

POTEL 普天集团

普天通信集团有限公司

PUTIAN COMMUNICATION GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock code : 1720



2025

Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Wang Qiuping
(*Chairlady and Chief Executive Officer*)
Mr. Zhao Xiaobao (alias Zhao Baohua)
Ms. Zhao Moge

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Cheng Shing Yan
Mr. Liu Guodong
Mr. Xie Haidong

AUDIT COMMITTEE

Ms. Cheng Shing Yan (*Chairlady*)
Mr. Liu Guodong
Mr. Xie Haidong

REMUNERATION COMMITTEE

Mr. Liu Guodong (*Chairman*)
Ms. Cheng Shing Yan
Mr. Xie Haidong

NOMINATION COMMITTEE

Mr. Xie Haidong (*Chairman*)
Ms. Cheng Shing Yan
Mr. Liu Guodong

COMPANY SECRETARY

Ms. Chan Sze Ting

AUTHORISED REPRESENTATIVES

Ms. Wang Qiuping
Ms. Chan Sze Ting

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1919, 19/F,
Lee Garden One, 33 Hysan Avenue,
Causeway Bay, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 8899 ChangDong Avenue
Hi-tech Development Zone
Nanchang, Jiangxi Province
The PRC

AUDITOR

Moore CPA Limited
(*Registered Public Interest Entity Auditor*)

LEGAL ADVISER AS TO HONG KONG LAWS

SH Wong & Co

PRINCIPAL BANKERS

Bank of Communication (Jiangxi Branch)
Bank of China (Nanchang Xihu Branch)
China Everbright Bank Co., Ltd

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.potel-group.com

STOCK CODE

1720



COMPANY PROFILE

Putian Communication Group Limited (the “**Company**”) (stock code: 1720) (together with its subsidiaries, collectively referred to as the “**Group**”) is a well-established and fast-growing communication cable manufacturer and structured cabling system product provider based in Jiangxi Province, the PRC.

The Group has commenced its communication cable manufacturing since 2001. It provides a wide range of optical fiber cables, data and communications cables and structured cabling system products under the brand names of “普天漢飛” and “Hanphy”. Its optical fiber cables and data and communications cables are mainly used by major telecommunications network operators in the PRC for network construction and maintenance. Its structured cabling system products primarily include optical and copper jumper wires and connection and distribution components such as distribution frames, wiring closets, as well as data and audio modules and faceplates. Structured cabling systems products are components of the wiring system, including optical fiber-based cabling system and copper-based cabling system, within buildings for the information transmission. The Group is one of the most diversified suppliers in the communication cable industry in the PRC. Its superior product quality, constant availability, responsive customer services and competitive prices are well recognised by its customers.

The Group continues to strengthen its research and development capabilities which have enabled it to continuously develop new products and upgrade its existing products. Since 2006, one of the Group’s major wholly-owned subsidiaries, Putian Cable Group Co., Ltd (“**Putian Cable**”), has been consecutively recognised as a New High-tech Enterprise by Jiangxi Provincial Department of Science and Technology.

On 9 November 2017, the shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”). As of 30 June 2025, the Company had 1,100,000,000 issued shares.



FINANCIAL HIGHLIGHTS

For the Period, the Group's operating results were summarised as follows:

- Total revenue increased by approximately 6.4% to approximately RMB299.0 million (the Last Period: approximately RMB280.9 million).
- Gross profit increased by approximately 3.9% to approximately RMB60.6 million (the Last Period: approximately RMB58.3 million).
- Gross profit margin decreased to 20.3% (the Last Period: approximately 20.8%).
- Profit for the Period attributable to owners of the Company increased by approximately 52.9% to approximately RMB7.8 million (the Last Period: approximately RMB5.1 million).
- Revenue generated from sale of data and communications cables decreased by approximately 3.7% to approximately RMB163.4 million (the Last Period: approximately RMB169.7 million); while revenue generated from sale of optical fibers and optical fiber cables increased by approximately 25.2% to approximately RMB77.5 million (the Last Period: approximately RMB61.9 million); and revenue generated from sale of structured cabling system products increased by approximately 17.8% to approximately RMB58.1 million (the Last Period: approximately RMB49.3 million).
- The Board did not recommend the payment of an interim dividend for the Period (the Last Period: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has recorded a revenue of approximately RMB299.0 million for the Period which represented an increase of approximately 6.4% as compared with the one for the Last Period. The Group has realised a gross profit of approximately RMB60.6 million for the Period, which represented an increase of approximately 3.9% as compared with the one for the Last Period. Profit for the Period attributable to owners of the Company was approximately RMB7.8 million, which represented an increase of approximately 52.9% as compared with the one for the Last Period.

