
Advances to related parties		(900,000)	(406,000)	–	–	–
Repayment from advances to related parties		–	–	1,606,000	1,606,000	–
Proceeds from disposal of a joint venture		–	–	700,000	700,000	–
Proceed from disposal of financial assets at fair value through profit or loss		433,035	435,104	1,105,750	635,399	1,735,615
Purchase of financial assets at fair value through profit or loss		(429,000)	–	(1,505,000)	(635,000)	(1,330,000)
Dividends received from a joint venture		46,264	79,116	–	–	–
Purchases of items of property, plant and equipment		(218,428)	(867,375)	(351,808)	(219,112)	(562,106)
Purchases of other intangible assets		(3,089)	(3,342)	(1,551)	(698)	(468)

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Proceeds from disposal of items of property, plant and equipment		5,718	4,955	4,569	3,374	982
Net cash flow (used in)/generated from investing activities		(993,450)	(696,184)	1,577,576	2,107,921	(154,017)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	*33(a)*	–	–	780,000	–	–
Repayment of interest-bearing bank and other borrowings	*37(b)*	(699,669)	(631,876)	(4,104,167)	(3,331,813)	–
New drawdown of interest-bearing bank and other borrowings	*37(b)*	1,200,000	2,266,000	1,269,073	1,269,073	1,750,777
Interest paid for interest-bearing bank and other borrowings	*37(b)*	(25,943)	(52,376)	(35,757)	(33,951)	(5,339)
Principal portion of lease payments	*37(b)*	(11,882)	(14,023)	(16,395)	(1,575)	(23,090)
Interest portion of lease payments	*37(b)*	(2,477)	(4,040)	(3,896)	(8,402)	(2,222)
Capital injection from non-controlling interests		–	–	220,000	–	–
Purchase of treasury shares		–	(6,980)	–	–	–
Proceeds of exercise of share awards		4,783	–	6,980	6,677	–
Dividends paid	*37(b)*	(248,609)	(123,580)	(64,936)	(51,273)	–
Net cash flow from/(used in) financing activities		216,203	1,433,125	(1,949,098)	(2,151,264)	1,720,126
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,515	121,070	1,016,860	506,249	309,791
Cash and cash equivalents at the beginning of year/period		116,018	138,503	260,906	260,906	1,273,617
Effect of foreign exchange rate changes, net		970	1,333	(4,149)	6,397	744
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		138,503	260,906	1,273,617	773,552	1,584,152

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Investments in subsidiaries	18	304,066	335,687	1,097,018	1,080,095
Total non-current assets		304,066	335,687	1,097,018	1,080,095
CURRENT ASSETS					
Prepayments and other receivables	20	269,822	194,763	144,376	142,941
Cash and cash equivalents		20,616	20,065	3,991	5,505
Total current assets		290,438	214,828	148,367	148,446
CURRENT LIABILITIES					
Other payables and accruals	30	467,286	457,951	60,731	73,439
Tax payable		–	6,637	–	–
Total current liabilities		467,286	464,588	60,731	73,439
NET CURRENT (LIABILITIES)/ASSETS		(176,848)	(249,760)	87,636	75,007
TOTAL ASSETS LESS CURRENT LIABILITIES		127,218	85,927	1,184,654	1,155,102
NON-CURRENT LIABILITIES					
Redemption liabilities	32	–	–	322,015	317,610
Total non-current liabilities		–	–	322,015	317,610
NET ASSETS		127,218	85,927	862,639	837,492
EQUITY					
Share capital	33	100,744	100,744	109,134	109,134
Treasury shares	34	–	(6,980)	–	–
Reserves	35	26,474	(7,837)	753,505	728,358
Total equity		127,218	85,927	862,639	837,492

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Ligent Technologies, Inc. (the "**Company**") is an exempted company registered by way of continuation in the Cayman Island. The registered office of the Company is located at 4th Floor, Harbor Place, 103 South Church Street, Cayman Island. The Company's immediate holding company and ultimate holding company is Hisense Group Holdings Co., Ltd. ("Hisense Group Holding"), a company incorporated in Chinese mainland.

The Company is an investment holding company. During the Relevant Periods and the six months ended 30 June 2025, the Company's subsidiaries were principally involved in the business of manufacturing and sales of optical transceivers, optical chips and optical network terminal products.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hisense Broadband Multimedia Technologies Co., Ltd. ("Qingdao Broadband")*	*a*	Chinese mainland 4 April 2003	RMB215,229,500	100%	–	R&D, Manufacture and sales of optical transceivers, optical chips and optical network terminal products
Hisense Broadband Multimedia Technologies (HK) Co., Limited ("HK Broadband")	*b*	Hong Kong 4 March 2011	HK$8,000,000	100%	–	Investment holding
Guangdong Hisense Broadband Technology Co., Ltd. ("Guangdong Broadband")*	*a*	Chinese mainland 28 June 2012	RMB33,130,000	–	100%	R&D, manufacturing and sales of optical transceivers and optical network terminal products
Xiamen Lianzhi Optical Communication Technology Co., Ltd. ("Xiamen Lianzhiguang")*	*c*	Chinese mainland 9 April 2025	RMB273,333,334	–	94.63%	R&D, production and sales of optical chips and optical device products
Qingdao Lianzhi Optical Communication Technology Co., Ltd. ("Qingdao Lianzhiguang")*	*c*	Chinese mainland 15 April 2025	RMB380,000,000	–	100%	R&D, Manufacture of optical chips
Ligent Inc.	*b*	United States of America 8 April 2024	USD0.50	100%	–	Investment holding
Ligent Tech, Inc. (formerly known as Hisense Broadband, Inc.) ("Ligent Tech")	*b*	United States of America 21 June 2002	USD10	–	100%	R&D, Sales of optical transceivers
LigentCom Photonics Inc. (formerly known as Hisense Photonics, Inc.) ("LigentCom")	*b*	United States of America 8 November 2000	USD24.14771	–	100%	R&D, Manufacture of optical chips
Ligent Comm Co., Ltd. ("LigentComm")	*d*	Thailand 20 November 2019	THB1,250,000,000	–	99.9999976%	Manufacturing of optical transceivers and optical network terminal products
Ligent (Singapore) Pte. Ltd.	*e*	Singapore 6 September 2020	USD3,000,000	–	100%	R&D of optical transceivers

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared under China Accounting Standards for Business Enterprises ("PRC GAAP") were audited by ShineWing Certified Public Accountants Qingdao branch, certified public accountants registered in the PRC.

(b) No audited financial statements have been prepared for these entities during the Relevant Periods, as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

(c) No audited financial statements have been prepared for these entities during the Relevant Periods, as the entities were established during the year ended 31 December 2025.

(d) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under Thai Financial Reporting Standard for Non-Publicly Accountable Entities were audited by KPMG Phoomchai Audit Ltd., certified public accountants registered in Thailand. The statutory financial statements of this entity for the year ended 31 December 2025 prepared under Thai Financial Reporting Standard for Non-Publicly Accountable Entities were audited by EY Office Ltd., certified public accountants registered in Thailand.

(e) The statutory financial statements of this entity for the year ended 31 December 2025 prepared under Singapore Standards on Auditing for Non-Publicly Accountable Entities were audited by Ernst & Young LLP, certified public accountants registered in Singapore. No audited financial statements have been prepared for this entity during the fiscal years 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

* The English names of the PRC companies above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and bill receivables measured at fair value through other comprehensive income which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and International Accounting Standards (the "**IAS**") 28	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[2]

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below:

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. So far, the Group considers that IFRS 18 is unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sales or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sales or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and bill receivables measured at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, and non-current assets/a disposal group classified as held for sales), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.44%-3.33%
Freehold land	Not depreciated
Leasehold improvements	33.33%
Plant and machinery	6.33%-32.33%
Furniture and fixtures	6.33%-32.33%
Motor vehicles	9.5%-24.25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 1 to 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Offices	2-10 years
Machinery	2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. Debt investments graded in the top investment categories (Very Good and Good) by the Credit Rating Agency are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Credit Rating Agency both to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, financial liabilities at fair value through profit or loss, derivative financial instruments, interest-bearing bank and other borrowings and redemption liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, trade and other payables, interest-bearing borrowings, and redemption liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancelation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within six months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognized for Pillar Two income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, and joint ventures, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government subsidies

Government subsidies are recognized at their fair value where there is reasonable assurance that the subsidies will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the subsidies relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sales of products

Revenue is recognized when the control of the optical transceivers, optical chips and optical terminal products have been transferred, that is, when the products have been delivered to the specific location of the customer and the customer has confirmed the acceptance of the products. The Group recognizes accounts receivable upon receipt of the signed receipt after the delivery of goods to the customer, as this represents the point in time when the consideration right becomes unconditional, as it only takes some time before the payment is due.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates certain share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a option pricing model, further details of which are given in note 36 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately.

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognized for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Dividends are recognized as a liability when they are approved by the shareholders. Proposed dividends are disclosed in the note 12 to the Historical Financial Information.

Foreign currencies

These financial statements are presented in Renminbi, which is different from the Company's functional currency, United States dollar. As the major revenues and assets of the Group are derived from operations in Chinese mainland, Renminbi is chosen as the presentation currency to present these financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgment

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Historical Financial Information:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant cash-generating units ("CGUs") to which the goodwill is allocated, which is the higher of the fair value less costs of disposal and value in use. In determining the fair value less cost of disposal of the CGUs, references were made to the valuation of the land, buildings plant and machinery and the carrying amount of the business unit's other assets and liabilities which approximated to their fair value. The assessment of the recoverable amount requires the use of estimates and assumptions such as identifying comparable market transactions for land, buildings plant and machinery. These estimates and assumptions are subject to risk and uncertainty. The assumptions were affected by expectations of future market or economic conditions. Therefore, there is a possibility that changes in circumstances will impact on these projections, which will have a corresponding impact on the recoverable amounts of the CGUs, thus the goodwill impairment assessment. The carrying amount of goodwill carried as an asset in the consolidated statement of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026 was RMB26,468,000, details of which are set out in note 19.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets are disclosed in note 25 and note 27 to the Historical Financial Information.

Provision of inventories

The Group reviews the aging analysis of the Group's inventories at the end of each reporting period, and makes provision for obsolete items when events or changes in circumstances show that the balance of inventories may not be realizable. The assessment of the provision amount involves management judgment and estimates by considering historical consumption. Where the actual outcome is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which such estimate has been changed. Further details of which are included in note 26 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is in the optical communication industry, engaged in the research, production and sales of optical transceivers, optical chips and optical network terminals, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Asia					
– China	2,768,316	3,494,280	5,883,333	3,020,505	3,393,700
– Rest of Asia	541,258	670,878	839,349	436,965	479,432
North America	605,706	683,502	1,287,082	626,509	1,212,663
Europe and others	323,709	237,940	344,916	131,846	306,853
Total revenue	4,238,989	5,086,600	8,354,680	4,215,825	5,392,648

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
China	1,088,122	1,510,439	1,181,000	2,009,990
United States of America	151,600	147,186	101,795	118,098
Thailand	44,099	179,144	239,355	354,680
Total	1,283,821	1,836,769	1,522,150	2,482,768

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Information about external customers from which the revenue amounted to over 10% of the total revenue of the Group for the Relevant Periods and the six months ended 30 June 2025 was set forth below:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Customer A	1,359,933	1,196,090	1,713,513	855,665	979,841
Customer C	*	*	852,618	*	1,134,282
Customer F	*	1,033,961	1,819,036	972,679	1,045,499
Customer G	*	*	1,154,341	647,792	*

* Less than 10% of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue from contracts with customers	4,238,989	5,086,600	8,354,680	4,215,825	5,392,648

(a) Disaggregated revenue information

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Types of goods or services					
Optical transceivers					
– Datacom transceivers	1,055,988	2,776,454	5,469,325	2,741,494	3,744,715
– Telecom transceivers	1,681,162	905,653	1,065,287	540,863	533,063

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Optical network terminals	1,389,758	1,380,703	1,791,137	917,269	1,029,887
Optical chips	112,081	23,790	28,931	16,199	84,983
Total	4,238,989	5,086,600	8,354,680	4,215,825	5,392,648
Geographical markets					
Asia					
– China	2,768,316	3,494,280	5,883,333	3,020,505	3,393,700
– Rest of Asia	541,258	670,878	839,349	436,965	479,432
North America	605,706	683,502	1,287,082	626,509	1,212,663
Europe and others	323,709	237,940	344,916	131,846	306,853
Total	4,238,989	5,086,600	8,354,680	4,215,825	5,392,648
Timing of revenue recognition					
Goods transferred at a point in time	4,238,989	5,086,600	8,354,680	4,215,825	5,392,648

The following table shows the amounts of revenue recognized in the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of each of the reporting period:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period	1,390	2,311	1,971	1,971	2,224

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sales of optical transceivers, optical chips and optical terminal products

The performance obligation is satisfied when the products have been delivered to the specific location of the customer and the customer has confirmed the acceptance of products and payment is generally due within 30 to 120 days from issued invoices. For new customers, where payment in advance is normally required.

All amounts of transaction prices allocated to the performance obligations of sales of optical transceivers, optical chips and optical terminal products are expected to be recognized as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

6. OTHER INCOME AND GAINS, AND OTHER EXPENSES AND LOSSES

	Note	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income						
Interest income		27,068	40,320	22,539	19,905	3,404
Government subsidies*		32,461	23,056	22,488	7,378	38,283
Other tax refund		35,419	22,857	65,377	36,689	9,386
Rental income		2,512	2,754	4,154	1,987	1,681
Sales of scrap materials		3,712	2,741	2,592	1,391	3,914
Others		2,847	3,228	3,294	2,631	1,026
Total other income		104,019	94,956	120,444	69,981	57,694
Gains						
Compensation from suppliers		3,767	5,801	5,108	1,540	2,307
Gains on disposal of financial assets at fair value through profit or loss		4,035	3,643	750	399	5,615
Foreign exchange gains	7	2,756	–	9,954	450	–
Fair value gains on derivative financial instruments		2,959	61	2,064	2,166	4,859
Fair value gains on financial assets at fair value through profit or loss:						
– Wealth management products		2,461	–	737	–	–
Gains on disposal of derivative financial instruments		12	–	462	32	1,511
Gains on early termination of leases		–	–	1,602	1,598	–
Others		1,613	1,463	252	224	774
Total gains		17,603	10,968	20,929	6,409	15,066
Total other income and gains		121,622	105,924	141,373	76,390	72,760
Other expenses and losses						
Foreign exchange losses	7	–	10,398	–	–	31,567
Fair value losses on derivative financial instruments		746	4,177	254	4,734	227
Loss on disposal of derivative financial instruments		9,726	1,794	5,089	1,513	1,116
Other operating expenses		1,570	1,629	1,373	1,276	43
Loss on disposal of property, plant and equipment, net		1,176	2,554	1,984	737	380
Direct operating expenses arising from rental-earning arrangements		564	720	1,535	726	531
Loss on disposal of bills receivables		885	323	885	728	327
Others		1,776	1,162	1,415	208	587
Total other expenses and losses		16,443	22,757	12,535	9,922	34,778

* The amounts represent subsidies received from certain governmental authorities in Chinese mainland for the Group's operating businesses, where there were no unfulfilled conditions or contingencies relating to these subsidies during the Relevant Periods and the six months ended 30 June 2025.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cost of inventories sold*		3,365,077	4,203,511	6,682,449	3,427,738	4,086,598
Depreciation of property, plant and equipment	*14*	167,569	225,838	311,973	148,403	187,283
Depreciation of right-of-use assets	*15(a)*	12,702	15,145	19,132	8,318	20,804
Amortization of other intangible assets	*17*	2,854	2,628	4,359	1,230	2,208
Lease payments not included in the measurement of lease liabilities	*15(c)*	7,335	8,037	5,981	4,019	2,528
Auditor's remuneration		348	368	398	398	425
Listing expenses		–	–	22,988	–	9,307
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 9)*):						
Wages, salaries and benefits in kind		694,682	773,465	1,000,836	460,960	567,124
Pension scheme contributions (defined contribution schemes)**		49,455	51,361	55,258	27,497	36,550
Profit sharing bonus		59,570	23,529	120,525	120,525	–
Share-based payment expenses		5,328	3,744	10,963	9,173	–
Total		809,035	852,099	1,187,582	618,155	603,674
Foreign exchange difference, net	*6*	(2,756)	10,398	(9,954)	(450)	31,567
Impairment of property, plant and equipment	*14*	–	7,456	4,216	–	2,580
Provision for inventories	*26*	45,349	84,369	135,240	37,541	113,672
Impairment/(reversal of impairment) of financial assets and contract assets, net:						
Prepayments and other receivables, net	*20*	284	683	(464)	(88)	(13)
Trade and bills receivables, net	*25*	(1,531)	632	647	812	5
Contract assets, net	*27*	736	(1,917)	295	28	926
Total		(511)	(602)	478	752	918
Fair value (gains)/losses on derivative financial instruments		(2,213)	4,116	(1,810)	2,568	(4,632)

* Cost of inventories sold include provision for inventories and expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest on bank and other borrowings	25,943	52,376	35,757	33,951	5,339
Interest on lease liabilities *(note 15(b))*	2,477	4,040	3,896	1,575	2,222
Interest on redemption liabilities	–	–	7,730	–	9,416
Total	28,420	56,416	47,383	35,526	16,977

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and the supervisors of the Company recorded in each of the Relevant Periods is set out below:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Fees	–	–	177	–	225
Other emoluments:					
Salaries, allowances and benefits in kind	1,954	2,015	3,632	979	2,961
Performance related bonuses	288	430	4,956	233	2,527
Share-based payments expenses	1,789	2,823	2,144	2,144	–
Pension scheme contributions	156	160	155	68	208
Subtotal	4,187	5,428	10,887	3,424	5,696
Profit sharing bonus	3,217	1,372	2,699	2,699	–
Total	7,404	6,800	13,763	6,123	5,921

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Changjun Zhou	–	–	59	–	75
Franklin Fuk Kay Tong	–	–	59	–	75
Ying Sun	–	–	59	–	75
Total	–	–	177	–	225

The Company did not appoint independent non-executive directors during the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025. Dr. Changjun Zhou, Dr. Franklin Fuk Kay Tong and Dr. Ying Sun were appointed as the independent non-executive directors of the Company on 11 August 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors, and the supervisor

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2023						
Non-executive directors:						
Yuebin Duan	–	1,400	154	1,328	153	3,035
Weiping Huang	–	554	134	461	3	1,152
Shaoqian Jia	–	–	–	–	–	–
Zhitao Yu	–	–	–	–	–	–
HSIEN-CHENG CHEN	–	–	–	–	–	–
Jing Zhang	–	–	–	–	–	–
Weiqiang Chen	–	–	–	–	–	–
Subtotal	–	1,954	288	1,789	156	4,187
Supervisor:						
Zhenshun Liu	–	–	–	–	–	–
Total	–	1,954	288	1,789	156	4,187

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2024						
Non-executive directors:						
Yuebin Duan	–	1,325	430	2,823	160	4,738
Weiping Huang	–	690	–	–	–	690
Shaoqian Jia	–	–	–	–	–	–
Zhitao Yu	–	–	–	–	–	–
HSIEN-CHENG CHEN	–	–	–	–	–	–
Jing Zhang	–	–	–	–	–	–
Weiqiang Chen	–	–	–	–	–	–
Subtotal	–	2,015	430	2,823	160	5,428
Supervisor:						
Zhenshun Liu	–	–	–	–	–	–
Total	–	2,015	430	2,823	160	5,428

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2025						
Executive directors:						
Jin Hong	–	1,727	1,815	–	44	3,586
Hui Wang	–	510	940	–	43	1,493
Subtotal	–	2,237	2,755	–	87	5,079
Non-executive directors:						
Weiping Huang	–	790	–	–	–	790
Shaoqian Jia	–	–	–	–	–	–

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
HSIEN-CHENG CHEN	–	–	–	–	–	–
Weiqiang Chen	–	–	–	–	–	–
Zhitao Yu	–	–	–	–	–	–
Jing Zhang	–	–	–	–	–	–
Yuebin Duan	–	605	2,201	2,144	68	5,018
Subtotal	–	1,395	2,201	2,144	68	5,808
Supervisor:						
Zhenshun Liu	–	–	–	–	–	–
Total	–	3,632	4,956	2,144	155	10,887

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2025 (unaudited)						
Non-executive directors:						
Weiping Huang	–	374	–	–	–	374
Shaoqian Jia	–	–	–	–	–	–
HSIEN-CHENG CHEN	–	–	–	–	–	–
Weiqiang Chen	–	–	–	–	–	–
Zhitao Yu	–	–	–	–	–	–
Jing Zhang	–	–	–	–	–	–
Yuebin Duan	–	605	233	2,144	68	3,050
Subtotal	–	979	233	2,144	68	3,424
Supervisor:						
Zhenshun Liu	–	–	–	–	–	–
Total	–	979	233	2,144	68	3,424

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2026						
Executive directors:						
Jin Hong	–	1,897	2,180	–	154	4,231
Hui Wang	–	664	347	–	54	1,065
Subtotal	–	2,561	2,527	–	208	5,296
Non-executive directors:						
Weiping Huang	–	400	–	–	–	400
Shaoqian Jia	–	–	–	–	–	–
Zhitao Yu	–	–	–	–	–	–
Jing Zhang	–	–	–	–	–	–
Subtotal	–	400	–	–	–	400
Total	–	2,961	2,527	–	208	5,696

Note: According to the Group's profit sharing scheme, Mr. Yuebin Duan also be granted of RMB3,217,000, RMB1,372,000, RMB2,699,000, RMB2,699,000 and nil during the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026, respectively. The scheme has been terminated since April 2025.