Sale of data and communications cables decreased by approximately 3.7% to approximately RMB163.4 million (the Last Period: approximately RMB169.7 million) during the Period, while the sale of optical fibers and optical fibers cables increased by approximately 25.2% to approximately RMB77.5 million (the Last Period: approximately RMB61.9 million), and sale of structured cabling system products increased by approximately 17.8% to approximately RMB58.1 million (the Last Period: approximately RMB49.3 million).

I. PERFORMANCE REVIEW FOR THE FIRST HALF OF 2025

In the first half of 2025, the global telecommunications industry continued to expand, driven by the large-scale commercial use of 5G-A, accelerated construction of computing power networks, and the implementation of low-altitude economy policies. Seizing these opportunities, the Group maintained its industry-leading performance in key financial indicators.

Business Progress Highlights

Telecommunication operator business: We have successfully fulfilled 2024 centralised procurement project of China Unicom in respect of optical fiber cable, and completed pilot deployment of 5G-A front-haul optical fiber cables in Guangdong, Zhejiang, and other provinces; We were deeply involved in formulating three national standards set by the China National Information Technology Standardization Committee, namely, the Information Technology – Telecommunications Cabling Requirements for Remote Powering of Terminal Equipment, Information Technology – Generic Cabling for Customer Premises, and Information Technology – Implementation and Operation of Customer Premises Cabling, which served to continuously strengthen its technological first-mover advantage.

Direct sales and industry solutions: Optical communication and data communication network products were used in large quantities at BYD's smart factories across China, while stealth optical guidance cable for UAVs saw significant sales growth, serving as a strong testament to the successful expansion into defense communication programs.

International business: In the first half of 2025, the Group accelerated its global expansion, successfully tapping into the African and South American markets and establishing long-term partnerships with key local customers. With its advantage in rapid deployment, the innovative product “Optical Guidance Cable for UAVs” has become a new growth point in overseas markets.

The Group actively presented at leading international exhibitions including the Canton Fair, Asia Tech x Singapore, and Indonesia International Telecommunication Expo, enhancing its global brand presence, facilitating technology and product integration, and securing partnerships with multiple overseas distributors, so as to further expand its international market coverage.

II. OUTLOOK, INDUSTRY LANDSCAPE AND TRENDS

In the first half of 2025, industry transformation was driven by both national policies and technological innovation:

Policy implementation intensifying: The MIIT’s 5G-A Network Construction Action Plan (《5G-A網絡建設專項行動》) mandates achieving continuous 5G-A coverage in key cities by 2025, spurring explosive demand for ultra-low loss fiber; Meanwhile, the Guiding Opinions on Developing the Low-Altitude Economy (《低空經濟發展指導意見》) proposes establishing a “Communication, Navigation, and Surveillance System for UAVs”, significantly boosting demand for specialised optical fiber cables.

Technological standard upgrading: The China Communications Standards Association (CCSA) released the Technical Specifications for High-Speed Interconnection in Data Centers (《數據中心高速互連技術規範》), promoting MPO/MTP pre-terminated products as standard equipment for supercomputing centers; the Subcommittee on Information Technology Equipment Interconnection of the China National Information Technology Standardization Committee initiated preliminary research on revising the national standard for Wireless Local Area Network Testing Specifications (《無線局域網測試規範》) with our Group invited to participate in the working group.

Global market expansion: The “Digital ASEAN” initiative in Southeast Asia and infrastructure projects under “2030 Vision” in the Middle East are accelerating implementation, presenting a window of opportunity for Chinese optical fiber cable companies to expand overseas.

III. DEVELOPMENT PLAN

The Group’s second phase project of new non-dispersive singlemode optical fiber will be completed and put into operation, elevating the annual production capacity significantly. The Group will launch the construction of the “Industrial Automation Intelligent Control Cable” industry, deeply developing the flexible wiring harness technology for robotic joints to meet the development needs of China’s Industry 4.0 intelligent manufacturing.

As China's "Digital China" initiative enters a deepening phase, coupled with increased global investment in 6G technology R&D and low-altitude economy infrastructure, the communication optical cable industry is poised for a new growth cycle. Adhering to its strategy of "Technology-Driven, Globally Synergized, and Scenario-Deepened", the Group will focus on cutting-edge 5G-A/6G technologies, supporting facilities for industrial Internet, and specialised telecommunications sectors, while integrating global supply chains to continuously enhance its core competitiveness.

FINANCIAL REVIEW

Revenue

Revenue of the Group is mainly derived from sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products, which are three reportable segments. Revenue of the Group increased by approximately 6.4% from approximately RMB280.9 million for the Last Period to approximately RMB299.0 million for the Period. Revenue generated from sale of data and communications cables decreased by approximately 3.7% to approximately RMB163.4 million (the Last Period: approximately RMB169.7 million) while revenue generated from sale of optical fibers and optical fiber cables increased by approximately 25.2% to approximately RMB77.5 million (the Last Period: approximately RMB61.9 million); and revenue generated from sale of structured cabling system products increased by approximately 17.8% to approximately RMB58.1 million (the Last Period: approximately RMB49.3 million).