Dr. Jin Hong and Ms. Hui Wang were appointed as the executive directors of the Company on 11 August 2025. Additionally, Mr. Yuebin Duan, Mr. Weiqiang Chen, Mr. HSIEN-CHENG CHEN and Mr. Zhenshun Liu resigned on 11 August 2025.

There was no arrangement under which a director or the supervisor waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included one director during the years ended 31 December 2023, 2024 and the six months ended 30 June 2025, included three directors during the years ended 31 December 2025, and included two directors during the six months ended 30 June 2026, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining highest paid employees who are not a director of the Company:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	7,103	10,561	4,301	4,032	3,353
Performance related bonuses	1,349	2,999	3,079	2,076	1,338
Share-based payment expense	385	–	909	1,125	–
Pension scheme contributions	682	833	468	3,666	406
Subtotal	9,519	14,393	8,757	10,899	5,097
Profit sharing bonus	2,471	–	–	605	–
Total	11,990	14,393	8,757	11,504	5,097

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
Nil to RMB1,000,000	–	–	–	–	–
RMB1,000,001 to RMB2,000,000	–	–	–	–	3
RMB2,000,001 to RMB3,000,000	3	3	–	3	–
RMB3,000,001 to RMB4,000,000	1	–	–	–	–
RMB4,000,001 to RMB5,000,000	–	–	2	1	–
More than RMB5,000,000	–	1	–	–	–
Total	4	4	2	4	3

11. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled or operated.

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate for the Group's PRC subsidiaries is 25% unless subject to preferential tax as set out below.

Qingdao Broadband was qualified as a High and New Technology Enterprise ("HNTE") on 14 December 2021 to 13 December 2024, 4 December 2024 to 3 December 2027 and was entitled to a preferential tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

United States of America

The subsidiaries incorporated in the United States of America are subject to federal income tax at a rate of 21%, California state and New Jersey income tax at rates of 8.84% and 6.5%, respectively.

Thailand

LigentComm has received Thailand promotional privileges from the Board of Investment for the manufacture of telecommunication components and products. The privileges include an exemption from corporate income tax on net profits derived from the promoted operations.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current income tax					
– Chinese mainland					
Charge for the year/period	2,257	6,577	678	4	80,312
Under provision in prior years	–	–	–	–	5,140
– United States of America	10,271	11,796	11,666	3,738	2,073
– Hong Kong	569	428	353	169	–
Pillar Two income taxes – current tax*	–	–	–	–	20,321
Deferred tax *(note 21)*	13,881	(9,892)	36,247	13,183	25,095
Total tax charge for the year/period	26,978	8,909	48,944	17,094	132,941

* The current tax expense mainly relates to Thailand.

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before tax	242,499	98,399	921,584	526,634	793,932

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Tax at the PRC EIT rate of 25%	60,625	24,600	230,396	131,658	198,483
Effect of different tax rates	(14,832)	(6,732)	(117,743)	(84,545)	(47,301)
Additional deductible allowance for research and development expenses and others *(note a)*	(73,035)	(77,361)	(150,693)	(73,103)	(30,451)
Profits attributable to a joint venture *(note b)*	(32,965)	(13,787)	–	–	–
Expenses not deductible for tax	284	472	219	104	2,807
Tax losses utilized from previous periods	–	–	(93,786)	(87,408)	(23,075)
Adjustments in respect of current tax of previous periods	–	–	–	–	5,140
Tax losses and deductible temporary differences not recognized	86,901	81,717	180,551	130,388	7,017
Pillar Two income taxes – current tax*	–	–	–	–	20,321
Tax charge for the year/period	26,978	8,909	48,944	17,094	132,941

Notes:

(a) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim additional deduction of their research and development costs.

(b) The share of tax attributable to a joint venture amounting to RMB32,965,000, RMB13,787,000, nil, nil and nil during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, were included in "Share of profits of a joint venture" in the consolidated statements of profit or loss.

(c) The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules. The Group has applied the mandatory temporary exception under IAS 12 to the recognition and disclosure of deferred tax assets and liabilities arising from Pillar Two income taxes. Accordingly, the Group does not recognise deferred taxes in respect of such taxes and accounts for any Pillar Two top-up tax as current income tax when it is incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates.

Based on a preliminary assessment performed using information currently available, the Group has identified potential exposure to Pillar Two income taxes primarily arising from its operations in Thailand, where the effective tax rate is below the 15% minimum rate due to the application of tax incentives and preferential tax regimes. The estimated potential exposure to Pillar Two income taxes is approximately RMB20.3 million. This amount is subject to significant estimation uncertainty and may change as further guidance becomes available, including the application of OECD safe harbour rules and the finalisation of local implementing legislation. The Group will continue to monitor developments in Pillar Two legislation and assess the impact on its financial statements.

12. DIVIDENDS

The Board of Directors approved the profit distribution plans for the year 2022 on 10 January 2023 and 1 June 2023. Pursuant to this, the Company declared dividends of RMB12.65 per share (totaling RMB187,979,000) and dividends of RMB5.05 per share (totaling RMB71,441,000), for the year ended 31 December 2022 on 10 January 2023 and 1 June 2023, respectively, of which RMB180,251,000 was paid in February 2023 and RMB68,358,000 was paid in July 2023.

The Board of Directors approved the profit distribution plans for the year 2023 on 17 January 2024 and 16 April 2024. Pursuant to this, the Company declared dividends of RMB5.75 per share (totaling RMB85,644,000) and dividends of RMB2.55 per share (totaling RMB37,936,000) for the year ended 31 December 2023 on 17 January 2024 and 16 April 2024, respectively, of which RMB85,644,000 was paid in January 2024 and RMB37,936,000 was paid in May 2024.

The Board of Directors approved the profit distribution plans for the year 2024 on 15 January 2025 and 16 April 2025. Pursuant to this, the Company declared dividends of RMB1.63 per share (totaling RMB23,976,000) and dividends of RMB1.86 per share (totaling RMB27,297,000) for the year ended 31 December 2024 on 15 January 2025 and 16 April 2025, respectively, of which RMB23,976,000 was paid in January 2025, RMB27,297,000 was paid in May 2025 and RMB13,663,000 was paid in June 2025.

The aforesaid amounts included dividends of RMB46,083,000, RMB21,953,000, RMB9,108,000 and nil paid to a shareholder with ordinary share redemption option during the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, respectively. The amounts paid were deemed as settlement of financial liabilities at fair value through profit or loss during the Relevant Periods (note 35).

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods and attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods. As the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods, no adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods.

The weighted average number of ordinary shares used for calculating basic earnings per share has been retroactively adjusted to reflect the share sub-division which took place on 11 August 2025.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent	215,521	89,490	875,869	509,540	656,102

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
				(unaudited)	
Shares					
Weighted average number of ordinary shares outstanding during the year/period*	750,541,148	751,938,136	775,650,098	750,908,028	810,926,800

* The weighted average number of shares was after taking into account the effect of treasury shares held. Pursuant to a resolution passed in the board meeting held on 11 August 2025, the Company proceed with the share sub-division that each of the ordinary shares of USD1.00 par value was subdivided into 50 ordinary shares of par value of USD0.02 each.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Freehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost	144,399	18,193	18,275	1,388,138	8,673	756	40,531	1,618,965
Accumulated depreciation	(36,627)	–	(13,237)	(870,372)	(4,317)	(462)	–	(925,015)
Net carrying amount	107,772	18,193	5,038	517,766	4,356	294	40,531	693,950
At 1 January 2023, net of accumulated depreciation	107,772	18,193	5,038	517,766	4,356	294	40,531	693,950
Additions	–	–	6,676	152,739	583	41	67,667	227,706
Disposals	–	–	–	(6,891)	(1)	(2)	–	(6,894)
Depreciation provided during the year *(note 7)*	(4,467)	–	(4,403)	(157,381)	(1,239)	(79)	–	(167,569)
Transfers	–	–	–	50,977	5	–	(50,982)	–
Exchange realignment	435	309	27	1,569	68	–	369	2,777
At 31 December 2023, net of accumulated depreciation	103,740	18,502	7,338	558,779	3,772	254	57,585	749,970
At 31 December 2023:								
Cost	144,978	18,502	25,155	1,541,859	9,410	747	57,585	1,798,236
Accumulated depreciation	(41,238)	–	(17,817)	(983,080)	(5,638)	(493)	–	(1,048,266)
Net carrying amount	103,740	18,502	7,338	558,779	3,772	254	57,585	749,970

	Buildings	Freehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	144,978	18,502	25,155	1,541,859	9,410	747	57,585	1,798,236
Accumulated depreciation	(41,238)	–	(17,817)	(983,080)	(5,638)	(493)	–	(1,048,266)
Net carrying amount	103,740	18,502	7,338	558,779	3,772	254	57,585	749,970
At 1 January 2024, net of accumulated depreciation	103,740	18,502	7,338	558,779	3,772	254	57,585	749,970
Additions	–	–	5,956	405,342	396	52	392,061	803,807
Disposals	–	–	–	(7,473)	(36)	–	–	(7,509)
Depreciation provided during the year *(note 7)*	(4,724)	–	(7,295)	(212,469)	(1,259)	(91)	–	(225,838)
Impairments *(note 7)*	–	–	–	(7,456)	–	–	–	(7,456)
Transfers	19,085	–	6,597	275,335	13	152	(301,182)	–
Exchange realignment	370	276	200	3,881	37	7	132	4,903
At 31 December 2024, net of accumulated depreciation	118,471	18,778	12,796	1,015,939	2,923	374	148,596	1,317,877
At 31 December 2024:								
Cost	164,583	18,778	38,211	2,182,942	9,688	959	148,596	2,563,757
Accumulated depreciation	(46,112)	–	(25,415)	(1,167,003)	(6,765)	(585)	–	(1,245,880)
Net carrying amount	118,471	18,778	12,796	1,015,939	2,923	374	148,596	1,317,877

As at 31 December 2024, the carrying amounts of certain machineries have been reduced to their recoverable amounts of RMB1,075,000 through recognition of an impairment loss of RMB7,456,000 mainly due to the restructuring of optical transceivers business.

The recoverable amounts of machineries were their expected net salvage values.

	Buildings	Freehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025:								
Cost	164,583	18,778	38,211	2,182,942	9,688	959	148,596	2,563,757
Accumulated depreciation	(46,112)	–	(25,415)	(1,167,003)	(6,765)	(585)	–	(1,245,880)
Net carrying amount	118,471	18,778	12,796	1,015,939	2,923	374	148,596	1,317,877
At 1 January 2025 net of accumulated depreciation	118,471	18,778	12,796	1,015,939	2,923	374	148,596	1,317,877
Additions	–	–	5,238	144,461	1,222	4,694	150,506	306,121
Disposals	–	–	–	(6,492)	(16)	(45)	–	(6,553)
Depreciation provided during the year *(note 7)*	(5,076)	–	(17,605)	(288,170)	(771)	(351)	–	(311,973)
Impairments *(note 7)*	–	–	–	(4,216)	–	–	–	(4,216)
Transfers	–	–	37,295	230,604	–	–	(267,899)	–
Exchange realignment	(540)	(417)	710	4,405	(8)	7	–	4,157
At 31 December 2025, net of accumulated depreciation	112,855	18,361	38,434	1,096,531	3,350	4,679	31,203	1,305,413
At 31 December 2025:								
Cost	163,798	18,361	82,055	2,495,136	10,483	5,476	31,203	2,806,512
Accumulated depreciation	(50,943)	–	(43,621)	(1,398,605)	(7,133)	(797)	–	(1,501,099)
Net carrying amount	112,855	18,361	38,434	1,096,531	3,350	4,679	31,203	1,305,413

As at 31 December 2025, the carrying amounts of certain machineries have been reduced to their recoverable amounts of RMB561,000 through recognition of an impairment loss of RMB4,216,000 mainly due to the restructuring of optical transceivers business. The recoverable amounts of machineries were their expected net salvage values.

	Buildings	Freehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026								
At 1 January 2026:								
Cost	163,798	18,361	82,055	2,495,136	10,483	5,476	31,203	2,806,512
Accumulated depreciation	(50,943)	–	(43,621)	(1,398,605)	(7,133)	(797)	–	(1,501,099)
Net carrying amount	112,855	18,361	38,434	1,096,531	3,350	4,679	31,203	1,305,413
At 1 January 2026 net of accumulated depreciation	112,855	18,361	38,434	1,096,531	3,350	4,679	31,203	1,305,413
Additions	239	–	9,082	218,803	676	547	154,733	384,080
Disposals	–	–	(173)	(647)	–	(11)	–	(831)
Depreciation provided during the period *(note 7)*	(2,521)	–	(11,978)	(171,617)	(521)	(646)	–	(187,283)
Impairments *(note 7)*	–	–	–	(2,580)	–	–	–	(2,580)
Transfers	–	–	–	29,484	219	(65)	(29,638)	–
Exchange realignment	(734)	(569)	(2,174)	(16,440)	(169)	(8)	(4,896)	(24,990)

	Buildings	Freehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2026, net of accumulated depreciation	109,839	17,792	33,191	1,153,534	3,555	4,496	151,402	1,473,809
At 30 June 2026								
Cost	162,963	17,792	86,930	2,697,526	10,895	5,856	151,402	3,133,364
Accumulated depreciation . . .	(53,124)	–	(53,739)	(1,543,992)	(7,340)	(1,360)	–	(1,659,555)
Net carrying amount	109,839	17,792	33,191	1,153,534	3,555	4,496	151,402	1,473,809

As at 30 June 2026, the carrying amounts of certain machineries have been reduced to their recoverable amounts of RMB260,000 through recognition of an impairment loss of RMB2,580,000 related to our equipment that went obsolete. The recoverable amounts of machineries were their expected net salvage values.

15. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land, machinery and offices used in its operations. Leases of leasehold land generally have lease terms of 50 years and offices generally have lease terms between 2 and 10 years, while the leases of machinery have lease terms of 2 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Notes	Machinery	Offices	Leasehold land	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023. . .		191	49,215	15,052	64,458
Additions		–	10,094	–	10,094
Depreciation charge . . .	*7*	(175)	(12,160)	(367)	(12,702)
Exchange realignment . .		(16)	130	–	114
As at 31 December 2023 and 1 January 2024 . .		–	47,279	14,685	61,964
Additions		–	51,097	–	51,097
Depreciation charge . . .	*7*	–	(14,778)	(367)	(15,145)
Exchange realignment . .		–	300	–	300
As at 31 December 2024 and 1 January 2025 . .		–	83,898	14,318	98,216
Additions		–	31,730	–	31,730
Depreciation charge . . .	*7*	–	(18,765)	(367)	(19,132)
Termination		–	(13,586)	–	(13,586)
Exchange realignment . .		–	356	–	356
As at 31 December 2025 and 1 January 2026 . .		–	83,633	13,951	97,584
Additions		–	58,169	–	58,169
Depreciation charge . . .	*7*	–	(20,620)	(184)	(20,804)
Exchange realignment . .		–	(1,878)	–	(1,878)
As at 30 June 2026		–	119,304	13,767	133,071

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period		51,418	49,790	87,110	87,221
New leases		10,094	51,097	31,730	58,169
Accretion of interest recognized during the year/period	8	2,477	4,040	3,896	2,222
Payments		(14,359)	(18,063)	(20,291)	(25,312)
Termination		–	–	(15,188)	–
Exchange realignment		160	246	(36)	(1,995)
At end of year/period		49,790	87,110	87,221	120,305
Analyzed into:					
Current portion		10,010	19,050	25,745	43,321
Non-current portion		39,780	68,060	61,476	76,984

The maturity analysis of lease liabilities is disclosed in note 44 to the Historical Financial Information.

(c) The amounts recognized in consolidated statements of profit or loss in relation to leases are as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	2,477	4,040	3,896	2,222
Depreciation charge of right-of-use assets	12,702	15,145	19,132	20,804
Expenses relating to short-term leases and low-value leases	7,335	8,037	5,981	2,528
Total amount recognized in profit or loss	22,514	27,222	29,009	25,554

(d) The total cash outflow for leases are disclosed in note 37(c).

16. INVESTMENT IN A JOINT VENTURE

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	371,182	347,215	–	–

During the year ended 31 December 2025, the Group disposed its 50% equity interests in Qingdao Xinghang Photoelectric Technology Co., Ltd. ("Qingdao Xinghang"), a joint venture of the Group, through disposal of a wholly-owned subsidiary, Qingdao Optical Interconnection Technology Co., Ltd. to Qingdao Gaoshi Industrial Investment Holdings Co., Ltd. ("Gaoshi"), at a cash consideration of RMB700,000,000 and recognized a gain on disposal of the joint venture amounting to RMB352,785,000 during the year ended 31 December 2025. The Group's outstanding balances as at 31 December 2023 and 2024, with the joint venture are disclosed in note 41.