Gross profit and margin

Gross profit increased by approximately 3.9% to approximately RMB60.6 million for the Period from approximately RMB58.3 million for the Last Period. While the Group's gross profit margin decreased to approximately 20.3% for the Period as compared to the one of approximately 20.8% for the Last Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 2.2% from approximately RMB22.3 million for the Last Period to approximately RMB21.8 million for the Period, mainly due to the decrease in remuneration expenses for salespeople.

Administrative expenses

Administrative expenses increased by approximately 20.0% from approximately RMB19.9 million for the Last Period to approximately RMB23.8 million for the Period, mainly due to the increase in research and development expenses in the first half of the year.

Finance costs

Finance costs decreased by approximately 6.2% from approximately RMB9.7 million for the Last Period to approximately RMB9.1 million for the Period, mainly due to the decrease in interest on borrowings during this Period.

Income tax expense

Income tax expense decreased by approximately 91.3% from approximately RMB2.3 million for the Last Period to approximately RMB0.2 million for the Period, primarily due to an additional tax reduction arising from the research and development expenses.

Profit for the Period

As a result of the foregoing, profit for the Period increased by approximately 52.9% from approximately RMB5.1 million for the Last Period to approximately RMB7.8 million for the Period.

Particulars of the Group's segment information are set out in note 5 to the Interim Condensed Consolidated Financial Statements.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2025, the Group had an aggregate of restricted cash and cash and cash equivalents of approximately RMB34.9 million (31 December 2024: approximately RMB50.9 million), representing a decrease of approximately 31.4% as compared to that as at 31 December 2024.

BORROWINGS AND CHARGES ON THE GROUP'S ASSETS

As at 30 June 2025, the Group had bank and other borrowings of approximately RMB358.5 million (31 December 2024: approximately RMB311.9 million), which were secured by legal charge over the properties of the Group and the personal properties from the controlling shareholders and their associates. Bank and other borrowings of approximately RMB261.5 million will be repayable within one year.

Gearing ratio

As at 30 June 2025, the gearing ratio of the Group, calculated by having the total liabilities divided by the total equity, was approximately 0.96 (31 December 2024: approximately 0.93).

Total debt to total asset ratio

As at 30 June 2025, the total debt to total asset ratio of the Group, calculated by having the total liabilities divided by the total assets, was approximately 0.49 (31 December 2024: approximately 0.48).

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank and other borrowings. The Group does not have an interest rate hedging policy. However, the Directors monitor interest rate exposure from time to time and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rates quoted by the People's Bank of China arising from the Group's bank borrowings.

The Group's interest rate risk mainly arises from bank and other borrowings. Bank and other borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. Certain bank and other borrowings of the Group as at 30 June 2025 bore interest at floating rates (31 December 2024: same). The interest rates and repayment terms of bank and other borrowings are disclosed in Note 18 to the Interim Condensed Consolidated Financial Statements.

Credit risk

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits, restricted cash and cash and cash equivalents. In order to minimise the credit risk of other receivables, the management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables is considered to be low. It is not the Group's policy to request collateral from its other debtors.

The management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low and, thus, expected credit losses ("ECL") is recognised based on 12-month ECL and the impact of ECL is insignificant for the period ended 30 June 2025 and the year ended 31 December 2024.

The credit risks on bank and restricted cash balances are considered to be insignificant because the counterparties are financial institutions with good reputation and high credit ratings assigned by international credit-rating agencies.

Trade receivables

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Directors review the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the credit risk of the Group is significantly reduced.

The credit risk of the Group is concentrated on trade and bills receivables from the Group's two largest customers at 30 June 2025, which amounted to approximately RMB224.14 million (31 December 2024: RMB206.9 million), and accounted for approximately 39.8% (31 December 2024: 38.7%) of the Group's gross trade and bills receivables. In order to minimise the credit risk, the Directors continuously monitor the level of exposure by frequent review of the public financial information and credit quality of its customers to ensure that prompt actions will be taken to lower the exposure. The two largest customers of the Group are listed companies in the PRC and Hong Kong, and both of them have good past credit repayment history and records with the Group.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group applies the simplified and general approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade and bills receivables and 12-month expected credit losses for other receivables, unless there is significant increase in credit risk since initial recognition.

The Group measures expected credit losses for trade and bills receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. In measuring the expected credit losses, the trade and bills receivables have been assessed on a collective basis and debtors ageing is applied to assess expected credit losses for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contractual terms. They have been grouped based on the days past due. The estimated ECL loss rates are estimated based on the Group's estimates of the market borrowing rates for each of the groupings, less risk-free rate, which reflect the credit risk of the debtors, over the expected life of the debtors and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

Capital Commitments

As at 30 June 2025, the Group had capital commitments of capital expenditure contracted but not provided in respect of acquisition of property, plant and equipment amounting to approximately RMB18.5 million (31 December 2024: approximately RMB36.0 million).



MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisition and disposals

The Group did not have any material acquisitions and disposals of its subsidiaries, joint ventures and associated companies for the Period.

Employees and remuneration policies

As at 30 June 2025, the Group had 456 employees (31 December 2024: 412 employees). For the Period, the Group incurred staff costs of approximately RMB24.2 million (the Last Period: RMB24.2 million). As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance and medical insurance. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed periodically with reference to the then prevailing market employment practices and legislation.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend to shareholders of the Company for the Period (Last Period: Nil).

CONTINGENT LIABILITIES AND LITIGATION

As at 30 June 2025, there were litigation claims initiated by the Group against various customers of the Group to demand immediate repayment of overdue trading debts in relation to sales of optical fiber cables, data and communications cables and structured cabling system products with an aggregate outstanding amounts (inclusive of interests and late penalty charges) of approximately RMB16,403,000. These litigation cases have been concluded/arbitrated/enforced to execute the repayments. As a result of the foregoing, the Group further recognised the expected credit losses on trade receivables from these customers of approximately RMB1,060,000 in the interim condensed consolidated financial statement for the period ended 30 June 2025.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company (the “**Shares**”), or any of the associated corporations (within the meaning of Part XV of the SFO) which shall have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or shall be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or shall be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares

Name of director	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
Ms. Wang Qiuping	Interest in a controlled corporation (Note 2)	408,375,000	37.13%
Mr. Zhao Xiaobao	Interest in a controlled corporation (Note 3)	358,875,000	32.63%

Notes:

1. All interests stated are long positions.
2. These Shares are held by Arcenciel Capital Co., Ltd (“**Arcenciel Capital**”), which is wholly owned by Ms. Wang. By virtue of the SFO, Ms. Wang is deemed to be interested in the Shares held by Arcenciel Capital.
3. These Shares are held by Point Stone Capital Co., Ltd (“**Point Stone Capital**”), which is wholly owned by Mr. Zhao. By virtue of the SFO, Mr. Zhao is deemed to be interested in the Shares held by Point Stone Capital.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under provision of the SFO) or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors or chief executive of the Company), who had interests or short positions in the Shares, the underlying Shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, were as follows:

Name of shareholder	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
Arcenciel Capital	Beneficial owner (Note 2)	408,375,000	37.13%
Point Stone Capital	Beneficial owner (Note 3)	358,875,000	32.63%

Notes:

1. All interests stated are long positions.
2. These Shares are held by Arcenciel Capital, which is wholly owned by Ms. Wang Qiuping. By virtue of the SFO, Ms. Wang is deemed to be interested in the Shares held by Arcenciel Capital.
3. These Shares are held by Point Stone Capital, which is wholly owned by Mr. Zhao Xiaobao. By virtue of the SFO, Mr. Zhao is deemed to be interested in the Shares held by Point Stone Capital.

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

Pursuant to the shareholder written resolutions passed on 21 October 2017, the Company adopted a share option scheme (the “**Share Option Scheme**”). The Share Option Scheme will remain in force for a period of 10 years commencing on 21 October 2017. As at 30 June 2025, the remaining life of the Share Option Scheme is approximately 2.5 years. No share options have been granted under the Share Option Scheme since its effective date and up to 30 June 2025 and hence there was no outstanding options as at 30 June 2025. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Under the Share Option Scheme, the Board may, at its discretion, grant options to subscribe for shares in the Company to eligible participants (the “**Eligible Participants**”) who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive Director but excluding any non-executive Director) of the Company, any of its subsidiaries or any entity (the “**Invested Entity**”) in which any member of the Group holds an equity interest; (ii) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more Eligible Participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the Listing date (i.e. not exceeding 110,000,000 shares).

The maximum entitlement of each Eligible Participants under the Share Option Scheme shall be:

- (a) Subject to paragraph (b) below, the total number of Shares allotted and issued and which may fall to be allotted and issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of such limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules; and



OTHER INFORMATION

- (b) Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the option). In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any twelve month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the Directors at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

No option was granted, exercised, cancelled or lapsed under the Share Option Scheme since from the date adopted this Share Option Scheme till the end of the the Period and there was no outstanding share option as at 1 January 2025 to 30 June 2025.

As at 30 June 2025, no share-based payment expense was recognised in relation to share options granted by the Company.

As at the date of this interim report, the Company may grant up to 110,000,000 share option under the Share Option Scheme, which represented 10% of the Company's shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme and 10% of the Company's shares in issue as at the date of this interim report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities, (including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")). As at 30 June 2025, the Company did not hold any Treasury Shares.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and believes that a good corporate governance can (i) enhance management effectiveness and efficiency; (ii) increase the transparency of the Company; (iii) enhance risk management and internal control of the Company; and (iv) safeguard the interests of the shareholders of the Company and the Company as a whole.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance practices. Save for the deviation as disclosed herein below, the Company has complied with the applicable code provisions as set out in the CG Code during the Period.

Chairman of the Board and Chief Executive Officer

Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Ms. Wang Qiuping ("**Ms. Wang**") is the chairlady of the Board and the chief executive officer of the Company. Although this deviates from the practice under provision C.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Ms. Wang has considerable and extensive knowledge and experience in the industry and in enterprise operation and management in general, the Board believes that it is in the best interest of the Company and the shareholders of the Company as a whole to continue to have Ms. Wang as the chairlady of the Board so that the Board can benefit from her knowledge of the business and her capability in leading the Board in the long term development of the Group. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolise the voting of the Board. The Board considers that the balance of power between the Board and the senior management of the Company can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action is taken should the need arise.



OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made enquiries to all Directors regarding any non-compliance with the Model Code.

All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Ms. Cheng Shing Yan, Mr. Liu Guodong and Mr. Xie Haidong. Ms. Cheng Shing Yan who possesses the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules is the chairlady of the Audit Committee.

The unaudited interim condensed consolidated financial statement of the Group for the Period has been reviewed by the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report, the Company has maintained sufficient public float throughout the Period as required under the Listing Rules.

AUDITOR

Moore CPA Limited (formerly known as Moore Stephens CPA Limited) (“**Moore**”) is currently the auditor of the Company. A resolution for the re-appointment of Moore as auditor of the Company has been approved at the annual general meeting of the Company held on 18 June 2025.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Period, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

On behalf of the Board

Wang Qiuping

Chairlady

Hong Kong, 29 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	5	298,976	280,898
Cost of sales		(238,407)	(222,553)
Gross profit		60,569	58,345
Other income	6	3,741	2,221
Selling and distribution expenses		(21,852)	(22,282)
Administrative expenses		(23,826)	(19,860)
Provision for expected credit losses on financial asset		(1,375)	(1,299)
Share of loss of an associate		(134)	–
Finance costs	7	(9,069)	(9,690)
Profit before income tax expense	8	8,054	7,435
Income tax expense	9	(216)	(2,306)
Profit for the period		7,838	5,129
Profit for the Period attributable to owners of the Company		7,838	5,129
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		372	341
Other comprehensive income for the Period, net of tax		372	341
Profit and total comprehensive income for the Period		8,210	5,470
Earnings per share	10		
Basic and diluted		RMB0.007	RMB0.005

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	389,924	401,613
Intangible assets		7,349	8,019
Investment in an associate		2,080	2,213
Prepayments for property, plant and equipment and intangible assets	14	1,600	2,854
Deferred tax assets		9,315	9,108
Total non-current assets		410,268	423,807
Current assets			
Inventories	12	73,000	65,129
Trade and bills receivables	13	541,622	506,329
Deposits, prepayments and other receivables	14	113,067	95,994
Tax recoverable		6,554	6,663
Restricted cash	15	16,727	21,662
Cash and cash equivalents		18,192	29,239
Total current assets		769,162	725,016
Total assets		1,179,430	1, 148,823
Current liabilities			
Trade and bills payables	16	134,188	141,462
Contract liabilities	17	16,495	19,715
Accruals, deposits received and other payables		39,167	53,166
Bank and other borrowings	18	261,474	215,363
Lease liabilities		905	1,068
Total current liabilities		452,229	430,774
Net current assets		316,933	294,242
Total assets less current liabilities		727,201	718,049

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	18	97,000	96,580
Deferred tax liabilities		26,765	26,451
Lease liabilities		1,390	1,182
Total non-current liabilities		125,155	124,213
Total liabilities		577,384	554,987
NET ASSETS		602,046	593,836
EQUITY			
Share capital		9,361	9,361
Reserves		592,685	584,475
TOTAL EQUITY		602,046	593,836

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2025

	Attributable to owners of the company							
	Share capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	Other reserves* RMB'000	PRC statutory reserve* RMB'000	Exchange reserve* RMB'000	Retained profits* RMB'000	Total RMB'000
Balance as at 1 January 2024	9,361	130,289	190	3,028	65,240	(7,422)	376,313	576,999
Profit for the year	-	-	-	-	-	-	5,129	5,129
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	341	-	341
Total profit and other comprehensive income for the year	-	-	-	-	-	341	5,129	5,470
Balance as at 30 June 2024	9,361	130,289	190	3,028	65,240	(7,081)	381,442	582,469
As at 1 January 2025	9,361	130,289	190	3,028	66,219	(9,060)	393,809	593,836
Profit for the Period	0	0	0	0	0	0	7,838	7,838
Exchange differences arising on transaction of foreign operations	0	0	0	0	0	372	0	372
Total comprehensive income for the Period	0	0	0	0	0	372	7,838	8,210
As at 30 June 2025 (unaudited)	9,361	130,289	190	3,028	66,219	(8,688)	401,647	602,046