Particulars of the Group's material joint venture as at 31 December 2023 and 2024 is as follows:

Name	Particular of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Qingdao Xinghang	Ordinary shares	PRC/Chinese mainland	50	50	50	Manufacture and sales of photoelectric products

Qingdao Xinghang, which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarized financial information in respect of Qingdao Xinghang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	31 December 2023	31 December 2024
	RMB'000	RMB'000
Cash and cash equivalents	132,743	517,330
Other current assets	702,144	238,532
Current assets	834,887	755,862
Non-current assets	27,439	29,413
Current liabilities	(118,090)	(89,075)
Non-current liabilities	(1,872)	(1,771)
Net assets	742,364	694,429
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	371,182	347,215
Revenue	579,782	349,912
Interest income	2,403	1,049
Depreciation and amortization	(7,674)	(7,297)
Tax	(36,396)	(9,859)
Profit and total comprehensive income for the year	263,720	110,297

17. OTHER INTANGIBLE ASSETS

	Software
	RMB'000
Cost at 1 January 2023, net of accumulated amortization	6,150
Additions	3,089
Amortization provided during the year *(note 7)*	(2,854)
Exchange realignment	4
At 31 December 2023, net of accumulated amortization	6,389
At 31 December 2023	
Cost	31,103
Accumulated amortization	(24,714)
Net carrying amount	6,389

	Software
	RMB'000
Cost at 1 January 2024, net of accumulated amortization	6,389
Additions	3,342
Amortization provided during the year *(note 7)*	(2,628)
Exchange realignment	23
At 31 December 2024, net of accumulated amortization	7,126
At 31 December 2024	
Cost	34,492
Accumulated amortization	(27,366)
Net carrying amount	7,126

	Software
	RMB'000
Cost at 1 January 2025, net of accumulated amortization	7,126
Additions	11,787
Amortization provided during the year *(note 7)*	(4,359)
Exchange realignment	(30)
At 31 December 2025, net of accumulated amortization	14,524
At 31 December 2025	
Cost	46,223
Accumulated amortization	(31,699)
Net carrying amount	14,524

	Software
	RMB'000
Cost at 1 January 2026, net of accumulated amortization	14,524
Additions	468
Amortization provided during the period *(note 7)*	(2,208)
Exchange realignment	(36)
At 30 June 2026, net of accumulated amortization	12,748
At 30 June 2026	
Cost	46,581
Accumulated amortization	(33,833)
Net carrying amount	12,748

18. INVESTMENTS IN SUBSIDIARIES

At the end of each of the Relevant Periods, the Company's investments in subsidiaries were as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Qingdao Broadband	136,576	138,614	135,536	131,335
LigentCom	136,645	–	–	–
Ligent Tech	23,575	–	–	–
HK Broadband	7,270	7,379	7,215	6,991
Ligent Inc.	–	189,694	185,483	179,733
Xiamen Lianzhiguang	–	–	768,784	762,036
	304,066	335,687	1,097,018	1,080,095

Note: Ligent Inc. has consolidated LigentCom and Ligent Tech since April 2024.

19. GOODWILL

	RMB'000
Cost and net carrying amount at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026	26,468

Impairment testing of goodwill

Goodwill of the Group arose from the acquisition of LigentCom in 2012. LigentCom is engaged in the manufacturing of chips and is considered as a cash-generating unit ("LigentCom CGU") that generates independent cash flows.

Goodwill acquired through business combinations was allocated to the LigentCom CGU for impairment testing.

The recoverable amount of the LigentCom CGU has been determined by reference to the fair value less costs of disposal. In assessing the fair value less costs of disposal, references were made to the valuation of the land, buildings, plant and machinery. Fair values of the land, buildings, plant and machinery were determined based on valuations performed by independent valuers (CHFT Advisory and Appraisal Limited) at year-end using the direct comparison method, which has used significant unobservable inputs (Level 3 of the fair value hierarchy as defined in IFRS 13). The recoverable amounts of LigentCom CGU were RMB195 million, RMB199 million and RMB195 million, respectively, and the carrying amounts of LigentCom CGU (including goodwill) were RMB137 million, RMB131 million and RMB116 million as at 31 December 2023, 2024 and 2025, respectively. The key parameter was the selling price of the land located in the US, which averaged at USD84.18 per square feet, USD86.75 per square feet and USD88.37 per sq. feet, as at 31 December 2023, 2024 and 2025, respectively. The headroom was RMB58 million, RMB68 million and RMB79 million as at 31 December 2023, 2024 and 2025, respectively. Market approach measures the fair value of the land by making comparison based on prices realized or market prices of comparable land of similar size, character and location. Significant decreases in estimated selling price per square foot would result in a significantly lower recoverable amount of the LigentCom CGU. In the opinion of the directors of the Company, there is no reasonably possible change in the key assumptions and has not identified any instances that would cause the carrying amount of LigentCom CGU to exceed its recoverable amount.

The key assumptions applied for the valuation were as follows:

- Current national laws, regulations, tax policies, and macroeconomic conditions remain stable without material adverse changes;
- Assets are transacted under arm's-length terms with adequate market exposure;
- Industry dynamics in the photonics manufacturing sector follow current market trends; and
- Costs of disposal are 5%, based on industry benchmarks for specialized manufacturing assets and historical experience with transactions involving similar equipment. This reflects typical commissions, dismantling, and regulatory compliance costs associated with such transactions.

Impairment testing of goodwill as of June 30, 2026

The Group did not perform quantitative impairment test for above goodwill as of 30 June 2026, since the Group's accounting policy is to perform impairment test annually at 31 December, or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with IAS 36, Impairment of assets. The Group did not identify any indication that the goodwill would be impaired as of 30 June, 2026.

20. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Prepayments	70,475	114,735	105,836	959,152
Other receivables	14,574	20,686	17,839	20,691
Value added tax recoverable and prepaid tax expenses	30,213	95,501	140,539	241,213
Listing expenses	–	–	6,320	8,865
Due from related parties *(note)*	1,211,641	1,622,627	264	5,380
	1,326,903	1,853,549	270,798	1,235,301
Impairments	(2,837)	(3,526)	(3,069)	(3,032)
Subtotal	1,324,066	1,850,023	267,729	1,232,269
Non-current:				
Prepayments	59,087	27,589	77,211	834,417
Other receivables	8,761	12,278	950	2,255
Subtotal	67,848	39,867	78,161	836,672
Total	1,391,914	1,889,890	345,890	2,068,941

Note: Included in the Group's due from related parties were mainly unsecured advances of RMB1,200,000,000 and RMB1,606,000,000 as of 31 December 2023 and 2024, respectively. According to the agreements between the Group and the related parties, the applicable interest rate ranged from 2.85% to 3.60%, with the term from 21 November 2022 to 21 December 2025. All advances to related parties were early settled in June 2025. The remaining balances were non-trade in nature, unsecured, interest-free and repayable on demand, and will be settled prior to the listing.

The movements in the loss allowance for impairment of other receivables are as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	2,549	2,837	3,526	3,069
Impairment losses/(reversal of impairment) *(note 7)*	284	683	(464)	(13)
Exchange realignment	4	6	7	(24)
At end of year/period	2,837	3,526	3,069	3,032

An impairment analysis is performed at each reporting date by considering the expected credit losses which are estimated by applying a loss rate approach. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Company

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Listing expense	–	–	6,320	8,865
Due from related parties *(note)*	269,822	194,763	138,056	134,076
Total	269,822	194,763	144,376	142,941

Note: Included in the Company's due from related parties were mainly unsecured advances to a subsidiary (LigentCom) of RMB131,476,000, RMB133,438,000, RMB130,476,000 and RMB126,431,000 as of 31 December 2023, 2024, 2025 and 30 June 2026, respectively. The balances also included dividends receivable from the Company's subsidiaries of RMB123,580,000, RMB52,341,000, nil and nil as of 31 December 2023, 2024, 2025 and 30 June 2026, respectively. The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

21. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of financial assets and contact assets	Impairment of inventories and PPE	Deferred income and accruals	Unrealized profits from intercompany transactions	Unpaid expense	Lease liabilities	Deductible tax loss	Share-based payments expense	Other intangible assets amortization	Fair value change of derivative financial instruments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	994	8,394	904	9,049	20,178	8,792	–	10,618	961	429	60,319
Deferred tax (charged)/ credited to the statement of profit or loss during the year *(note 11)*	(78)	(1,098)	1,890	(5,108)	(249)	269	–	(675)	65	(317)	(5,301)
Gross deferred tax assets at 31 December 2023	916	7,296	2,794	3,941	19,929	9,061	–	9,943	1,026	112	55,018
Deferred tax (charged)/ credited to the statement of profit or loss during the year *(note 11)*	(105)	5,200	600	2,582	120	6,020	77,571	11,267	(10)	884	104,129
Gross deferred tax assets at 31 December 2024	811	12,496	3,394	6,523	20,049	15,081	77,571	21,210	1,016	996	159,147
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 11)*	152	2,957	13,681	(4,320)	(16,923)	(3,124)	(25,222)	159	(91)	(996)	(33,727)
Gross deferred tax assets at 31 December 2025	963	15,453	17,075	2,203	3,126	11,957	52,349	21,369	925	–	125,420
Deferred tax credited/(charged) to the statement of profit or loss during the period *(note 11)*	152	6,220	6,614	31,899	(2,435)	8,997	(23,069)	(21,369)	(26)	55	7,038
Gross deferred tax assets at 30 June 2026	1,115	21,673	23,689	34,102	691	20,954	29,280	–	899	55	132,458

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Financial assets designated as fair value through profit or loss	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023	38,076	303	8,792	47,171
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 11)*	7,578	733	269	8,580

	Depreciation allowance in excess of related depreciation	Financial assets designated as fair value through profit or loss	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax liabilities at 31 December 2023	45,654	1,036	9,061	55,751
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 11)*	89,091	(874)	6,020	94,237
Gross deferred tax liabilities at 31 December 2024	134,745	162	15,081	149,988
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 11)*	5,374	270	(3,124)	2,520
Gross deferred tax liabilities at 31 December 2025	140,119	432	11,957	152,508
Deferred tax (credited)/charged to the statement of profit or loss during the period *(note 11)*	22,436	878	8,819	32,133
Gross deferred tax liabilities at 30 June 2026	162,555	1,310	20,776	184,641

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position.

	31 December	31 December	31 December	30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	3,941	9,159	2,203	34,102
Net deferred tax liabilities recognized in the consolidated statements of financial position	4,674	–	29,291	86,285

The Group has tax losses arising in Chinese mainland of RMB352,831,000, RMB865,331,000, RMB281,355,000 and RMB96,071,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, that will expire in one to ten years for offsetting against future taxable profits.

The Group has tax losses arising in the United States of America of RMB193,462,000, RMB135,086,000, RMB136,569,000 and RMB135,197,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognized in respect of the following items:

	31 December	31 December	31 December	30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value change of financial liabilities at fair value through profit or loss	414,132	404,223	–	–
Share-based payments expense	68,546	–	–	–
Tax losses	546,293	1,000,417	417,924	231,268
Total	1,028,971	1,404,640	417,924	231,268

Deferred tax assets have not been recognized in respect of these tax losses and deductible temporary differences as they have arisen in the subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

At 31 December 2023, 2024, 2025 and 30 June 2026, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Qingdao Broadband established in Chinese mainland. The Company is certified as a resident enterprise in Chinese mainland. Dividends paid among resident enterprises are exempt from income tax.

At 31 December 2023, 2024, 2025 and 30 June 2026, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Groups subsidiaries established in Hong Kong and United States of America. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Hong Kong and United States of America for which deferred tax liabilities have not been recognized totaled approximately RMB55,614,000, RMB64,969,000, RMB90,217,000 and RMB95,267,000 at 31 December 2023, 2024, 2025 and 30 June 2026, respectively.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	431,461	–	400,737	–

The wealth management products are purchased from creditworthy commercial banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	138,503	260,906	1,273,617	1,584,152
Time deposits	–	11,380	11,580	27,010
Pledged deposits	40,738	59,157	54,785	56,054
Total	179,241	331,443	1,339,982	1,667,216

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents, time deposits and pledged deposits				
Denominated in				
– RMB	118,162	253,854	1,169,026	1,306,489
– EUR	–	–	–	4,056
– USD	58,291	73,139	161,553	342,250
– SGD	–	–	6,882	33
– THB	2,096	3,558	1,987	13,871
– HKD	692	892	534	517
Total	179,241	331,443	1,339,982	1,667,216

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 December 2024, 2025 and 30 June 2026, time deposits were mature in between six months to one year when acquired by the Group and earn interest at the time deposit rates.

At the end of each of the Relevant Periods, pledged deposits were pledged to banks as collateral for issuance of bank acceptance bills.

At the end of each of the Relevant Periods, the Group have assessed the credit risk of cash and cash equivalents, time deposits and pledged deposits to be minimal as they were placed in reputable financial institutions.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Forward currency contracts	*(a)*	2,959	644	2,064	5,716

Liabilities

	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Forward currency contracts	*(a)*	746	4,177	254	370

Note:

(a) The Group has entered into various forward currency contracts to manage its exchange rate exposures.

25. TRADE AND BILLS RECEIVABLES

	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables		1,037,719	1,875,372	1,696,806	2,245,885
Impairment		(881)	(1,513)	(2,119)	(2,124)
Trade receivables, net		1,036,838	1,873,859	1,694,687	2,243,761
Due from related parties	*(a)*	31,562	25,180	15,719	22,925
Bills receivables					
Commercial acceptance bills		3,225	45,530	56,552	47,502
Bank acceptance bills		119,476	39,265	13,680	97,892
		122,701	84,795	70,232	145,394
Trade and bills receivables		1,191,101	1,983,834	1,780,638	2,412,080

Note:

(a) The related parties here refer to Hisense Group Holding and its subsidiaries.

The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. At the end of the Relevant Periods, the Group had certain concentrations of credit risk as 65.4%, 72.7%, 71.6% and 74.4% of the Group's trade receivables were due from the Group's five largest customers, respectively. The Group had certain concentrations of credit risk as 47.1%, 28.0%, 29.8% and 27.3% of the Group's trade receivables were due from the Group's largest customer, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivables aged within six months were not past due. Bank acceptance bills that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal.

At 31 December 2024, the Group has pledged bills receivables of approximately RMB20,686,000 to secure a bank loan of the Group (note 28).

An aging analysis of the trade receivables as at the end of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,036,793	1,872,505	1,692,253	2,242,891
1 to 2 years	–	1,354	2,242	768
2 to 3 years	18	–	192	102
Over 3 years	27	–	–	–
	1,036,838	1,873,859	1,694,687	2,243,761
Due from related parties	31,562	25,180	15,719	22,925
Bills receivables	122,701	84,795	70,232	145,394
Total	1,191,101	1,983,834	1,780,638	2,412,080

The movements in the loss allowance for impairment of trade receivables are as follows:

	Notes	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period		2,413	881	1,513	2,119
Impairment losses	7	–	632	647	5
Reversal of impairment losses	7	(1,531)	–	–	–
Exchange realignment		(1)	–	(41)	–
At end of year/period		881	1,513	2,119	2,124

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Within 1 year	0.05%	1,037,322	529
1 to 2 years	0.00%	–	–
2 to 3 years	18.18%	22	4
Over 3 years	70.00%	90	63
		1,037,434	596
Related parties	0.00%	31,562	–
Individually assessed	100.00%	285	285
Total		1,069,281	881

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Within 1 year	0.05%	1,873,432	927
1 to 2 years	12.48%	1,547	193
2 to 3 years	0.00%	–	–
Over 3 years	100.00%	108	108
		1,875,087	1,228
Related parties	0.00%	25,180	–
Individually assessed	100.00%	285	285
Total		1,900,552	1,513

As at 31 December 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Within 1 year	0.08%	1,693,583	1,330
1 to 2 years	13.84%	2,602	360
2 to 3 years	30.43%	276	84
Over 3 years	100.00%	49	49
		1,696,510	1,823
Related parties	0.00%	15,719	–
Individually assessed	100.00%	296	296
Total		1,712,525	2,119

As at 30 June 2026

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Within 1 year	0.06%	2,244,251	1,360
1 to 2 years	13.90%	892	124
2 to 3 years	30.61%	147	45
Over 3 years	100.00%	299	299
		2,245,589	1,828
Related parties	0.00%	22,925	–
Individually assessed	100.00%	296	296
Total		2,268,810	2,124

26. INVENTORIES

	31 December	31 December	31 December	30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	380,364	629,265	981,940	1,627,593
Work in progress	377,516	628,665	645,295	927,160
Finished goods	351,858	561,963	905,821	749,317
	1,109,738	1,819,893	2,533,056	3,304,070
Provision for inventories	(49,123)	(73,896)	(106,680)	(129,383)
Total	1,060,615	1,745,997	2,426,376	3,174,687

The movements in provision for inventories are as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	52,030	49,123	73,896	106,680
Provision during the year/period *(note 7)*	45,349	84,369	135,240	113,672
Less: Amounts written off	(48,342)	(59,688)	(102,633)	(90,836)
Exchange realignment	86	92	177	(133)
At the end of the year/period	49,123	73,896	106,680	129,383

27. CONTRACT ASSETS

	1 January 2023	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	7,844	6,171	2,605	2,165	2,082
Impairments	(1,786)	(2,522)	(605)	(900)	(1,826)
Net carrying amount	6,058	3,649	2,000	1,265	256

Contract assets are initially recognized for revenue earned from the sales of optical terminal products. After the warranty period ends, the amounts recognized as contract assets are reclassified to trade receivables. The decrease in contract assets for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 was mainly due to the recovery of contract assets in historical years upon reaching the payment time point.

The expected timing of recovery or settlement for contract assets is as follows:

	1 January 2023	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,353	371	1,025	100	99
After one year	6,491	5,800	1,580	2,065	1,983
Total contract assets	7,844	6,171	2,605	2,165	2,082

The movements in the loss allowance for contract assets are as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	1,786	2,522	605	900
Impairment losses *(note 7)*	736	–	295	926
Reversal of impairment losses *(note 7)*	–	(1,917)	–	–
At end of year/period	2,522	605	900	1,826

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate	40.87%	23.22%	41.54%	87.72%
Gross carrying amount	6,171	2,605	2,165	2,082
Expected credit losses	2,522	605	900	1,826

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

31 December 2023

	Effective interest rate	Maturity	
	%		*RMB'000*
Current			
Bank loans – Unsecured	2.60-2.80	2024	300,666
Other loans – Unsecured	3.43	2024	100,048
Current portion of long-term bank loans – Secured	2.80	2024	90,256
Total – current			490,970
Non-current			
Bank loans – Unsecured	2.80	2026	500,000
Bank loans – Secured	2.80	2026	210,000
Total – non-current			710,000
Total			1,200,970
Analyzed into:			
Bank loans repayable:			
Within one year or on demand			390,922
In the third to fifth years, inclusive			710,000
Subtotal			1,100,922
Other borrowings repayable:			
Within one year or on demand			100,048
Total			1,200,970

31 December 2024

	Effective interest rate	Maturity	
	%		*RMB'000*
Current			
Bank loans – Unsecured	2.30-2.60	2025	116,437
Bank loans – Secured	0.70-2.80	2025	120,853
Other loans – Unsecured	3.00-3.45	2025	1,357,304
Total – current			1,594,594
Non-current			
Bank loans – Unsecured	2.38-2.60	2026-2027	1,130,500
Bank loans – Secured	2.60	2026	110,000
Total – non-current			1,240,500
Total			2,835,094

	Effective interest rate	Maturity	
	%		RMB'000
Analyzed into:			
Bank loans repayable:			
Within one year or on demand			237,290
In the second year			702,500
In the third to fifth years, inclusive			538,000
Subtotal			1,477,790
Other borrowings repayable:			
Within one year or on demand			1,357,304
Total			2,835,094

As at 31 December 2025, all of the Group's and the Company's interest-bearing bank and other borrowings were fully settled.

30 June 2026

	Effective interest rate	Maturity	RMB'000
	%		
Current			
Bank loans – Unsecured	2.11	2027	750,440
Current portion of long-term bank loans – Unsecured	2.22	2027	20,871
Total – current			771,311
Non-current			
Bank loans – Unsecured	2.22	2028	979,466
Total – non-current			979,466
Total			1,750,777
Analyzed into:			
Bank loans repayable:			771,311
In the second year			979,466
Total			1,750,777

Notes:

(a) Secured loans:

(i) As at 31 December 2023, certain of the Group's bank loans amounted to RMB300,256,000 were secured by corporate guarantee provided by Qingdao Hisense Network Energy Co., Ltd. and Qingdao Saiwei Electronic Information Service Co., Ltd. (both of which are the Company's fellow subsidiaries), of which RMB90,256,000 was reclassified to current portion of long-term bank loans based on the repayment plan. The loan was repaid during the year ended 31 December 2025.

(ii) As at 31 December 2024, certain of the Group's bank loans amounted to RMB230,853,000 were secured by corporate guarantee provided by Qingdao Hisense Network Energy Co., Ltd. and Qingdao Saiwei Electronic Information Service Co., Ltd. (both of which are the Company's fellow subsidiaries), of which RMB100,000,000 was reclassified to current portion of long-term bank loans based on the repayment plan. Certain of the borrowings amounted to RMB20,686,000 were secured by the bill receivables. The loan was repaid during the year ended 31 December 2025.

(b) All borrowings are denominated in RMB.

(c) The borrowing from the Agricultural Bank of China amounted to RMB200,000,000 and RMB400,000,000 as at 31 December 2023 and 31 December 2024, respectively, is subject to a covenant that requires an asset-liability ratio of less than 80%. The covenant is tested yearly, 31 December. The Group considers there is no indication that it will have difficulties in complying with this covenant. The covenant was discharged when the Group repaid the loan during the year ended 31 December 2025.

The borrowing from the China Development Bank amounted to RMB300,000,000 and RMB210,000,000 as at 31 December 2023 and 31 December 2024, respectively, is subject to a covenant that requires an asset-liability ratio of less than 80%, Ligent Technologies, Inc. holds more than 51% equity interests of Qingdao Broadband and Hisense Group Holding has control over the guarantors, Qingdao Hisense Network Energy Co., Ltd. and Qingdao Saiwei Electronic Information Service Co., Ltd. The Group considers there is no indication that it will have difficulties in complying with these covenants. These covenants were discharged when the Group repaid the loan during the year ended 31 December 2025.

The borrowing from the China Development Bank amounted to RMB500,000,000 as at 30 June 2026, is subject to a covenant that requires an asset-liability ratio of less than 80%, Ligent Technologies, Inc. holds more than 51% equity interests of Qingdao Broadband and Hisense Group Holding has control over the Qingdao Broadband. The Group considers there is no indication that it will have difficulties in complying with these covenants.

29. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,187,286	1,677,555	2,718,804	3,054,650
1 to 2 years	1,619	1,378	444	365
2 to 3 years	1,298	38	1	79
Over 3 years	6,891	96	134	97
Total	1,197,094	1,679,067	2,719,383	3,055,191

The trade payables are non-interest-bearing and are normally settled on 30-90 days terms.

30. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:					
Contract liabilities	*(a)*	2,311	1,971	2,224	148,803
Payroll and welfare payable		473,862	470,501	263,965	201,527
Other tax payables		9,237	8,950	13,378	10,230
Other payables	*(b)*	161,215	293,602	226,039	312,477
Due to related parties	*41*	13,910	20,277	10,324	5,483
Other current liabilities		267	218	4,006	366
Subtotal		660,802	795,519	519,936	678,886
Non-current:					
Contract liabilities	*(a)*	–	–	–	265,928
Total		660,802	795,519	519,936	944,814

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2022	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sales of optical transceivers, optical chips and optical terminal products	2,241	2,311	1,971	2,224	414,731

Contract liabilities include short-term and long-term advances received to deliver optical transceivers, optical chips and optical terminal products. The non-current portion of contract liabilities represented advances received for sales of optical transceivers and optical chips that are expected to be delivered more than one year after the end of each of the Relevant Periods. The increase in contract liabilities in 2026 was mainly due to the increase in advances received from customers in relation to the sales of optical transceivers and optical chips.

(b) Other payables are non-interest-bearing, unsecured and repayable on demand.

The Company

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	119	74	4,009	6,864
Due to related parties	467,167	457,877	56,722	66,575
Total	467,286	457,951	60,731	73,439

31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

In 2011, the Company issued 2,632,879 ordinary shares to an investor (the "Investor") of the Company at a price of US$7.60 per share with a par value of US$1.00 each. In 2013, the Company issued additional 39,736 ordinary shares to the Investor of the Company at a price of US$7.70 per share with a par value of US$1.00 each. The Investor made a total investment of US$20,305,969, approximately equal to RMB131,286,000.

Pursuant to the share subscription agreement, the Investor shall have the right to require the Company to repurchase all or part of the ordinary shares held by the Investor.

A shareholder of the Company has the redemption right for the amounts invested and the key terms of the ordinary share redemption are summarized as follows:

(a) Redemption feature

If the Company fails to complete an initial public offering by the forty-two months of the settlement date, the investors may initiate to request the Company to redeem all or part of the ordinary shares (the "Redemption").

The redemption price for each ordinary share of the Company shall be an amount equal to the subscription price, plus the Group's accumulated retained earnings attributable to each ordinary share since the settlement date.

(b) Presentation and classification

The redemption obligations give rise to financial liabilities, the Group designated the financial liabilities as financial liabilities measured at fair values through profit or loss. Changes in fair value of financial liabilities at fair value through profit or loss were recorded in "Fair value changes of financial liabilities at fair value through profit or loss".

In August 2025, the Company signed a termination agreement ("Termination Agreement") with the Investor. Pursuant to the Termination Agreement, the redemption right of the Investor shall be terminated on the date of this agreement, rather than void ab initio, and such redemption right would be reinstated upon occurrence of certain events.

In September 2025, the Company and the Investor agreed to make certain amendments to the Termination Agreement. Pursuant to the amendments, the provision that would have allowed the Investor's redemption right to be reinstated upon occurrence of certain events was permanently removed. Accordingly, the financial liabilities were transferred to equity (note 35).

32. REDEMPTION LIABILITIES

	Notes	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Redemption liabilities on a subsidiary's shares	*(a)*	–	–	216,937	220,702
Redemption liabilities on the Company's shares	*(b)*	–	–	322,015	317,610
Total		–	–	538,952	538,312

Notes:

(a) In July 2025, the Company, Hisense Group Holding, Qingdao Broadband and Xiamen Torch Industry Equity Investment Management Co., Ltd. ("Torch Industry") signed the agreement, which stipulates that Torch Industry will increase its capital in Xiamen Lianzhiguang, the subsidiary of the Group, by RMB220,000,000.

(1) Redemption feature

Within eight years after the completion of the capital injection by Torch Industry in Xiamen Lianzhiguang, if Xiamen Lianzhiguang fails to complete the qualified listing, Torch Industry has the right to issue a written repurchase notice at any point within two years starting from the ninth year after the completion of the capital injection, in order to request the repurchase of the corresponding equity. Torch Industry should first issue a repurchase notice to Xiamen Lianzhiguang, and Qingdao Broadband shall bear joint and several liability for the repurchase obligation of Xiamen Lianzhiguang. If Xiamen Lianzhiguang fails to fulfill its repurchase obligation, Torch Industry has the right to require Qingdao Broadband to fulfill the repurchase obligation.

The repurchase price is determined as the sum of the capital injection amount and the simple interest calculated at the annual interest rate of the Loan Prime Rate ("LPR") for terms over five years.

(2) Presentation and classification

Based on the above terms, the redemption obligations give rise to financial liabilities, the Group designated the financial liabilities as financial liabilities measured at amortized cost.

As at 31 December 2025 and 30 June 2026, the Group has recognized the redemption liabilities on a subsidiary's shares of RMB216,937,000 and RMB220,702,000.

(b) On 24 July 2025, the Company, Xiamen Guojuxiang Equity Investment Partnership Enterprise (Limited Partnership) ("Xiamen Guojuxiang"), Xiamen Advanced Manufacturing Equity Investment Fund Partnership Enterprise (Limited Partnership) ("Xiamen Advanced Manufacturing Fund") and Xiamen TorchRunxin Technology Equity Investment Fund Partnership Enterprise (Limited Partnership) ("Xiamen TorchRunxin") signed the agreement, which stipulates that Xiamen Guojuxiang, Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin will increase their capital in the Company by RMB330,000,000.

(1) Redemption feature

Within eight years after the completion of the capital injection by Xiamen Guojuxiang, Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin in the Company, if the Company fails to complete the qualified listing, they have the right to request the Company to repurchase all or part of the shares they hold. In August 2025, the capital injection was completed.

The repurchase price is determined as the sum of the capital injection amount and the simple interest calculated at the annual interest rate of the LPR for terms over five years.

(2) Presentation and classification

Based on the above terms, the redemption obligations give rise to financial liabilities, the Group designated the financial liabilities as financial liabilities measured at amortized cost.

As at 31 December 2025 and 30 June 2026, the Group has recognized the redemption liabilities on the Company's shares of RMB322,015,000 and RMB317,610,000.

33. SHARE CAPITAL

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Authorized and fully paid:				
15,045,024 ordinary shares with par value of USD1.00 each as at 31 December 2023 and 2024, and 810,926,800 ordinary shares with par value of USD0.20 each as at 31 December 2025 and 30 June 2026	100,744	100,744	109,134	109,134

A summary of movements in the Company's share capital during the Relevant Periods is as follows:

	Notes	Number of shares in issue	Share capital
			RMB'000
1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025		15,045,024	100,744
New issues	*(a)*	1,173,512	8,390
		16,218,536	109,134
Share sub-division	*(b)*	794,708,264	–
At 31 December 2025, 1 January 2026 and 30 June 2026		810,926,800	109,134

Notes:

(a) On 29 July 2025, the Company issued 677,026 ordinary shares at USD1.00 to Hisense CKL (HK) Co Limited ("CKL"), which resulted in proceeds of USD62,861,453.36 (equivalent to RMB450,000,000).

On 31 July 2025, the Company issued 212,210 ordinary shares at USD1.00 to Xiamen Guojuxiang, which resulted in proceeds of RMB141,050,000.

On 1 August 2025, the Company issued 209,051 and 75,225 ordinary shares at USD1.00 to Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin, which resulted in proceeds of RMB138,950,000 and RMB50,000,000, respectively.

(b) Pursuant to a resolution passed at the board meeting held on 11 August 2025, the Company proceeded with a share sub-division that each of the ordinary shares of USD1.00 par value was subdivided into 50 ordinary shares with a par value of USD0.02 each.

34. TREASURY SHARES

The Company's treasury shares were acquired from its shareholders and are held for the Group's share-based payment scheme.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(a) Capital reserve

The capital reserve represents capital contribution of the Group and share-based payment granted by Hisense Group Holding. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Share-based payment reserve

The share-based payment reserve represents the share awards granted by the Group. Details of the movement in share-based payment reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve arises from the translation of the Historical Financial Information of entities of which the functional currency is not RMB.

(d) The Company's reserves as at 31 December 2023, 2024, 2025 and as at 30 June 2026 primarily consisted of retained profits of RMB173,026,000, RMB122,195,000, RMB48,912,000 and RMB50,435,000, respectively. Additionally, the reserves included debit capital reserve of RMB153,239,000, RMB143,331,000 as at 31 December 2023 and 2024, respectively, and credit capital reserve of RMB711,555,000 as at 31 December 2025 and as at 30 June 2026.

The movements in retained profits during the Relevant Periods were related to the net profit of the Company of RMB122,776,000, RMB72,749,000 and net loss of RMB22,010,000 and net profit of RMB1,523,000, respectively, and dividends declared by the Company (note 12) during the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, respectively. The movements in capital reserve during the Relevant Periods were related to the deemed settlement of financial liabilities at fair value through profit or loss of RMB46,083,000, RMB21,953,000, RMB9,108,000 and nil (note 12), respectively.

In September 2025, the Company and the Investor agreed to make certain amendments to the Termination Agreement. Pursuant to the amendments, the provision that would have allowed the Investor's redemption right to be reinstated upon occurrence of certain events was permanently removed (note 31). Accordingly, financial liabilities at fair value through profit or loss of RMB511,388,000 arising from this redemption right and the capital reserve of RMB319,270,000 were fully transferred to retained profits, totaling RMB830,658,000.

36. SHARE-BASED PAYMENTS

Share Incentive Scheme

(1) Share Incentive Scheme

The Group has established several employee incentive platforms (the "Employee Incentive Platforms") to facilitate the implementation of its employee incentive scheme and to align the interests of employees and directors with the long-term development of the Group ("Share Incentive Scheme").

Under the Share Incentive Scheme, eligible employees, directors and other participants are granted partnership interests in the Employee Incentive Platforms. The Employee Incentive Platforms principally hold ordinary shares of the Company, and the economic benefits attributable to the partnership interests are derived from the underlying shares of the Company held by the respective Employee Incentive Platforms.

As of 31 December 2023, 2024, 2025 and 30 June 2026, the Employee Incentive Platforms collectively held 30,545,000 ordinary shares, 28,331,050 ordinary shares, 33,371,900 ordinary shares, and 33,371,900 ordinary shares of the Company, representing 4.06%, 3.77%, 4.12%, and 4.12% of the Company's issued share capital, respectively. (The number of ordinary shares held by the Employee Incentive Platform has been retroactively adjusted to reflect the share sub-division which took place on 11 August 2025.)

The principal terms of the Share Incentive Scheme are summarized below:

1. participants comprise employees, directors and other eligible persons approved by the board of directors;

2. awards are granted in the form of interests in the Employee Incentive Platforms;

3. the partnership interests represent indirect interests in the Company's ordinary shares held through the Employee Incentive Platforms;

4. the awards vest immediately upon grant and are not subject to any service, performance or market conditions;

5. participants are entitled to benefits associated with the underlying shares in accordance with the terms of the relevant partnership agreements; and

6. the awards are settled in equity and no exercise price is payable by the participants.

As the share awards do not contain an option feature, there is no exercise price associated with the awards.

Number of awards granted under the Employee Incentive Platforms and the respective weighted average grant date fair values were as follows:

	Fair value at grant date RMB per share	Number of awards
2023		
Granted and exercised during the year	9.40	897,340
2024		
Granted and exercised during the year	9.43	863,000
2025		
Granted and exercised during the year	10.00	3,354,906
2026		
Granted and exercised during the period	Not applicable	Nil

The above awards represent partnership interests granted to employees through the Employee Incentive Platforms. Each award corresponds to an indirect economic interest in the underlying ordinary shares of the Company held by the Employee Incentive Platforms.

The share-based payments under the Share Incentive Scheme were valued by Asia-Pacific Consulting and Appraisal Limited, the independent professionally qualified valuers. The values of share-based payment under the Share Incentive Scheme are calculated by applying the income approach to determine the fair value of ordinary shares with the additional discount for restriction on these share awards and lack of liquidity.

The following table lists the significant inputs to the fair value model used during the Relevant Periods:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
Discount rate (%)	13.0	13.0	12.0
DLOC (%)	9.1	14.6	15.7

(2) Hisense Group Holding

Hisense Group Holding implemented various equity incentive programs for the Group's employees. Hisense Group Holding granted restricted shares which are classified as an equity-settled share-based payment to the Group's employees with 0 to 5 years lock-up periods.

The Group's restricted shares granted by Hisense Group Holding were valued by Asia-Pacific Consulting and Appraisal Limited, the independent professionally qualified valuers.

The following restricted shares granted by Hisense Group Holding was outstanding during the Relevant Periods:

	Fair value at grant date RMB per share	Number of restricted shares
At 1 January 2023	3.70-5.00	1,932,638
Granted	6.06	1,508,715
Vested	3.70-6.06	(1,222,249)
Forfeited	4.74-5.00	(73,760)
At 31 December 2023 and 1 January 2024	4.74-6.06	2,145,344
Granted	6.87	2,561,968
Vested	4.74-6.87	(2,341,311)
Forfeited	4.74-5.00	(198,128)
At 31 December 2024 and 1 January 2025	4.74-6.87	2,167,873
Granted	6.87	2,112,499
Vested	5.00-6.87	(1,885,566)
At 31 December 2025 and 1 January 2026	4.74-6.87	2,394,806
Granted, vested and forfeited	Not applicable	Nil
At 30 June 2026	4.74-6.87	2,394,806

During the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, the share-based payment expenses of RMB7,117,000, RMB6,568,000, RMB13,107,000 and nil were charged to profit or loss, respectively.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Right-of-use assets	10,094	51,097	31,730	11,527	58,169
Lease liabilities	10,094	51,097	31,730	11,527	58,169

(b) Changes in liabilities arising from financing activities

31 December 2023

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payables
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	700,639	51,418	2,852
Changes from financing cash flows	474,388	(14,359)	(248,609)
Dividend declared	–	–	259,420
New leases	–	10,094	–
Interest expense	25,943	2,477	–
Exchange realignment	–	160	–
As at 31 December 2023	1,200,970	49,790	13,663

31 December 2024

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payables
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	1,200,970	49,790	13,663
Changes from financing cash flows	1,581,748	(18,063)	(123,580)
Dividend declared	–	–	123,580
New leases	–	51,097	–
Interest expense	52,376	4,040	–
Exchange realignment	–	246	–
As at 31 December 2024	2,835,094	87,110	13,663

31 December 2025

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payables
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	2,835,094	87,110	13,663
Changes from financing cash flows	(2,870,851)	(20,291)	(64,936)
Dividend declared	–	–	51,273
New leases	–	31,730	–
Redemption liabilities on a subsidiary's shares	–	–	–
Redemption liabilities on the Company's shares	–	–	–
Interest expense	35,757	3,896	–
Termination	–	(15,188)	–
Exchange realignment	–	(36)	–
As at 31 December 2025	–	87,221	–

30 June 2025 (unaudited)

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payables
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	2,835,094	87,110	13,663
Changes from financing cash flows (unaudited)	(2,096,691)	(9,977)	(64,936)
Dividend declared (unaudited)	–	–	51,273
New leases (unaudited)	–	11,527	–

	Interest-bearing bank and other borrowings	Lease liabilities	Dividends payables
	RMB'000	RMB'000	RMB'000
Interest expense (unaudited)	33,951	1,575	–
Termination (unaudited)	–	(14,461)	–
Exchange realignment (unaudited)	–	9	–
As at 30 June 2025 (unaudited)	772,354	75,783	–

30 June 2026

	Interest-bearing bank and other borrowings	Lease liabilities
	RMB'000	RMB'000
At 1 January 2026	–	87,221
Changes from financing cash flows	1,745,438	(25,312)
New leases	–	58,169
Interest expense	5,339	2,222
Exchange realignment	–	(1,995)
As at 30 June 2026	1,750,777	120,305

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December	Six months ended 30 June	Six months ended 30 June
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	7,335	8,037	5,981	4,019	2,528
Within financing activities	14,359	18,063	20,291	9,977	25,312
Total	21,694	26,100	26,272	13,996	27,840

38. CONTINGENT LIABILITIES

As at the end of Relevant Periods, neither the Group nor the Company had any significant contingent liabilities.

39. PLEDGE OF ASSETS

Details of the Group's pledged assets, including the Group's bank deposits, are disclosed in note 23 to the Historical Financial Information.

40. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	31 December	31 December	31 December	30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Purchases of items of property, plant and equipment	72,642	54,958	104,258	702,686

41. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Hisense Group Holding and its subsidiaries:						
Purchases of goods or services	*(i)*	203,273	309,594	219,989	129,606	149,228
Sales of goods or services	*(ii)*	15,238	6,555	7,021	3,993	2,210
Purchases of property, plant and equipment	*(iii)*	19,001	7,135	5,447	1,594	1,521
Disposal of property, plant and equipment		91	11	–	–	–
Other operating expenses	*(iv)*	7,446	9,767	9,777	4,863	6,727
Rental income	*(v)*	596	745	482	332	275
Interest expenses	*(vi)*	861	16,610	18,374	16,377	295
Interest income	*(vii)*	27,032	40,030	20,837	19,682	1,077
Others		24	86	414	296	66
A Joint venture:						
Sales of goods or services	*(ii)*	377	195	–	–	–
An associate of Hisense Group Holding:						
Purchases of goods or services	*(i)*	369	398	2,956	367	5
Hisense Investment* and its subsidiaries:						
Purchases of goods or services	*(i)*	–	–	3,277	–	1,774
Sales of goods or services		–	–	–	–	8
Purchases of property, plant and equipment		–	–	30	–	1,344
Other operating expenses	*(iv)*	–	–	629	–	–
Rental income	*(v)*	–	–	146	–	–
An associate of Hisense Investment*:						
Purchases of goods or services	*(i)*	–	–	214	–	98

* Qingdao Hisense Investment Development Co., Ltd. ("Hisense Investment"), a company incorporated in the PRC on June 30, 2025 and held by the same group of shareholders as Hisense Group Holding.

Notes:

(i) The purchases were made according to the published prices and conditions offered by the related parties to their major customers.

(ii) The sales were made according to the published prices and conditions offered to the major customers of the Group.

(iii) Purchases of property, plant and equipment from related parties are mainly projects under construction, of which the reason for the larger amount in 2023 is the purchase of the construction in progress of the Liaoning Road apartment from Qingdao Jingyang Xinda Industrial Co., Ltd., which will be converted into a building in 2024.

(iv) Other operating expenses are mainly the cost of leasing buildings, plant and machinery from related parties.

(v) Rental income mainly refers to the income from leasing buildings, plant and machinery to related parties.

(vi) Interest expenses mainly refer to the interest costs incurred from obtaining advances from Hisense Finance Co., Ltd. ("Hisense Finance"), which is ultimately controlled by the same controlling party with the Group.

(vii) Interest income mainly refers to the interest earned by lending to Hisense Communication Co., Ltd., which is ultimately controlled by the same controlling party with the Group.

(b) Outstanding balances with related parties

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hisense Group Holding and its subsidiaries:				
Trade related:				
Current assets:				
Trade and bills receivables	31,562	25,180	15,719	22,925
Current liabilities:				
Trade payables	21,556	18,947	20,147	12,780
Non-Trade related:				
Current assets:				
Pledged deposits	40,738	59,157	54,785	56,054
Cash and cash equivalents	62,214	160,358	483,513	396,182
Prepayments and other receivables	1,203,352	1,608,036	264	4,683
Subtotal	1,306,304	1,827,551	538,562	456,919
Current liabilities:				
Lease liabilities	5,465	9,302	11,894	10,658
Short-term borrowings	100,048	1,357,304	–	–
Other payables and accruals	247	6,605	10,236	5,433
Subtotal	105,760	1,373,211	22,130	16,091
Non-current assets:				
Right of use assets	30,315	59,062	56,617	51,993
Prepayments and other receivables	1,930	580	580	3,678
Subtotal	32,245	59,642	57,197	55,671
Non-current liabilities:				
Lease liabilities	26,800	51,477	46,954	40,512
A Joint venture:				
Trade related:				
Current assets:				
Trade receivables	10	–	–	–

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Qingdao Bolangde Broadband Co., Ltd., the shareholder of the Company:				
Non-Trade related:				
Current assets:				
Prepayments and other receivables	8,289	14,591	–	–
Current liabilities:				
Other payables and accruals	427,794	417,886	–	–
An associate of Hisense Group Holding				
Non-Trade related:				
Current liabilities:				
Other payables and accruals	–	8	50	50
Hisense Investment and its subsidiaries:				
Non-Trade related:				
Current assets:				
Prepayments and other receivables	–	–	–	624
An associate of Hisense investment				
Non-Trade related:				
Current assets:				
Prepayments and other receivables	–	–	–	73
Current liabilities:				
Other payables and accruals	–	–	38	–
Total	–	–	38	697

Note: The outstanding non-trade balances with related parties as at 31 December 2023, 2024, 2025 and 30 June 2026 were unsecured, interest-free and repayable on demand, and will be settled prior to the listing.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	10,062	10,603	10,442	5,709	4,631
Performance related bonuses	754	2,975	12,354	2,842	3,577
Profit sharing bonus	4,394	1,916	3,824	3,824	–
Pension scheme contributions	931	985	1,109	834	447
Share-based payments	1,713	3,217	6,030	6,030	–
Total compensation paid to key management personnel	17,854	19,696	33,759	19,239	8,655

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	1,068,400	1,068,400
Bills receivables	–	119,476	3,225	122,701
Financial assets included in prepayments and other receivables	–	–	1,262,352	1,262,352
Contract assets	–	–	3,649	3,649
Financial assets at fair value through profit or loss	431,461	–	–	431,461
Derivative financial instruments	2,959	–	–	2,959
Pledged deposits	–	–	40,738	40,738
Cash and cash equivalents	–	–	138,503	138,503
Total	434,420	119,476	2,516,867	3,070,763

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	1,197,094	1,197,094
Financial liabilities included in other payables and accruals	–	161,215	161,215
Financial liabilities at fair value through profit or loss	414,132	–	414,132
Derivative financial instruments	746	–	746
Interest-bearing bank and other borrowings	–	1,200,970	1,200,970
Total	414,878	2,559,279	2,974,157

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	1,899,039	1,899,039
Bills receivables	–	39,265	45,530	84,795
Financial assets included in prepayments and other receivables	–	–	1,747,566	1,747,566
Contract assets	–	–	2,000	2,000
Derivative financial instruments	644	–	–	644
Time deposits	–	–	11,380	11,380
Pledged deposits	–	–	59,157	59,157
Cash and cash equivalents	–	–	260,906	260,906
Total	644	39,265	4,025,578	4,065,487

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	1,679,067	1,679,067
Financial liabilities included in other payables and accruals	–	293,602	293,602
Financial liabilities at fair value through profit or loss	404,223	–	404,223
Derivative financial instruments	4,177	–	4,177
Interest-bearing bank and other borrowings	–	2,835,094	2,835,094
Total	408,400	4,807,763	5,216,163

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	1,710,406	1,710,406
Bills receivables	–	13,680	56,552	70,232
Financial assets included in prepayments and other receivables	–	–	156,523	156,523
Contract assets	–	–	1,265	1,265
Financial assets at fair value through profit or loss	400,737	–	–	400,737
Derivative financial instruments	2,064	–	–	2,064
Time deposits	–	–	11,580	11,580
Pledged deposits	–	–	54,785	54,785
Cash and cash equivalents	–	–	1,273,617	1,273,617
Total	402,801	13,680	3,264,728	3,681,209

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	2,719,383	2,719,383
Financial liabilities included in other payables and accruals	–	226,039	226,039
Redemption liabilities	–	538,952	538,952
Derivative financial instruments	254	–	254
Total	254	3,484,374	3,484,628

As at 30 June 2026

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	2,266,686	2,266,686
Bills receivables	–	97,892	47,502	145,394
Financial assets included in prepayments and other receivables	–	–	25,294	25,294
Contract assets	–	–	256	256
Derivative financial instruments	5,716	–	–	5,716
Time deposits	–	–	27,010	27,010
Pledged deposits	–	–	56,054	56,054
Cash and cash equivalents	–	–	1,584,152	1,584,152
Total	5,716	97,892	4,006,954	4,110,562

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	3,055,191	3,055,191
Financial liabilities included in other payables and accruals	–	312,477	312,477
Redemption liabilities	–	538,312	538,312
Derivative financial instruments	370	–	370
Interest-bearing bank and other borrowings	–	1,750,777	1,750,777
Total	370	5,656,757	5,657,127

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			
	31 December	31 December	31 December	30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Bills receivables	119,476	39,265	13,680	97,892
Financial assets at fair value through profit or loss	431,461	–	400,737	–
Derivative financial instruments	2,959	644	2,064	5,716
Total	553,896	39,909	416,481	103,608

	Fair values			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Bills receivables	119,476	39,265	13,680	97,892
Financial assets at fair value through profit or loss	431,461	–	400,737	–
Derivative financial instruments	2,959	644	2,064	5,716
Total	553,896	39,909	416,481	103,608

	Carrying amounts			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities at fair value through profit or loss	414,132	404,223	–	–
Derivative financial instruments	746	4,177	254	370
Total	414,878	408,400	254	370

	Fair values			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities at fair value through profit or loss	414,132	404,223	–	–
Derivative financial instruments	746	4,177	254	370
Total	414,878	408,400	254	370

Management has assessed that the fair values of cash and cash equivalents, the current portion of time deposits, the current portion of pledged deposits, trade receivables, trade and bills payables, financial assets included in prepayments and other receivables, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of pledged deposits, interest-bearing bank and other borrowings, redemption liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	119,476	–	119,476
Financial assets at fair value through profit or loss	–	431,461	–	431,461
Derivative financial instruments	–	2,959	–	2,959
Total	–	553,896	–	553,896

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	39,265	–	39,265
Derivative financial instruments	–	644	–	644
Total	–	39,909	–	39,909

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	13,680	–	13,680
Financial assets at fair value through profit or loss	–	400,737	–	400,737
Derivative financial instruments	–	2,064	–	2,064
Total	–	416,481	–	416,481

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	97,892	–	97,892
Derivative financial instruments	–	5,716	–	5,716
Total	–	103,608	–	103,608

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss	–	414,132	–	414,132
Derivative financial instruments	–	746	–	746
Total	–	414,878	–	414,878

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss	–	404,223	–	404,223
Derivative financial instruments	–	4,177	–	4,177
Total	–	408,400	–	408,400

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	254	–	254

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	370	–	370

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

* The fair value of the financial liabilities is determined using a discounted cash flow model based on the contractual settlement amount, which is calculated as the subscription price plus the Group's accumulated retained earnings attributable to each ordinary share as of the reporting date.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

The Group's principal financial instruments, other than derivatives, include interest-bearing bank and other borrowings, redemption liabilities, and cash and deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in note 2.3 to the Historical Financial Information.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
As at 31 December 2023			
RMB	50	(3,802)	(3,802)
RMB	(50)	3,802	3,802
As at 31 December 2024			
RMB	50	(6,552)	(6,552)
RMB	(50)	6,552	6,552
As at 31 December 2025			
RMB	50	–	–
RMB	(50)	–	–
As at 30 June 2026			
RMB	50	(5,617)	(5,617)
RMB	(50)	5,617	5,617

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group adopts the method of purchasing forward foreign exchange contracts to maintain the principle of exchange rate neutrality.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD and THB exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/(decrease) in foreign currency/ RMB rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	rate %	*RMB'000*	*RMB'000*
As at 31 December 2023			
If RMB weakens against USD	5	(7,999)	(7,999)
If RMB strengthens against USD	(5)	7,999	7,999
If RMB weakens against THB	5	(62)	(62)
If RMB strengthens against THB	(5)	62	62
As at 31 December 2024			
If RMB weakens against USD	5	(5,563)	(5,563)
If RMB strengthens against USD	(5)	5,563	5,563
If RMB weakens against THB	5	(6,310)	(6,310)
If RMB strengthens against THB	(5)	6,310	6,310
As at 31 December 2025			
If RMB weakens against USD	5	(1,524)	(1,524)
If RMB strengthens against USD	(5)	1,524	1,524
If RMB weakens against THB	5	(1,720)	(1,720)
If RMB strengthens against THB	(5)	1,720	1,720
As at 30 June 2026			
If RMB weakens against USD	5	(4,317)	(4,317)
If RMB strengthens against USD	(5)	4,317	4,317
If RMB weakens against THB	5	(1,759)	(1,759)
If RMB strengthens against THB	(5)	1,759	1,759

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and staging as at 31 December 2023, 2024, 2025 and 30 June 2026

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	–	–	–	3,649	3,649
Trade receivables*	–	–	–	1,068,400	1,068,400
Bills receivables	–	–	–	122,701	122,701
Financial assets included in prepayments and other receivables					
– Normal**	1,262,352	–	–	–	1,262,352
– Doubtful**	–	–	2,837	–	2,837
Cash and cash equivalents					
– Not yet past due	138,503	–	–	–	138,503
Pledged deposits	40,738	–	–	–	40,738
Total	1,441,593	–	2,837	1,194,750	2,639,180

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	–	–	–	2,000	2,000
Trade receivables*	–	–	–	1,899,039	1,899,039
Bills receivables	–	–	–	84,795	84,795
Financial assets included in prepayments and other receivables					
– Normal**	1,747,566	–	–	–	1,747,566
– Doubtful**	–	–	3,526	–	3,526
Cash and cash equivalents					
– Not yet past due	260,906	–	–	–	260,906
Time deposits	11,380	–	–	–	11,380
Pledged deposits	59,157	–	–	–	59,157
Total	2,079,009	–	3,526	1,985,834	4,068,369

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	–	–	–	1,256	1,256
Trade receivables*	–	–	–	1,710,406	1,710,406
Bills receivables	–	–	–	70,232	70,232
Financial assets included in prepayments and other receivables					
– Normal**	156,523	–	–	–	156,523
– Doubtful**	–	–	3,069	–	3,069
Cash and cash equivalents					
– Not yet past due	1,273,617	–	–	–	1,273,617
Time deposits	11,580	–	–	–	11,580
Pledged deposits*	54,785	–	–	–	54,785
Total	1,496,505	–	3,069	1,781,894	3,281,468

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	–	–	–	256	256
Trade receivables*	–	–	–	2,266,686	2,266,686
Bills receivables	–	–	–	145,394	145,394
Financial assets included in prepayments and other receivables					
– Normal**	25,294	–	–	–	25,294
– Doubtful**	–	–	3,032	–	3,032
Cash and cash equivalents					
– Not yet past due	1,584,152	–	–	–	1,584,152
Time deposits	27,010	–	–	–	27,010
Pledged deposits*	56,054	–	–	–	56,054
Total	1,692,510	–	3,032	2,412,336	4,107,878

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 25 and 27 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments and other receivables are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets are considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 25 to the Historical Financial Information.

Concentrations of credit risk are managed by customers. Credit risk management is centralized according to customers. At the end of the Relevant Periods, the Group had certain concentrations of credit risk as 65.4%, 72.7%, 71.6% and 74.4% of the book balance of the Group's trade receivables were due from the Group's five largest customers, respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2023		
	Within one year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	1,197,094	–	1,197,094
Derivative financial instruments	746	–	746
Financial liabilities at fair value through profit or loss	414,132	–	414,132
Interest-bearing bank and other borrowings	500,210	753,876	1,254,086
Lease liabilities	10,327	57,640	67,967
Total	2,122,509	811,516	2,934,025

	31 December 2024		
	Within one year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	1,679,067	–	1,679,067
Derivative financial instruments	4,177	–	4,177
Financial liabilities at fair value through profit or loss	404,223	–	404,223
Interest-bearing bank and other borrowings	1,627,678	1,324,990	2,952,668
Lease liabilities	19,609	100,337	119,946
Total	3,734,754	1,425,327	5,160,081

	31 December 2025			
	Within one year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	2,719,383	–	–	2,719,383
Derivative financial instruments	254	–	–	254
Redemption liabilities	–	–	704,000	704,000
Lease liabilities	26,844	88,835	–	115,679
Total	2,746,481	88,835	704,000	3,539,316

	30 June 2026			
	Within one year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	3,055,191	–	–	3,055,191
Derivative financial instruments	370	–	–	370
Redemption liabilities	–	–	704,000	704,000
Interest-bearing bank and other borrowings	805,144	1,000,556	–	1,805,700
Lease liabilities	46,436	71,896	9,737	128,069
Total	3,907,141	1,072,452	713,737	5,693,330

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital management.

The gearing ratios as the end of each of the Relevant Periods were as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	49,790	87,110	87,221	120,305
Interest-bearing bank and other borrowings	1,200,970	2,835,094	–	1,750,777
Redemption liabilities	–	–	538,952	538,312
Trade and bills payables	1,197,094	1,679,067	2,719,383	3,055,191
Financial liabilities at fair value through profit or loss	414,132	404,223	–	–
Less: Cash and cash equivalents	(138,503)	(260,906)	(1,273,617)	(1,584,152)
Net debt	2,723,483	4,744,588	2,071,939	3,880,433
Equity attributable to owners of the parent	1,933,574	1,928,276	3,704,956	4,330,204
Capital and net debt	4,657,057	6,672,864	5,776,895	8,210,637
Gearing ratio	58.5%	71.1%	35.9%	47.3%

45. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred between the reporting date and the date of authorization of the Historical Financial Information.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 30 June 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus, the Accountants' Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effects of (i) the Global Offering and (ii) conversion of shares with preferential rights into ordinary shares upon Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the parent as of 30 June 2026 as if the Global Offering had taken place on 30 June 2026.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of 30 June 2026 or any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 30 June 2026	Estimated net Proceeds from the Global Offering	Estimated impact related to the reclassification of redemption liabilities	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 30 June 2026	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 June 2026	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
Based on an Offer Price of HK$32.96 per Share	4,290,988	4,740,190	317,610	9,348,788	9.51	11.00

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as at 30 June 2026 are arrived at after deducting other intangible assets of RMB12,748,000 and goodwill of RMB26,468,000 as at 30 June 2026 from the consolidated equity attributable to owners of the parent of RMB4,330,204,000 as at 30 June 2026 set out in the Accountants' Report in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated offer price of HK$32.96 per Share after deduction of underwriting fees and commissions and other related expenses payable by the Company (excluding listing expenses of RMB32.3 million which have been charged to profit or loss during the Track Record Period) and do not take into account any shares which may be issued upon exercise of the Over-allotment Option.

3. The liabilities associated with the redemption rights related to the ordinary shares (as set out in Note 32 of Appendix I to this prospectus) will be terminated upon the completion of Global Offering and the carrying amount of the redemption liabilities as at 30 June 2026 as shown in the Accountants' Report will be transferred to equity.

4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are arrived at by dividing the unaudited pro forma adjusted consolidated net tangible assets by 982,941,500 shares, being the number of shares in issue assuming that the Global Offering had been completed on 30 June 2026, without taking into account of the exercise of the Over-allotment Option.

5. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of HK$1.00 to RMB0.86458.

6. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to 30 June 2026.

B. ASSURANCE REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION FROM THE REPORTING ACCOUNTANTS

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Ligent Technologies, Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ligent Technologies, Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2026, and related notes as set out on page II-2 of the prospectus dated 14 September 2026 (the "Prospectus") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2026 as if the transaction had taken place at 30 June 2026. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2026, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* as issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* as issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 as issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
14 September 2026

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 27 May 2025 under the Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 11 August 2025 and effective on 11 August 2025. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of technology) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person (whether physically or by virtual attendance with the use of technology), or by proxy may demand a poll.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares.

(iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so canceled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognized clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognize any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by ordinary resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its Own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorized by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of the Company to Own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or installment of a call after it has become due and payable, the Board may, for so long as any part of the call or installment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancelation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and Other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act and the Memorandum and Articles, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary Resolutions

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company's constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any members which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any member which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorized representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorized representative or by proxy shall have one vote. For the avoidance of doubt, votes may be cast by members by electronic means, if such means are provided.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of technology).

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognized clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorize such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of technology).

All members of the Company (including a member which is a recognized clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting (whether physically or by virtual attendance with the use of technology), except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of technology (if applicable).

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of technology), or in the case of a member being a corporation, by its duly authorized representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognized clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of technology) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorized representative. The appointor should be allowed to send the instrument appointing a proxy by electronic means.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorized by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and Other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorize payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in Relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarized in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was registered by way of continuation in the Cayman Islands as an exempted company on 27 May 2025 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

3.14 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

3.15 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. Court approval is not required for a merger or consolidation which is effected in compliance with statutory procedures.