* The total of these accounts are at the reporting dates represents “Reserves” in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities	8,054	7,435
Profit before income tax expense		
Adjustments for:		
Depreciation of property, plant and equipment	18,284	19,931
Amortisation of intangible asset	670	566
Interest income	(208)	(49)
Finance costs	9,069	9,690
Expected credit loss on financial assets	1,375	1,299
Share of loss of an associate	133	—
Operating profit before working capital changes	37,377	38,872
(Increase)/decrease in trade and bills receivables	(36,668)	6,105
Increase in deposits, prepayments and other receivables	(17,073)	(2,959)
(Increase)/decrease in inventories	(7,871)	14,540
Decrease in trade and bills payables	(7,274)	(14,911)
Decrease in accruals, deposits received and other payables	(13,999)	(8,994)
Decrease in contract liabilities	(3,220)	(16,417)
Cash generated (used in)/from operations	(48,728)	16,236
Profits tax paid	—	(1,028)
Net cash generated (used in)/from operating activities	(48,728)	15,208
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,341)	(2,359)
Prepayments of property, plant and equipment	—	(18,008)
Interest income received	208	49
Net cash used in investing activities	(5,133)	(20,318)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	167,331	233,789
Repayment of borrowings	(120,800)	(190,600)
Decrease/(increase) in restricted cash pledged	4,935	(18,866)
Payment of lease liabilities	45	43
Interest paid	(9,069)	(9,690)
Net cash generated from financing activities	42,442	14,676
Net (decrease)/increase in cash and cash equivalents	(11,419)	9,566
Cash and cash equivalents at beginning of the period	29,239	27,281
Effect of foreign exchange rate changes	372	341
Cash and cash equivalents at end of the period	18,192	37,188



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

Putian Communication Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands as an exempted company under the Companies laws. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 9 November 2017. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s headquarters and principal place of business is located at the People’s Republic of China (the “**PRC**”). The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together referred to as the “**Group**”) are production and sales of optical fibers and optical fiber cables, communication copper cables and structured cabling system products in the PRC.

This interim condensed consolidated financial statements are presented in Chinese Renminbi (“**RMB**”), unless otherwise stated.

This interim condensed consolidated financial statements have been approved and authorised for issue by the Board of Director of the Company on 29 August 2025.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Period have neither been audited nor reviewed by the Company’s auditors, but have been reviewed by the Company’s audit committee, which have been prepared in accordance with HKAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024 (the “**2024 Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3. ADOPTION OF NEW OR REVISED HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current period:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and position for the current and prior period and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Financial Statements.

5. SEGMENT INFORMATION

The following summary describes the operations in each of the Group's reportable segments:

(i) Business Segments

	Six months ended 30 June 2025 (Unaudited)			
	Optical fibers and optical fiber cables RMB'000	Data and communications cables RMB'000	Structured cabling system products RMB'000	Total RMB'000
Reportable segment revenue	77,528	163,348	58,100	298,976
Reportable segment profit	2,148	14,972	16,386	33,506

	Six months ended 30 June 2024 (Unaudited)			
	Optical fibers and optical fiber cables RMB'000	Data and communications cables RMB'000	Structured cabling system products RMB'000	Total RMB'000
Reportable segment revenue	61,861	169,658	49,379	280,898
Reportable segment profit	1,603	15,495	15,648	32,746

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliation of profit or loss:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Segment results	33,506	32,746
Other income	3,741	2,221
Unallocated expenses	(20,124)	(17,842)
Finance costs	(9,069)	(9,690)
	8,054	7,435
Income tax expense	(216)	(2,306)
Profit after taxation	7,838	5,129

(iii) Geographic information

No geographical segment information is shown as, during the Period, less than 10% of the Group's segment revenue, segment results and segment assets are derived from activities conducted outside the PRC.

6. OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Bank interest income and others	208	49
Government grants	677	200
Gains on sale of scrap materials	2,152	864
Others	704	1,108
	3,741	2,221

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest charge on bank and other borrowings	9,048	9,669
Interest charge on lease liabilities	21	21
	9,069	9,690

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as cost of sales	238,407	222,553
Research and development expenditure	8,379	3,343
Depreciation of property, plant and equipment	18,284	19,812
Depreciation of right-of-use asset	821	821
Amortisation of intangible assets	670	566
Short-term lease	1,450	2,059
Interest charge on lease liabilities	21	21
Expected credit losses on financial assets	1,375	1,299
Staff costs (including directors' emoluments):		
— Salaries and wages	21,084	21,126
— Defined contribution scheme	3,092	3,122
	24,176	24,248

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. INCOME TAX EXPENSE

The amount of taxation in the condensed consolidated financial statement of comprehensive income represents:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax — PRC Enterprise Income Tax (the “EIT”)	109	2,193
Deferred income tax (credit)/charge to profit or loss	107	113
Income tax expenses	216	2,306

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the Period (the Last Period: Nil).

No provision for income tax in the Cayman Islands and the British Virgin Islands (the “BVI”) has been made as the Company’s subsidiaries had no assessable income in these jurisdictions during the period (the Last Period: Nil).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the EIT rate of the Company’s PRC subsidiaries is 25% (the Last Period: 25%) except as described below. Provision for the EIT for the six months ended was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Putian Cable Group Co., Ltd., one of the subsidiaries of the Company, was approved to be a high and new technology enterprise (“HNTE”) and is entitled to a preferential income tax rate of 15% (the Last Period: 15%) during the Period according to the PRC tax law, as it was awarded high-technology status by tax authority with a validity period of three years expiring in 2025. The HNTE certificate needs to be renewed every three years so as to enable Putian Cable Group Co., Ltd. to enjoy the reduced tax rate and additional 100% (the Last Period: 100%) tax deduction (“Tax Deduction”) based on the eligible research and development expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of approximately RMB7,838,000 (the Last Period: approximately RMB5,129,000) and the weighted average of 1,100,000,000 shares (the Last Period: 1,100,000,000 shares) in issue during the Period, calculated as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share	0.007	0.005
Number of share		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,100,000,000	1,100,000,000

There were no potential dilutive ordinary shares during the Period and the Last Period, therefore, diluted earnings per share are the same as the basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Unaudited RMB'000
Net book value as at 1 January 2025	401,613
Additions	6,828
Depreciation	(18,517)
Net book value as at 30 June 2025	389,924

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Audited RMB'000
Net book value as at 1 January 2024	418,765
Additions	15,706
Depreciation	(32,858)
Net book value as at 31 December 2024	401,613

The property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual values.

12. INVENTORIES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Raw materials	24,295	24,235
Finished goods	48,705	40,894
	73,000	65,129

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	563,063	534,662
Bills receivables (Note(i))	8,838	571
	571,901	535,233
Less: Loss allowances	(30,279)	(28,904)
	541,622	506,329

Note:

- (i) Bills receivables represented outstanding commercial acceptance bills.

Based on the invoice dates, the ageing analysis of the Group's net amount of trade and bills receivables is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	89,937	116,649
More than 1 month but within 2 months	40,396	56,114
More than 2 months but within 3 months	84,054	44,883
More than 3 months but within 6 months	117,339	112,029
More than 6 months but within 1 year	114,516	96,997
More than 1 year	95,380	79,657
	541,622	506,329

The credit term granted by the Group to its trade customers is normally 180 days to 360 days

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
<i>Current</i>		
Deposits	28,191	28,973
Prepayments to suppliers	31,171	39,502
Prepayments	5,876	6,295
Valued added tax receivables	10,368	9,891
Consideration receivables regarding the disposal of a subsidiary	—	3,005
Other receivables	37,461	8,328
	113,067	95,994
<i>Non-current</i>		
Prepayments for property, plant and equipment and intangible assets	1,600	2,854

15. RESTRICTED CASH

Bank deposits have been pledged as security for other borrowings and bills payables. The restricted cash will be released upon the settlement of relevant other borrowings and bills payables.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables	60,206	73,977
Bills payables	73,982	68,485
	134,188	141,462

The credit terms of trade payables vary according to the terms agreed with different suppliers, which normally ranging from 30 days to 90 days, and bills payables maturity period is normally within 180 days to 360 days. Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	32,247	34,958
More than 1 month but within 2 months	20,744	13,133
More than 2 months but within 3 months	17,136	4,248
More than 3 months but within 6 months	24,538	41,337
More than 6 months but within 1 year	33,664	44,267
More than 1 year	5,859	3,519
	134,188	141,462

The trade and bills payables are short-term and hence the carrying values of the Group's trade and bills payables are considered to be a reasonable approximation of fair value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. CONTRACT LIABILITIES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contract liabilities arising from Sale of goods	16,495	19,715
	16,495	19,715
RMB'000		
Balance as at 1 January 2025		19,715
Decrease in contract liabilities as a result of recognising revenue during the Period that was included in the contract liabilities at the beginning of the Period		(19,715)
Increase in contract liabilities as a result of billing in advance of sale of goods		16,495
Balance as at 30 June 2025		16,495

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. BANK AND OTHER BORROWINGS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Bank borrowings — Secured (Notes(i), (ii))		
Secured by the property, plant and equipment, and prepayments of the Group	136,000	130,000
Secured by the properties owned by the controlling shareholders and their associates	15,000	9,800
Secured jointly by the property, plant and equipment, and trade receivables of the Group and the controlling shareholders	64,600	69,600
Secured by personal guarantee (Notes(iii))	124,900	72,000
	340,500	281,400
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Other borrowings — Secured (Notes(i))		
Secured by the Group's property, plant and equipment (Notes(ii))	17,974	30,543
	358,474	311,943
Less: amount classified as non-current liabilities	(97,000)	(96,580)
Current liabilities	261,474	215,363
Borrowings fall due:		
— Within one year	261,474	215,363
— Between one and two years	32,000	17,580
— Between two and five years	37,500	46,000
— Over five years	27,500	33,000
Total amount of bank and other borrowings	358,474	311,943

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (i) Bank borrowings of approximately RMB97,000,000 (31 December 2024: RMB108,000,000), bearing variable interests at the bank's loan prime rate plus a premium. The effective interest rates of these borrowings are 3.9% to 4.2% (31 December 2024: 4.35% to 5.00%) per annum as at 30 June 2025.