3.16 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands.

3.17 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer.

3.18 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.19 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

4. GENERAL

Harney Westwood & Riegels, the Company's legal advisor on Cayman Islands laws, has sent to the Company a letter of advice summarizing the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the BVI on February 20, 2009. On May 27, 2025, our Company was re-domiciled and continued in the Cayman Islands with limited liability. As we are registered in the Cayman Islands, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of certain provisions of our Articles of Association and relevant aspects of the Cayman Companies Act is set out in Appendix III to this document.

We have established a place of business in Hong Kong at Suite 2701, 27/F, Cityplaza One, 1111 King's Road, Hong Kong, and were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on September 4, 2025 under the same address. Ms. Wang Rui (汪蕊) and Mr. Tse Yu Yeung (謝愉陽) have been appointed as our authorized representatives for the acceptance of service of process and notices on our behalf in Hong Kong. As of the date of this document, our Company's head office is located at 26th Floor, Building A, Hisense International Center, No. 88, Hong Kong East Road, Laoshan District, Qingdao, Shandong Province, PRC.

2. Changes in Our Share Capital

On February 20, 2009, our Company was incorporated in the BVI as a business company limited by shares with an authorized share capital of US$13,446,601 divided into 13,446,601 Shares of a par value of US$1.00 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this document:

- On December 1, 2024, our Company repurchased 3,000 ordinary shares and 44,279 ordinary shares from Dr. Zhang Liming and Bolangde, respectively;

- On July 21, 2025, our Company repurchased 33,702 ordinary shares, 6,545 ordinary shares, 11,120 ordinary shares, 25,249 ordinary shares and 12,624 ordinary shares from Bolangde, Mr. Jia Ning, Dr. Zhang Hua, Dr. Huang Weiping and Dr. Hong Jin, respectively. At the same day, our Company transferred 134,519 ordinary shares and 2,000 ordinary shares from our treasury shares to Talents Holdings and Hisense Group Holding, respectively; and

- On July 29, 2025, our Company issued and allotted 677,026 ordinary shares to CKL;

- On July 31, 2025, our Company issued and allotted 212,210 ordinary shares to Xiamen Guojuxiang;

- On August 1, 2025, our Company issued and allotted 209,051 ordinary shares and 75,225 ordinary shares to Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin, respectively;

- On August 11, 2025, our Company resolved to conduct the share subdivision pursuant to which each ordinary share was subdivided into 50 ordinary shares of par value of US$0.02 each, following which the authorized share capital of our Company became US$20,000,000, divided into 1,000,000,000 ordinary shares of par value of US$0.02 each; and

- On August 11, 2025, the Company increased its authorized share capital from US$20,000,000 divided into 1,000,000,000 ordinary shares of par value of US$0.02 each to US$60,000,000 divided into 3,000,000,000 ordinary shares of par value of US$0.02 each.

Save as disclosed above and as mentioned in the subsection headed "4. Resolutions of our Shareholders" below, there has been no change in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and particulars of our subsidiaries are set out in Note 1 to the Accountants' Report.

Within the two years immediately preceding the date of this document, we have established two subsidiaries, including (i) Xiamen Lianzhiguang (established in the PRC on April 9, 2025), and (ii) Qingdao Lianzhiguang (established in the PRC on April 15, 2025).

The changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document are: (i) on February 14, 2025, the registered capital of LigentComm was increased from 60,000,000 Thai Baht to 62,000,000 Thai Baht; (ii) on March 10, 2025, the registered capital of LigentComm was increased from 62,000,000 Thai Baht to 233,743,860 Thai Baht; (iii) on April 8, 2025, the registered capital of LigentComm was increased from 233,743,860 Thai Baht to 731,370,000 Thai Baht; (iv) on September 15, 2025, the registered capital of Xiamen Lianzhiguang was increased from RMB200,000,000 to RMB273,333,334; (v) on December 18, 2025, the registered capital of Ligent (Singapore) Pte. Ltd. was increased from US$1 to US$1,000,000; (vi) on April 22, 2026, the registered capital of Qingdao Broadband was increased from RMB111,879,500 to RMB215,229,500; (vii) on May 12, 2026, the registered capital of LigentComm was increased from 731,370,000 Thai Baht to 1,250,000,000 Thai Baht; (viii) on May 18, 2026, the registered capital of Ligent (Singapore) Pte. Ltd. was increased from US$1,000,000 to US$3,000,000; and (ix) on May 22, 2026, the registered capital of Qingdao Lianzhiguang was increased from RMB200,000,000 to RMB380,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

On August 11, 2025, our Shareholders have passed the resolutions pursuant to the terms set out therein with respect to, among other things: (a) the change of name of the Company to "Ligent Technologies, Inc. 納真科技公司" was approved; (b) the authorized share capital of our Company was changed from US$20,000,000 divided into 20,000,000 ordinary shares of a par value of US$1.00 each to US$20,000,000 divided into 1,000,000,000 ordinary shares of a par value of US$0.02 each; (c) the authorized share capital of our Company was increased from US$20,000,000 divided into 1,000,000,000 ordinary shares of par value of US$0.02 each to US$60,000,000 divided into 3,000,000,000 ordinary shares of par value of US$0.02 each, with immediate effect; and (d) the Third Amended and Restated Memorandum and Articles of Association were approved and adopted in substitution for the then existing memorandum and articles of association of the Company in their entirety, with immediate effect.

On September 7, 2026, the following resolutions of the Company were passed by the Shareholders and pursuant to the terms set out therein, among other things:

(a) the Global Offering and the Over-allotment Option were approved, and the Board was authorized to negotiate and agree the Offer Price and to allot and issue the Offer Shares pursuant to the Global Offering;

(b) the terms of the Post-IPO Share Incentive Scheme were approved and adopted, with effect from the Listing Date, and the Board was authorized to make such changes to the Post-IPO Share Incentive Scheme as may be required by the Stock Exchange and/or which they deem necessary and/or desirable and to grant options and/or awards thereunder (as applicable) and to allot, issue and deal with Shares pursuant thereto, and to take all such actions as they consider necessary and/or desirable to implement or give effect to the Post-IPO Share Incentive Scheme;

(c) a general unconditional mandate (the "**Issuance Mandate**") was granted to the Board to allot, issue, and deal with any Shares or securities convertible into Shares (including the resale or transfer of treasury Shares by our Company) and to make or grant offers, agreements, or options which would or might require Shares to be allotted, issued, or dealt with, provided that the number of Shares so allotted, issued, or dealt with, or agreed to be allotted, issued, or dealt with by the Board, shall not exceed 20% of the total number of Shares in issue (excluding any treasury Shares) immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option);

(d) a general unconditional mandate (the "**Repurchase Mandate**") was granted to the Board to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the total number of Shares in issue (excluding any treasury Shares) immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(e) the Issuance Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued (including the resale or transfer of treasury Shares) by the Board pursuant to such general mandate of an aggregate number of the Shares to be purchased by our Company pursuant to the Repurchase Mandate, provided that such extended number shall not exceed 10% of the total number of the Shares in issue (excluding any treasury Shares) immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Each of the general mandates referred to above will remain in effect until the earliest of: (a) the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition; (b) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and articles of association of our Company; and (c) the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

5. Repurchase of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on September 7, 2026, the Repurchase Mandate was given to the Directors authorizing any repurchase by us of Shares on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the issued share capital (excluding any treasury Shares) immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of the Shareholders in general meeting either unconditionally or subject to condition, or (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and articles of association of our Company, or (iii) the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws of Hong Kong and the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any repurchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the repurchase over the par value of the shares to be repurchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering (but not taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option). We may not issue new Shares, or a sale or transfer of any treasury Shares, or announce a proposed issue of new Shares, or a sale or transfer of any treasury Shares for a period of 30 days immediately following a share repurchase without the prior approval of the Stock Exchange. For the avoidance of doubt, this restriction will not apply to (i) a new issue of Shares, or a sale or transfer of treasury Shares under a capitalization issue, (ii) a grant of share awards or options under a share scheme that complies with Chapter 17 of the Listing Rules or a new issue of Shares or a transfer of treasury Shares upon vesting or exercise of share awards or options under the share scheme that complies with Chapter 17 of the Listing Rules, and (iii) a new issue of Shares or a transfer of treasury Shares pursuant to the exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to the repurchase.

Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, a listed company shall not purchase its Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its Shares were traded on the Stock Exchange.

(iv) Status of Repurchased Shares

Following a repurchase of Shares, the Company may cancel any repurchased Shares (upon which the certificates for such Shares must be canceled and destroyed) and/or hold them as treasury Shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances. Shareholders and potential investors should pay attention to any announcement to be published by us in the future, including but without limitation, any next day disclosure return (which shall identify, amongst others, the number of repurchased Shares that are to be held as treasury shares or canceled upon settlement of such repurchases).

The listing status of all Shares which are held as treasury Shares will be retained. Our Company will ensure that treasury Shares are appropriately identified and segregated. For any treasury Shares deposited with CCASS pending resale on the Stock Exchange, our Company will ensure that it would not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the relevant laws if those Shares were registered in our Company's own name as treasury Shares by, including but not limited to, obtaining an approval by the board of our Company that (i) our Company should procure its broker not to give any instructions to HKSCC to vote at general meetings for the treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, our Company should withdraw the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

The listing status of all Shares which are purchased by our Company (whether on the Stock Exchange or otherwise) but not held as treasury Shares shall be automatically canceled upon repurchase. Our Company shall ensure that the documents of title of these repurchased Shares are canceled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

(v) Suspension of Repurchase

Pursuant to the Listing Rules, our Company shall not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of 30 days immediately preceding the earlier of: (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless there are exceptional circumstances.

In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

The Company may not purchase any of its Shares on the Stock Exchange for a period of 30 days after any sale or transfer of any treasury Shares on the Stock Exchange, without the prior approval of the Stock Exchange.

(vi) Procedural and Reporting Requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, and whether the purchased Shares are canceled following settlement of any such purchase or held as treasury Shares, and where applicable, the reasons for any deviation from the intention statement previously disclosed by the Company. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly breakdown of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected Parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons for Repurchases

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of Hong Kong.

On the basis of the current financial position as disclosed in this document and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this document. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

(d) Interim Measures

For any treasury Shares of the Company deposited with CCASS pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement interim measures which include (without limitation): (i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury Shares deposited with CCASS; (ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the relevant record date for the dividend or distributions; or (iii) taking any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury Shares.

(e) General

The Company did not hold any treasury Shares as of the Latest Practicable Date and will not hold any treasury Shares upon Listing. To the best knowledge of the Directors, neither the explanatory statement contained herein nor the proposed Share repurchase has unusual features.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to us or our subsidiaries.

The Directors will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations in the Cayman Islands. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than such minimum percentage prescribed by the Stock Exchange could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) a share purchase agreement dated July 24, 2025 entered into by and among (1) our Company (formerly known as Hisense Broadband Multimedia Technologies, Ltd.); (2) Hisense Broadband Multimedia Technologies Co., Ltd. (青岛海信宽带多媒体技术有限公司); (3) Hisense Group Holdings Co., Ltd. (海信集团控股股份有限公司); (4) TransLight Limited (formerly known as Ligent International Inc.); (5) Global Optical Holdings Limited; (6) Archcom Delaware Holding LLC; (7) Qingdao Bolangde Broadband Co., Ltd. (青岛博朗德宽带股份有限公司); (8) AI Talents Holdings, LLC (formerly known as AI TALENTS LP); (9) Xiamen Guojuxiang Equity Investment Partnership Enterprise (Limited Partnership) (厦门国炬翔股权投资合伙企业(有限合伙)) ("**Xiamen Guojuxiang**"); (10) Xiamen Advanced Manufacturing Equity Investment Fund Partnership Enterprise (Limited Partnership) (厦门先进制造业股权投资基金合伙企业(有限合伙)) ("**Xiamen Advanced Manufacturing Fund**"); and (11) Xiamen TorchRunxin Technology Equity Investment Fund Partnership Enterprise (Limited Partnership) (厦门火炬润信科技股权投资基金合伙企业(有限合伙)) ("**Xiamen TorchRunxin**"), pursuant to which Xiamen Guojuxiang, Xiamen Advanced Manufacturing Fund and Xiamen TorchRunxin agreed to subscribe for, and our Company agreed to issue and allot, 212,210 ordinary shares, 209,051 ordinary shares, and 75,225 ordinary shares, respectively, for considerations of RMB141,050,000, RMB138,950,000, and RMB50,000,000, respectively;

(b) a share purchase agreement dated July 24, 2025 entered into by and among (1) our Company (formerly known as Hisense Broadband Multimedia Technologies, Ltd.); (2) Hisense Group Holdings Co., Ltd. (海信集团控股股份有限公司); and (3) HISENSE CKL (HK) CO., LIMITED (海信世纪金隆(香港)有限公司) ("**CKL**"), pursuant to which CKL agreed to subscribe for, and our Company agreed to issue and allot, 677,026 ordinary shares for a consideration of US$62,861,453.36;

(c) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, PRIMAVERA CORNFLOWER INVESTMENT FUND L.P., Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$30 million;

(d) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, GREATER BAY AREA DEVELOPMENT FUND MANAGEMENT LIMITED acting for and on behalf of the managed account of MEGA PRIME DEVELOPMENT LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(e) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, POLY PLATINUM ENTERPRISES LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(f) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, CFTC Summit Fund SPC-CFTC Paragon SP, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$30 million;

(g) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, HK BVF I LPF, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$30 million;

(h) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, ORIENT ASSET MANAGEMENT (HONG KONG) LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(i) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, Mount Altai Investments Limited, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(j) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, PEAK VIEW CAPITAL LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(k) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, SinoFortune Fund SPC (acting for and on behalf of SinoFortune Nova SP), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(l) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, AMBRE LAU TRADE LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$15 million;

(m) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, SCV Delta L.P., Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(n) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, MIRAE ASSET SECURITIES (HK) LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(o) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, PAG CAPITAL STRUCTURE OPPORTUNITY FUND LP (acting by its general partner, PAG CAPITAL STRUCTURE OPPORTUNITY GP LIMITED), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(p) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, TURQUOISE HIME, L.P. (acting by its general partner HIME INVESTMENT LIMITED), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(q) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, GF Fund Management Co., Ltd. (广发基金管理有限公司), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$9.5 million;

(r) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, GF International Investment Management Limited (广发国际资产管理有限公司), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$0.5 million;

(s) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, E FUND MANAGEMENT (HONG KONG) CO., LTD., Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$9.5 million;

(t) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, E FUND MANAGEMENT CO., LTD., Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$0.5 million;

(u) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, CHINA SECURITIES (INTERNATIONAL) INVESTMENT COMPANY LIMITED (建投(海外)投資有限公司), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(v) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, First Seafront Asset Management Limited (前海国际基金管理有限公司), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(w) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, GAOTENG GLOBAL ASSET MANAGEMENT LIMITED on behalf of GAOTENG ALL WEATHER FUND SPC — GAOTENG SP 6, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(x) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, GIGADEVICE SEMICONDUCTOR (HK) LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(y) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, AMLOGIC CO., LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(z) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, Atlas Venture Limited, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(aa) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, ALPHAHILL CAPITAL LIMITED for itself and on behalf of ALPHAHILL FUTURE FUND, MANIFOLD MASTER FUND and YORK HOUSE INVESTMENT I LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(bb) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, ODI TRUST LIMITED, Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$10 million;

(cc) a cornerstone investment agreement dated September 10, 2026 entered into among our Company, BARING ASSET MANAGEMENT (ASIA) LIMITED (in its capacity as the discretionary investment manager of certain fund(s) and investment account(s)), Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollars equivalent of US$5 million; and

(dd) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, our Group had registered or had been authorized to use (via Hisense Group Holding) the following Class 9 trademarks which are, in the opinion of our Directors, material to its business:

No.	Trademark	Registered Owner	Place of Registration	Registration Number	Expiry Date
1 . . .	LIGENT	Our Company	Hong Kong	306946363	June 26, 2035
2 . . .	LIGENT	Ligent, Inc.	European Union	019159713	March 20, 2035
3 . . .	LIGENT	Ligent, Inc.	Singapore	40202507105S	March 24, 2035
4 . . .	LIGENT	Our Company	Cayman Islands	T0004436	July 8, 2035
5 . . .	LIGENT	Our Company	PRC	86339592	April 6, 2036
6 . . .	LIGENT	Ligent, Inc.	Japan	2025-031508	March 9, 2036
7 . . .	纳真科技 LIGENT TECHNOLOGIES	Qingdao Broadband	Macau	N/252757; N/252758	June 29, 2033
8 . . .	纳真科技 LIGENT TECHNOLOGIES	Our Company	Hong Kong	307177311	January 29, 2036
9 . . .	纳真科技 LIGENT TECHNOLOGIES	Ligent, Inc.	Singapore	40202602369Y	January 29, 2036
10. . .	纳真科技	Our Company	PRC	89930707; 89930811	August 6, 2036
11. . .	oDAC	Qingdao Broadband	PRC	69998604	October 6, 2033
12. . .	海信	Hisense Group Co., Ltd.	PRC	17292788	September 6, 2036
13. . .	Hisense	Hisense Group Co., Ltd.	PRC	17293268	August 27, 2036

As of the Latest Practicable Date, our Group had applied for registration of the following trademarks which are, in the opinion of our Directors, material to its business.

No.	Trademark	Class(es)	Registered Owner	Place of Registration	Application Number	Application Date
1 . . .	纳真科技 LIGENT TECHNOLOGIES	9	Our Company	PRC	89930809	January 27, 2026
2 . . .	LIGENT	9	Ligent, Inc.	Thailand	250137687	August 14, 2025
3 . . .	LIGENT	9	Ligent, Inc.	Republic of Korea	40-2025-0054202	April 2, 2025
4 . . .	LIGENT	9	Ligent, Inc.	U.S.	99097027	March 21, 2025
5 . . .	LIGENT	9	Ligent, Inc.	Mexico	3342741	March 25, 2025
6 . . .	LIGENT	9	Ligent, Inc.	India	6923144	March 25, 2025
7 . . .	LIGENT	9	Ligent, Inc.	Canada	2387478	March 20, 2025
8 . . .	纳真科技 LIGENT TECHNOLOGIES	9; 38	Our Company	Taiwan, China	115010595	February 11, 2026

(b) Patents

As of the Latest Practicable Date, our Group had registered the following patents which are, in the opinion of our Directors, material to our business:

No.	Description	Patent Number	Date of Registration
1. . . .	An optical transceiver	CN202111012383.0	August 31, 2021
2. . . .	An optical transceiver	CN202011507499.7	December 18, 2020
3. . . .	An optical transceiver	CN202210767137.4	June 30, 2022
4. . . .	An optical transceiver	CN202111449769.8	November 30, 2021
5. . . .	An optical transceiver	CN202011475053.0	December 14, 2020
6. . . .	Optical transceiver	CN201910413744.9	May 17, 2019
7. . . .	Optical transceiver	CN202010198281.1	March 19, 2020
8. . . .	Optical transceiver and power supply method thereof	CN201911242587.6	December 6, 2019
9. . . .	A circuit board and optical transceiver	CN202210709079.X	June 21, 2022
10. . .	An optical transceiver	CN202210862361.1	July 21, 2022
11. . .	An optical transceiver	CN202210380297.3	February 24, 2020
12. . .	Optical transceiver	CN202210177851.8	February 25, 2022

No.	Description	Patent Number	Date of Registration
13. . .	An optical transceiver and wavelength adaptation method based on message channel	CN202110313572.5	March 24, 2021
14. . .	An optical transceiver	CN202110239420.5	March 4, 2021
15. . .	An optical transceiver	CN202111342027.5	November 12, 2021
16. . .	An optical transceiver	CN201911222045.2	December 3, 2019
17. . .	An optical transceiver	CN202110242136.3	March 4, 2021
18. . .	An optical transceiver	CN202110297027.1	March 19, 2021
19. . .	Rate mode switching method of optical transceiver and optical transceiver	CN202010568958.6	June 19, 2020
20. . .	An optical transceiver	CN202011466259.7	December 14, 2020
21. . .	An optical transceiver	CN202110242132.5	March 4, 2021
22. . .	An optical transceiver	CN202111088244.6	September 16, 2021
23. . .	An optical transceiver	CN202010988113.2	September 18, 2020
24. . .	An optical transceiver	CN202010681155.1	July 15, 2020
25. . .	A data receiving method, device and optical transceiver	CN201910705987.X	August 1, 2019
26. . .	A data transmission method, device, and optical transceiver	CN201910705988.4	August 1, 2019
27. . .	A printed circuit board of an optical transceiver	CN201510968955.0	December 21, 2015
28. . .	An optical transceiver	CN201810631480.X	June 19, 2018
29. . .	A state-reporting method and device for optical transceiver at optical line terminal	CN201710220964.0	May 16, 2014
30. . .	An optical transceiver	CN201910440362.5	May 24, 2019
31. . .	Optical transceiver and their optical emitting devices	CN201810860700.6	August 1, 2018
32. . .	An optical transceiver	CN201810898143.7	August 8, 2018
33. . .	An optical transceiver and a control method for an optical transceiver	CN201710725586.1	August 22, 2017
34. . .	An optical transceiver	CN201710577293.3	July 14, 2017
35. . .	Optical transceiver	CN201710842912.7	September 18, 2017
36. . .	Optical transceiver	CN201710067946.3	February 7, 2017
37. . .	An optical transceiver	CN201710220900.0	April 6, 2017
38. . .	An optical transceiver	CN201710407249.8	June 2, 2017
39. . .	Optical transceiver	CN201510906373.X	December 9, 2015
40. . .	A high-speed laser assembly and optical transceiver	CN202111013601.2	August 31, 2021

No.	Description	Patent Number	Date of Registration
41. . .	Optical transmitter and optical module	CN201910912788.6	September 25, 2019
42. . .	An optical transceiver	CN202010189780.4	March 18, 2020
43. . .	An optical transceiver	CN202110806482.X	July 16, 2021
44. . .	Optical transceiver	CN202210730675.6	June 24, 2022
45. . .	Optical transceiver	CN202210731036.1	June 24, 2022
46. . .	Optical transceiver	CN202210731028.7	June 24, 2022
47. . .	An optical transceiver	CN202111443415.2	November 30, 2021
48. . .	An optical transceiver	CN201911330223.3	December 20, 2019
49. . .	An optical transceiver	CN202010317005.2	April 21, 2020
50. . .	An optical transceiver	CN202210216302.7	March 7, 2022

(c) Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which, in the opinion of our Directors, are material to its business:

No.	Domain Name	Registered Owner	Place of Registration	Date of registration	Expiry date
1. . . .	ligent.com	Ligent Inc.	U.S.	July 7, 2003	July 7, 2027
2. . .	ligent.com.cn	Qingdao Broadband	PRC	July 29, 2025	July 29, 2027

(d) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights in the PRC under Qingdao Broadband which are, in the opinion of our Directors, material to its business:

No.	Copyright	Registration Number	Date of Registration
1. . .	Hisense 100G optical transceiver control software based on SFF8636 protocol	2024SR0932685	July 4, 2024
2. . .	Hisense NGPON2 OLT optical transceiver control software for access networks	2024SR0796065	June 12, 2024
3. . .	Hisense localized 50G LR optical transceiver control software based on SFF8472 protocol	2024SR0796066	June 12, 2024
4. . .	Hisense 64G optical transceiver control software for data centers	2024SR0792887	June 12, 2024
5. . .	Hisense 400G coherent optical transceiver control software based on CMIS protocol	2024SR0796064	June 12, 2024
6. . .	Hisense 100G optical transceiver control software for data centers	2023SR0699536	June 25, 2023

No.	Copyright	Registration Number	Date of Registration
7. . .	Hisense 400G optical transceiver control software based on CMIS protocol	2023SR0587235	June 7, 2023
8. . .	Hisense CPON optical transceiver control software for PON	2023SR0518772	May 5, 2023
9. . .	Hisense 200G optical transceiver control software for data centers	2023SR0518773	May 5, 2023
10. .	Hisense control software based on fully localized solution for 25G PON BIDI optical transceiver	2023SR0518770	May 5, 2023
11. .	Hisense XGSPON optical transceiver control software for PON	2023SR0518771	May 5, 2023
12. .	Hisense 8-channel 800G QSFP-DD optical transceiver control software based on data center development	2022SR1006318	August 4, 2022
13. .	Hisense TWDMPON optical transceiver control software in SFF package based on DS4835 and GN25L95A 8472 protocol	2022SR1002549	August 3, 2022
14. .	Hisense 50G GPON optical transceiver control software based on next-generation high-speed PON product development	2022SR1002585	August 3, 2022
15. .	Hisense control software based on domestic MCU Belling solution	2022SR0650937	May 26, 2022
16. .	Hisense optical transceiver control software based on DS4834 solution	2022SR0650692	May 26, 2022
17. .	Hisense SFF8472 protocol optical transceiver control software based on domestic MCU	2020SR1261094	November 26, 2020
18. .	Hisense CPON optical transceiver control software based on EFM8LB chip SFP-DD protocol dual-channel switching	2020SR1261093	November 26, 2020
19. .	Hisense 400G optical transceiver control software based on data center	2020SR0968034	August 21, 2020
20. .	Hisense dual-channel 10G BIDI optical transceiver control software based on 5G application development	2019SR1205525	November 25, 2019
21. .	Hisense home gateway unit software based on Ethernet passive optical network protocol	2018SR1053537	December 21, 2018
22. .	Hisense single household unit software based on Ethernet passive optical network protocol	2018SR1053549	December 21, 2018
23. .	Hisense GPON SFU software	2018SR1053525	December 21, 2018
24. .	Hisense GPON HGU software	2018SR1053572	December 21, 2018
25. .	Hisense wireless access node software	2018SR1053510	December 21, 2018

No.	Copyright	Registration Number	Date of Registration
26. .	Hisense digital TV set-top box universal software with unified middleware interface adaptation	2018SR209926	March 27, 2018
27. .	Hisense converged intelligent terminal software	2018SR204443	March 26, 2018
28. .	Hisense 2.5G GPON OLT optical transceiver control software based on EFM8LB and UX2228 solution SFF8472 protocol	2018SR067566	January 29, 2018
29. .	Hisense 10G WDM PON optical transceiver control software based on ADuC7023 and GN2044S solution SFF8472 protocol	2018SR068414	January 29, 2018
30. .	Hisense 10G EPON optical transceiver control software based on C8051F336 and GN7355 solution SFF8472 protocol	2018SR013150	January 5, 2018
31. .	Hisense 10G EPON optical transceiver control software based on Aduc7023 solution SFF8472 protocol SFP+ package	2018SR013156	January 5, 2018
32. .	Hisense single household unit software based on Gigabit passive optical network protocol	2014SR188646	December 5, 2014
33. .	Hisense home gateway unit software based on Gigabit passive optical network protocol	2014SR188649	December 5, 2014
34. .	Hisense GPON OLT optical transceiver control software based on INF-8077i and CCSA protocol	2014SR181719	November 26, 2014
35. .	Hisense SFP+, OLT optical transceiver control software based on C8051 solution SFF8472 protocol	2014SR181714	November 26, 2014
36. .	Hisense optical transceiver control software based on C8051F solution SFF8436 protocol	2014SR181720	November 26, 2014
37. .	Hisense OLT optical transceiver control software based on ADuc7020 solution SFF8472 protocol	2014SR180321	November 24, 2014
38. .	Hisense ONU, SDH optical transceiver control software based on C8051 solution SFF8472 protocol	2014SR179835	November 24, 2014
39. .	Hisense IPTV business system platform universal software	2018SR204453	March 26, 2018

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code to be notified to us and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange.

(b) Interests of the substantial shareholders of any member of our Group (other than our Company)

Save as disclosed above, so far as known to our Directors or chief executive, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), no person, other than a Director or chief executive of our Company, will, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than our Company).

2. Particulars of Service Contracts and Appointment Letters

(a) Executive Director

Each of the executive Directors has entered into a service contract with us under which he/she agreed to act as an executive Director for an initial term of three years following his/her respective effective date of appointment, which may be terminated by not less than three months' notice in writing served by either such executive Director or us. The appointment of the executive Director is subject to the provisions of retirement and rotation under the Articles and the Hong Kong Listing Rules.

(b) Non-executive Director

Each of the non-executive Directors has entered into a letter of appointment commencing on his respective effective date of appointment in relation to his role as a director of the Company, which is subject to retirement by rotation in accordance with the Listing Rules and the Articles. The non-executive Directors do not receive any director's fees under their respective appointment letters. The appointment of the non-executive Director is subject to the provisions of retirement and rotation under the Articles and the Hong Kong Listing Rules.

(c) Independent Non-executive Director

Each of the independent non-executive Directors has entered into a letter of appointment commencing on his/her respective effective date of appointment in relation to his/her role as a director of the Company, which is subject to retirement by rotation in accordance with the Hong Kong Listing Rules and the Articles. Under their respective appointment letters, each of the independent non-executive Directors is entitled to an annual fixed fee. The appointment of the independent non-executive Director is subject to the provisions of retirement and rotation under the Articles and the Hong Kong Listing Rules.

(d) Others

(i) Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

(ii) The aggregate amount of remuneration (including salaries, allowances and benefits in kind, performance related bonuses, share-based payment expenses, pension scheme contributions and profit sharing scheme expense) we paid to our Directors in respect of the financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were approximately RMB7.4 million, RMB6.8 million, RMB13.8 million and RMB5.9 million, respectively. Further details of our Directors' remuneration are also set out in Note 9 of the Accountants' Report. Save for the remuneration as set out in Notes 9 and 10 of the Accountants' Report, no other emoluments have been paid or are payable by our Company or any of our subsidiaries to our Directors during the Track Record Period.

(iii) The number of directors among the five highest paid individuals was one, one, three and two for the three years ended December 31, 2025 and the six months ended June 30, 2026, respectively. The total emoluments paid by us to the remaining non-director highest paid individuals during the same periods amounted to approximately RMB12.0 million, RMB14.4 million, RMB8.8 million and RMB5.1 million, respectively.

(iv) Under the arrangements currently in force, the aggregate amount of remuneration and benefits in kind payable by our Company to our Directors for the financial year ending December 31, 2026 is estimated to be approximately RMB14 million.

(v) None of the Directors (or former Directors) or the five highest paid individuals has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining us; or (ii) as compensation for loss of office in connection with the management of the affairs of any member of our Group.

(vi) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

(vii) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Substantial Shareholders

For information on the persons who will, immediately following the completion of the Listing, have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, please refer to the section headed "Substantial Shareholders" in this document. Save as set out above, as of the Latest Practicable Date, our Directors are not aware of any person who will, immediately following the completion of the Listing, be interested, directly or indirectly, in 10% or more of the voting shares of any member of our Group or had option in respect of such capital.

4. Fees or Commissions Received

Save in connection with the Underwriting Agreements, none of the Directors or any of the persons whose names are listed under the paragraph headed "E. Other Information — 7. Consents of Experts" below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

(a) None of our Directors or any of the parties listed in the paragraph headed "E. Other Information — 6. Qualification of Experts" below is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us.

(b) Save in connection with the Underwriting Agreements, none of our Directors or any of the parties listed in the paragraph headed "E. Other Information — 6. Qualification of Experts" below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

(c) Save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "E. Other Information — 6. Qualification of Experts" below: (i) is interested, legally or beneficially, in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

(d) None of our Directors or their respective associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers, save as disclosed in this document in relation to Hisense Group Holding.

D. SHARE INCENTIVE SCHEME

1. Post-IPO Share Incentive Scheme

The following summarizes the principal terms of the Post-IPO Share Incentive Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by an extraordinary general meeting of our Shareholders on September 7, 2026, with effect from Listing.

(a) Purpose

The purpose of the Post-IPO Share Incentive Scheme is to incentivize and reward the Eligible Participants (as defined below) for their contribution to the Group and to align their interests with that of our Company to encourage them to work towards enhancing the value of our Company.

(b) Eligible Participants

The Board (which expression shall, for the purpose of this paragraph, include the Board or such duly authorized person(s) by the Board) may, at its absolute discretion, offer to grant an option or a share award to subscribe for a certain number of Shares to (a) an employee (whether full time or part-time) or a director of our Company or any of its subsidiaries (the "**Eligible Employee(s)**") and (b) a consultant who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are material to the Group's long term growth ("**Service Provider(s)**"), and (c) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (together with the Eligible Employees and Service Providers hereinafter referred as the "**Eligible Participant(s)**"). For the avoidance of doubt, Service Providers shall exclude placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and any professional service providers such as auditors or valuers.

The eligibility of any Eligible Participants shall be determined by the Board with reference to, among others, their individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, length of engagement with the Group and actual or potential contribution to the Group's development and growth.

The eligibility of any Service Providers shall be determined by the Board with reference to, among others, their contribution to the Group's development and growth, actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship, the performance of the Service Providers and the scarcity and/or quality of the services they provided, their potential contributions to the Group (taking into account their experience, qualification, technical know-how, network, market competitiveness, etc.) and the possibility of establishing long-term business relationships with the Service Providers.

(c) Maximum Number of Shares

(i) Subject to paragraphs (iv) and (v) below, the total number of Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Share Incentive Scheme shall not in aggregate exceed 10.0% of the total number of Shares in issue (but excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any treasury shares) on the day on which trading of the Shares commences on the Stock Exchange (the "**Plan Mandate Limit**"). Options and share awards lapsed in accordance with the terms of the Post-IPO Share Incentive Scheme will not be counted for the purpose of calculating the Plan Mandate Limit. The Company may issue new Shares or utilize treasury Shares (if any) to satisfy grants of the options and share awards under the Post-IPO Share Incentive Scheme.

(ii) Subject to paragraph (i) above, within the Plan Mandate Limit, the total number of Shares which may be issued upon exercise of all options and share awards to be granted to Service Providers shall not exceed 2.0% of the total number of Shares in issue (but excluding any treasury Shares) on the day on which trading of the Shares commences on the Stock Exchange (the "**Service Providers Sublimit**").

(iii) Subject to paragraph (iv) below, the Plan Mandate Limit and the Service Providers Sublimit may be refreshed at any time after three years from the date of Shareholders' approval for the last refreshment (or the date on which the Post-IPO Share Incentive Scheme is adopted, as the case may be) by approval of its Shareholders in general meeting provided that (1) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of our Company and their respective associates) must abstain from voting in favor of the relevant resolution at the general meeting; and (2) our Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules. The requirements under (1) and (2) of this paragraph do not apply if the refreshment is made immediately after an issue of securities by our Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the plan mandate (as a percentage of Shares in issue) upon refreshment is the same as the unused part of the plan mandate immediately before the issue of securities, rounded to the nearest whole Share.

(iv) The total number of Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Share Incentive Scheme and any other plans of our Company under the plan mandate as refreshed must not exceed 10% of the total number of Shares in issue (but excluding any treasury Shares) as at the date of approval of the refreshed plan mandate.

(v) Without prejudice to paragraph (iv) above, our Company may seek separate Shareholders' approval in a general meeting to grant options and/or share awards beyond the Plan Mandate Limit to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options and/or share awards to be granted, the purpose of granting options and/or share awards to the specified participants with an explanation as to how the terms of the options and/or share awards will serve such purpose and all other information required under the Listing Rules.

(d) Maximum Entitlement of a Grantee

Where any grant of options or share awards to a participant would result in the Shares issued and to be issued upon exercise of all options and/or share awards granted and to be granted to such participant (excluding any options and share awards lapsed in accordance with the terms of the Post-IPO Share Incentive Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (but excluding any treasury Shares), such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options and/or share awards to be granted to such participant must be fixed before Shareholders' approval.

(e) Grant and Exercise of Options and Share Awards

The Board or such duly authorized person(s) by the Board may in its absolute discretion specify such event, time limit or conditions (if any) when making such offer to the Eligible Participants, including conditions as to performance criteria (such as growth rate of revenue, earnings per Share and/or total shareholders' return) to be satisfied or achieved by the Eligible Participants and/or our Company and/or the Group before the exercise of an option or a share award.

An offer of the grant of an option or a share award shall be made to any Eligible Participants by letter in such form as the Board or such duly authorized person(s) by the Board may determine specifying the number of Shares, the vesting period, the subscription price, the option period, the date by which the grant must be accepted and further requiring the Eligible Participants to hold the option or share award on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Incentive Scheme. An option or a share award shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the option or share award duly signed by the grantee together with the prescribed payment to our Company and/or any of its subsidiaries (or the equivalent in the local currency of any jurisdiction where our Company and/or its subsidiaries operate, as the Board or such duly authorized person(s) by the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by our Company within the prescribed time period.

An option or a share award shall be personal to the grantee and shall not be assignable. No grantee shall prescribed sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option or share award. Any breach of the foregoing shall entitle our Company to cancel any outstanding entitlement of such grantee.

An option may be exercised in accordance with the terms of the Post-IPO Share Incentive Scheme at any time during a period to be determined and notified by the Board to each grantee, commencing on a day falling at least 12 months after the date upon which the offer for the grant of options is made and ending not later than 10 years from such grant date, subject to any early termination provisions under the Post-IPO Share Incentive Scheme. Options and share awards must be held for at least 12 months from the grant date before vesting or exercise, except a shorter vesting period applies, including where: (i) grants of "make-whole" options or share awards to new Eligible Employee(s) to replace options or share awards such Eligible Participant(s) forfeited when leaving their previous employers; (ii) grants to an Eligible Participant whose employment is terminated due to death or disability or event of force majeure; (iii) grants of options or share awards which are subject to fulfillment of performance targets as determined in the conditions of his/her grant; (iv) grants of options or share awards the timing of which is determined by administrative or compliance requirements, in which case the vesting date may be adjusted to take account of the time from which the options or share awards would have been granted if not for such administrative or compliance requirements; (v) grants of options or share awards with a mixed vesting schedule such as the options or share awards vest evenly over a period of 12 months; and (vi) grants of options or share awards with a total vesting and holding period of more than 12 months, such as where the options or share awards may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the date of grant of such options or share awards.

(f) Subscription Price

The subscription price for each Share under an option (the "**Subscription Price**") shall be determined by the Board or such duly authorized person(s) by the Board at its absolute discretion, which shall be not less than the highest of: (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The purchase price for each Share under a share award (the "**Purchase Price**") shall be determined by the Board or such duly authorized person(s) by the Board at its absolute discretion, based on considerations such as the prevailing closing price of the Shares, the purpose of the share award and the contribution of the Eligible Participant.

(g) Options and Share Awards Granted to Connected Persons

(i) Any grant of options or share awards to a director, chief executive or substantial shareholder of the Company, or any of their associates must be approved by the independent non-executive Director (excluding any independent non-executive Director who is the grantee of the options or share awards).

(ii) Where any grant of share awards (excluding grant of options) to a director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the shares issued and to be issued in respect of all share awards granted (excluding any share awards lapsed in accordance with the terms of the Post-IPO Share Incentive Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue (but excluding any treasury Shares), such further grant of share awards must be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll.

(iii) Where any grant of options or share awards to an independent non-executive Director or a substantial shareholder of our Company or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options lapsed in accordance with the terms of the Post-IPO Share Incentive Scheme) under the Post-IPO Share Incentive Scheme and any other plans of our Company to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue (but excluding any treasury Shares), such further grant of options or share awards must be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll.

Our Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). Any change in the terms of an option or a share award granted to a Director, a chief executive, a substantial shareholder of our Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner if the initial grant of the options or share awards requires such approval.

(h) Restriction of Grant of Options and Share Awards

No option or share awards shall be offered or granted:

(i) to any Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until (and including) the trading day after the relevant price sensitive or inside information has been announced in accordance with the applicable provisions of law or the Listing Rules;

(ii) to any Eligible Participant during the period commencing 30 days immediately before the following (whichever is earlier): (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual, quarterly (if any) or half-yearly results; and (b) the deadline for our Company to publish an announcement of its annual, quarterly (if any) or half-yearly results; and ending on the date of the results announcement. No option or share award shall be granted during any period of delay in the publication of a results announcement; and

(iii) to any Eligible Participant, who, by virtue of their employment with the Group, may have access to inside information relating to the securities of the Company (except where the Subscription Price is to be determined by the Board or such duly authorized person(s) by the Board at the time of exercise of the option): (a) during the period of 60 days immediately preceding the publication of the annual results of our Company or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; or (b) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Lapse of Options and Share Awards

Any option or share award shall lapse automatically and not be exercisable on the earliest of: (i) the expiry of the option period or other applicable exercisable periods under the Post-IPO Share Incentive Scheme; (ii) the expiry of the periods or the occurrence of the relevant event referred to in paragraphs (l)(i) and (l)(iii) below; (iii) subject to terms of the Post-IPO Share Incentive Scheme, the date of the commencement of the winding-up of our Company; (iv) the date on which the grantee commits a breach of relevant clauses that rights are personal to the grantee; or (v) the occurrence or non-occurrence of any event, expiry of any period, or non- satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant option or share award.

(j) Voting and Dividend Rights

No grantee shall enjoy any of the Shareholder's rights (including voting, dividend, transfer rights or any other rights attached to a Share) by virtue of the grant of an option or a share award pursuant to the Post-IPO Share Incentive Scheme, unless and until the registration of the grantee (or such other person as may succeed to the grantee's title by operation of applicable laws and in compliance with the terms of the Post-IPO Share Incentive Scheme) as the holder thereof. For the avoidance of doubt, the trustee holding unvested Shares under the Post-IPO Share Incentive Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

(k) Effects of Alterations in the Capital Structure of Our Company

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option or a share award remains outstanding, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial advisor to our Company as fair and reasonable will be made to (a) the number of Shares to which the option or the share award relates, so far as outstanding, and/or (b) the Subscription Price of any outstanding option and the Purchase Price of any share awards, provided that (i) any such alteration shall give a grantee the same proportion of the issued share capital (rounded to the nearest whole Share) to which the grantee was entitled prior to such alteration; (ii) any such adjustments shall be made on the basis that the aggregate Subscription Price and Purchase Price payable by a grantee on the full exercise of any option or share award shall remain as nearly as possible the same as it was before such event; and (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial advisor must confirm to the Board in writing that the adjustments comply with the relevant provisions of the Listing Rules (or any guideline or supplementary guideline as may be issued by the Stock Exchange from time to time).

(l) Rights on Ceasing Employment, Death, or Dismissal

(i) If the grantee of an option or a share award is an employee and ceases to be an employee for any reason other than death, or for serious misconduct or other grounds referred to in sub-paragraph (iii) below before exercising his/her option or share award in full, the option or share award (to the extent not already exercised) will lapse automatically on the date of cessation of his/her employment or engagement with the Group.

(ii) If the grantee of an option or a share award is an employee and ceases to be an employee by reason of his/her death, before exercising the option or share award in full, his/her legal personal representative(s), or, as appropriate, the grantee may exercise the option or share award (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death of the grantee.

(iii) If the grantee of an option or a share award is an employee and ceases to be an employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offense involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment summarily, his/her option or share award will lapse automatically on the date of cessation of his/her employment with the Group.

(m) Rights on Takeover and Plans of Compromise or Arrangement

If a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a plan of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) our Company shall use its best endeavors to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the options and/or share awards granted to them, Shareholders of our Company). If such offer becomes or is declared unconditional, the grantee (or his/her legal personal representative(s)) shall be entitled to exercise the grantee's outstanding entitlement in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

(n) Rights on a Voluntary Winding-up or Winding-up by the Court

In the event of an effective resolution being passed for the voluntary winding-up of our Company or an order of the court being made for the winding-up of our Company, notice thereof shall be given by our Company to grantees with options and/or share awards outstanding in full or in part at such date. If a grantee immediately prior to such event had any outstanding entitlement, the grantee (or his legal personal representative(s)) may by notice in writing to our Company within 21 days after the date of such resolution elect to be treated as if the entitlement had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by a remittance for the full amount of the aggregate Subscription Price or Purchase Price for the Shares in respect of which the notice is given, whereupon the grantee shall be duly transferred with the relevant Shares (or treated as such by our Company) and entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election.

(o) Ranking of Shares

The Shares underlying the options and the share awards to be allotted and issued, or transferred (in the case of any treasury shares), will be subject to all the provisions of the Articles of Association of our Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date on which such Shares are registered in the name of the Eligible Participants on the Company's register of members and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date on which such Shares are registered in the name of the Eligible Participants on the Company's register of members other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of such transfer.

(p) Duration

The Post-IPO Share Incentive Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Incentive Scheme becomes unconditional, after which period no further options or share awards will be granted by the provisions of the Post-IPO Share Incentive Scheme, but the provisions of the Post-IPO Share Incentive Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options or share awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Incentive Scheme.

(q) Alteration of the Plan

The Board may subject to the rules of the Post-IPO Share Incentive Scheme amend any of the provisions of the Post-IPO Share Incentive Scheme at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Any alterations to the terms and conditions of the Post-IPO Share Incentive Scheme which are of a material nature, and any change to the terms of any options or share awards granted to the advantage of Eligible Participants, shall be subject to the approval of the Shareholders in general meeting and, where required under the Listing Rules, the Stock Exchange.

Any change to the terms of options or share awards granted to an Eligible Participant must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the options or share awards was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be). Such requirement does not apply where the alterations take effect automatically under the existing terms of the Post-IPO Share Incentive Scheme.

(r) Cancelation of Options and Share Awards

Any cancelation of options or share awards granted may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancelation. Where our Company cancels options and/or share awards granted to a participant and makes a new grant to the same participant, such new grant may only be made under the Post-IPO Share Incentive Scheme with available Plan Mandate Limit approved by the Shareholders. The options or share awards canceled will be regarded as utilized for the purpose of calculating the Plan Mandate Limit.

(s) Clawback

The Board may, at its absolute discretion, determine such malus and/or clawback provisions to be applied to an option and a share award or an offer of grant so as to provide appropriate compensation upon the occurrence of the applicable malus and/or clawback event(s) such as serious misconduct, a material misstatement in our Company's financial statements and fraud. If the Board exercises its discretion under this paragraph, it will give the relevant grantee written notice of such determination and the Board's interpretation of and determination pursuant to this paragraph shall be final, conclusive and binding.

(t) Termination

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Incentive Scheme and in such event no further options or share awards will be offered but the provisions of the Post-IPO Share Incentive Scheme shall remain in full force in all other respects. All options and share awards granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Share Incentive Scheme.

(u) Value of Option and Share Awards

Our Directors consider it inappropriate to disclose the value of options and/or share awards which may be granted under the Post-IPO Share Incentive Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option and/or share awards pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options or share awards have been granted, certain variables are not available for calculating the value of options or share awards. Our Directors believe that any calculation of the value of options and share awards granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

(v) General

As of the Latest Practicable Date, no options or share awards had been granted or agreed to be granted under the Post-IPO Share Incentive Scheme.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty under Cayman Islands law is likely to fall upon our Company or any of our subsidiaries under the laws of Hong Kong and the Cayman Islands.

2. Litigation

As of the Latest Practicable Date, we are not aware of any litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The total fee payable by us to the Joint Sponsors in respect of their services as the sponsors for the Listing is US$900,000.

4. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

5. Promoter

We have no promoter for the purpose of the Listing Rules. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document within the two years immediately preceding the date of this document.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
Citigroup Global Markets Asia Limited	A licensed corporation under the SFO to conduct Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 7 (Providing Automated Trading Services) of the regulated activities under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (Advising on Securities) and Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Grandall Law Firm (Qingdao)	Legal advisor to our Company as to PRC laws
Harney Westwood & Riegels	Legal advisor to our Company as to Cayman Islands laws
Loeb & Loeb LLP	Legal advisor to our Company as to U.S. laws
Tilleke & Gibbins International Limited	Legal advisor to our Company as to Thailand laws
Fairbairn Catley Low & Kong	Legal advisor to our Company as to Hong Kong laws
Frost & Sullivan Limited	Independent industry consultant

Name	Qualification
Cleary Gottlieb Steen & Hamilton (Hong Kong)	Legal advisor to our Company as to the U.S. outbound investment rule
Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells)	Legal advisor to our Company as to international sanctions laws and U.S. tariffs
Ernst & Young (China) Advisory Limited Beijing Branch	Transfer pricing tax consultant

As at the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Consents of Experts

Each of the persons named in "— 6. Qualification of Experts" has given and has not withdrawn its respective written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this document in the form and context in which it is respectively included.

8. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in the sections headed "History, Development and Corporate Structure" and "Share Capital" in this document and in this appendix, within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;

(iv) save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(v) save in connection with the Underwriting Agreements, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share or debenture in our Company.

(b) Our Group has not issued any debentures nor does it have any outstanding debentures or any convertible debt securities.

(c) No founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued.

(d) Our Directors confirm that: (i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2026 (being the date to which the latest historical financial information of our Group was prepared); (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(e) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

(f) There are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group.

(g) No company within our Group is presently listed on any stock exchange or traded on any trading system.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the websites of the Stock Exchange at **(https://www.hkexnews.hk)** and our Company at **(https://www.ligent.com)** up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and Articles of Association of our Company;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(d) the report on the unaudited pro forma financial information received from Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinions issued by Grandall Law Firm (Qingdao), our PRC Legal Advisor, in respect of certain aspects and property interests of our Group in the PRC;

(f) the legal memorandum issued by Cleary Gottlieb Steen & Hamilton (Hong Kong) to assess the impact of the U.S. outbound investment rule on the Global Offering;

(g) the legal memorandum issued by Hogan Lovells Cadwalader International LLP to assess the Company's compliance with International Sanctions and U.S. Export Control Laws;

(h) the legal memorandum issued by Hogan Lovells Cadwalader International LLP to assess the Company's compliance with U.S. Tariffs;

(i) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this document;

(j) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor on Cayman Islands law, summarizing certain aspects of Cayman company law referred to in Appendix III;

(k) the Cayman Companies Act;

(l) the report issued by Ernst & Young (China) Advisory Limited Beijing Branch in respect of transfer pricing assessment;

(m) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this document;

(n) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix IV to this document;

(o) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Service Contracts and Appointment Letters" in Appendix IV to this document; and

(p) the terms of the Post-IPO Share Incentive Scheme.

LIGENT

國浩律師(青島)事務所
GRANDALL LAW FIRM (QINGDAO)

青岛市市南区香港中路 9 号香格里拉中心办公楼 6-7 层　邮编：266071
6-7/F, Shangri-La Centre Office Building, No.9 Middle Xianggang Road,
Qingdao 266071, China
T. +86 53287079090
E. Grandallqd@grandall.com.cn　**W.** www.grandall.com.cn

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the report and/or letter and/or opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the PRC legal opinions issued by us in respect of,

青岛市市南区香港中路 9 号香格里拉中心办公楼 6-7 层　邮编：266071
6-7/F, Shangri-La Centre Office Building, No.9 Middle Xianggang Road,
Qingdao 266071, China
T. +86 53287079090
E. Grandallqd@grandall.com.cn　W. www.grandall.com.cn

among other things, the general matters and property interests of the Group under PRC law being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

青岛市市南区香港中路 9 号香格里拉中心办公楼 6-7 层　邮编：266071
6-7/F, Shangri-La Centre Office Building, No.9 Middle Xianggang Road,
Qingdao 266071, China
T. +86 53287079090
E. Grandallqd@grandall.com.cn　W. www.grandall.com.cn

Yours faithfully,

For and on behalf of

Grandall Law Firm (Qingdao)

Grandall Law Firm (Qingdao)

Name: Jinchen Li

Title: Associate

HARNEYS

Harney Westwood & Riegels
14th Floor, Alexandra House
18 Chater Road
Central
Hong Kong
Tel: +852 5806 7800
Fax: +852 5806 7810

September 14, 2026

051923.0012

The Board of Directors
Ligent Technologies, Inc. 納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

Dear Sir or Madam

Re: Consent to the issue of the Prospectus of Ligent Technologies, Inc. 納真科技公司 (the *Company*) in connection with the Proposed Listing and Global Offering

We refer to the prospectus of the Company dated September 14, 2026 (the ***Prospectus***) in connection with the global offering (the ***Global Offering***) and the proposed listing (the ***Proposed Listing***) of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the ***Stock Exchange***).

We hereby give our consent, and confirm we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of our summaries of the constitution of the Company and Cayman Islands companies law, the texts of which are set out in Appendix III to the Prospectus, and all references thereto and to our names, opinions and qualifications, in the form and context in which they respectively appear in the Prospectus.

We also hereby give our consent to (a) a copy of the documents referred to the above, our letter of advice in respect of certain aspects of Cayman Islands company law referred to in Appendix III of the Prospectus and a copy of this letter being made available on display as described in Appendix V to the Prospectus, and (b) this letter being filed with the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus.

[Signature page follows]

Yours faithfully

Harney Westwood & Riegels

Harney Westwood & Riegels

LOEB & LOEB LLP
345 Park Avenue
New York, NY 10154, United States
Tel: 1.212.407.4000

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the report and/or letter and/or opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the U.S. legal opinions and/or letters issued by us in respect of certain aspects of U.S. law being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

Yours faithfully,

Loeb & Loeb LLP

Loeb & Loeb LLP

Tilleke & Gibbins

CAMBODIA • INDONESIA • LAOS • MYANMAR • THAILAND • VIETNAM

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the report and/or letter and/or opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the Thailand legal opinions and/or letters issued by us in respect of certain aspects of Thailand law being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

Yours faithfully,

For and on behalf of
Tilleke & Gibbins International Limited

Name: Patcharaporn Pootranon
Title: Partner

Tilleke & Gibbins International Ltd. | บริษัท ติลลิกีแอนด์กิบบินส์ อินเตอร์เนชั่นแนล จำกัด
Supalai Grand Tower, 26th Floor, 1011 Rama 3 Road, Chongnonsi, Yannawa, Bangkok 10120, Thailand
T: +66 2056 5555 E: bangkok@tilleke.com www.tilleke.com

范紀羅江 | FAIRBAIRN CATLEY LOW & KONG

Our Ref 本行檔號 2031450/25/CCF/CYTM

Your Ref 來函檔號

Date 日期 September 14, 2026

香港辦事處
HONG KONG OFFICE
香港港灣道6-8號瑞安中心23樓
23/F Shui On Centre
6 - 8 Harbour Road
Hong Kong
Telephone 電話: (852) 2522 2041 (852) 2525 9161
Fax 傳真: (852) 2845 9282 (852) 2845 2928

上海代表處
SHANGHAI OFFICE
中國上海市盧灣區淮海中路300號
香港新世界大廈四十七樓 郵編：200021
47/F, Hong Kong New World Tower
No. 300 Huai Hai Zhong Road
Shanghai 200021, China
Telephone 電話: (86) 21 6335 3376 (86) 21 5116 2883

post@fclklaw.com.hk
http://www.fclklaw.com.hk

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

Dear Sir,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the report and/or letter and/or opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the Hong Kong legal opinions and/or letters issued by us in respect of certain aspects of Hong Kong law being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

Yours faithfully,

For and on behalf of
Fairbairn Catley Low & Kong

Name: Christopher Yu
Title: Partner

FROST & SULLIVAN
沙利文

Suite 3006, Two Exchange Square
8 Connaught Place, Central
Hong Kong
Tel: 852 2191 7566
Fax: 852 2191 7995
www.frost.com

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the report given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the industry report issued by us being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

FROST & SULLIVAN
沙利文

Suite 3006, Two Exchange Square
8 Connaught Place, Central
Hong Kong
Tel: 852 2191 7566
Fax: 852 2191 7995
www.frost.com

Yours faithfully,

For and on behalf of
Frost & Sullivan Limited

Name: Terry Tse
Title: Consulting Director

CLEARY GOTTLIEB STEEN & HAMILTON (HONG KONG)
佳利(香港)律師事務所

37th Floor, Hysan Place
500 Hennessy Road, Causeway Bay
Hong Kong
T: +852 2521 4122
F: +852 2845 9026

clearygottlieb.com

FREEMAN CHAN
SHUANG ZHAO
DENISE SHIU
MIAO ZHANG
BIYUAN ZHANG
PARTNERS

CHRIS CHURL-MIN LEE*
REGISTERED FOREIGN LAWYERS

ROBERT K. WILLIAMS
DAISY YAN
COUNSEL

* Admitted to practice in New York

AMERICAS: NEW YORK, SAN FRANCISCO, SÃO PAULO, SILICON VALLEY, WASHINGTON, D.C.
ASIA: HONG KONG, SEOUL
EUROPE & MIDDLE EAST: ABU DHABI, BRUSSELS, COLOGNE, LONDON, MILAN, PARIS, ROME

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the legal memorandum issued by us in respect of outbound investment rules being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

Yours faithfully,

For and on behalf of
Cleary Gottlieb Steen & Hamilton (Hong Kong)

Cleary Gottlieb Steen & Hamilton (HONG KONG)

HOGAN LOVELLS
CADWALADER

霍金路偉凱德律師行

Hogan Lovells Cadwalader
11th Floor, One Pacific Place
88 Queensway
Hong Kong

霍金路偉凱德律師行
香港金鐘道 88 號
太古廣場一座 11 樓

T 電話 +852 2219 0888
F 傳真 +852 2219 0222
www.hlc.com

Date: September 14, 2026

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We, Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells), refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the legal advice given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the legal advice issued by us in respect of international sanctions laws and U.S. tariffs being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

Yours faithfully,

Hogan Lovells Cadwalader

Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells)

EY安永
Shape the future with confidence
聚信心 塑未来

Ernst & Young (China) Advisory Limited
Beijing Branch Office
Level 5, Ernst & Young Tower
Oriental Plaza, 1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永（中国）企业咨询有限公司
北京分公司
中国北京市东城区东长安街1号
东方广场安永大楼5层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

To: The Board of Directors
Ligent Technologies, Inc.
納真科技公司
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002, Cayman Islands

September 14, 2026

Dear Sirs,

Re: Ligent Technologies, Inc. (納真科技公司) (the "Company") - Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated September 14, 2026 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of our name, opinions and qualifications and/ or extracts from or reference to the transfer pricing review report issued by us as set out in the Prospectus, and all references thereto in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and being referred to in the Prospectus, and (ii) this letter and the transfer pricing report issued by us being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to the Prospectus.

[Signature page to follow]

EY安永
Shape the future
with confidence
聚信心 塑未来

Ernst & Young (China) Advisory Limited
Beijing Branch Office
Level 5, Ernst & Young Tower
Oriental Plaza, 1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永（中国）企业咨询有限公司
北京分公司
中国北京市东城区东长安街 1 号
东方广场安永大楼 5 层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Yours faithfully,

For and on behalf of
Ernst & Young (China) Advisory Limited Beijing Branch

Name: Xueyuan Zhang
Title: Partner