Bank borrowings of approximately RMB243,500,000 (31 December 2024: RMB173,400,000), bearing interest at fixed rates, ranging from 2.00% to 4.95% (31 December 2024: 2.60% to 5.50%) per annum as at 30 June 2025.

Other borrowings bear interests at fixed rates, ranging from 3.17% to 5.50% (31 December 2024: 5.90% to 6.90%) per annum as at 30 June 2025. The weighted average effective interest rate on these borrowings is 4.15% (31 December 2024: 4.63%) per annum as at 30 June 2025.

- (ii) The bank and other borrowings are secured by the assets of the Group, the carrying amounts of these assets are set out as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Property, plant and equipment		
— Land and buildings	159,182	162,941
— Machinery	39,589	45,525
Trade receivables	2,819	20,000
Bank deposits	16,727	—
	218,317	228,466

- (iii) As at 30 June 2025 and 31 December 2024, guarantees were provided by the controlling shareholders and the family members of the controlling shareholders for the bank and other borrowings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

19. CAPITAL COMMITMENTS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Capital expenditure of the Group contracted for but not provided in the consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	18,475	36,039

20. RELATED PARTY TRANSACTIONS

The remuneration to Directors and the other key management personnel for the Period are were RMB1.9 million (the Last Period: RMB2.2 million).

Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial period.

21. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Financial Assets		
Amortised cost:		
Trade, bills and other receivables	541,622	506,329
Restricted cash	16,727	21,662
Cash and cash equivalent	18,192	29,239
Financial Liabilities		
Amortised cost:		
Trade, bills and other payables	134,188	141,462
Bank and other borrowings	358,474	311,943
Lease liabilities	2,295	2,250

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. FINANCIAL RISK MANAGEMENT

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. The Group does not have an interest rate hedging policy. However, the directors of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rates quoted by the People's Bank of China arising from the Group's bank borrowings.

The Group's interest rate risk mainly arises from bank and other borrowings. Bank and other borrowings arranged at variable expose the Group to cash flow interest rate risk and fair value interest rate risk. Certain bank and other borrowings of the Group as at 30 June 2025 and 31 December 2024 bore interest at floating rates. The interest rate and repayment terms of bank and other borrowings at the end of each reporting period are disclosed in note 18.

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on it floating rate bank borrowings with all other variables held constant at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Change in profit after tax and retained profits:		
+/-100 basis points	-/+211	-/+1,065

The changes in interest rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the bank borrowing period of the loans outstanding at the end of the reporting period resembles that of the corresponding financial year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits, restricted cash and cash and cash equivalents. In order to minimise the credit risk of other receivables, the management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables is considered to be low. It is not the Group's policy to request collateral from its other debtors.

The management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low and, thus, expected credit losses ("ECL") recognised is based on 12-month ECL and the impact of ECL is insignificant for the period ended 30 June 2025 and the year ended 31 December 2024.

The credit risks on bank and restricted cash balances are considered to be insignificant because the counterparties are financial institutions with good reputation and high credit ratings assigned by international credit-rating agencies.

Trade receivables

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action are taken to recover overdue debts. In addition, the Directors review the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the credit risk of the Group is significantly reduced.



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For the six months ended 30 June 2025

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

The credit risk of the Group is concentrated on trade and bills receivables from the Group's two largest customers at 30 June 2025, which amounted to approximately RMB224.14 million (31 December 2024: RMB206.9 million), and accounted for approximately 39.8% (31 December 2024: 38.7%) of the Group's gross trade and bills receivables. In order to minimise the credit risk, the Directors continuously monitor the level of exposure by frequent review of the public financial information and credit quality of its customers to ensure that prompt actions will be taken to lower the exposure. The two largest customers of the Group are listed companies in the PRC and Hong Kong, and both of them have good past credit repayment history and records with the Group.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group applies the simplified and general approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade and bills receivables and 12-month expected credit losses for other receivables, unless there is significant increase in credit risk since initial recognition.

The Group measures expected credit losses for trade and bills receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. In measuring the expected credit losses, the trade and bills receivables have been assessed on a collective basis and debtors ageing is applied to assess expected credit losses for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contractual terms. They have been grouped based on the days past due. The estimated ECL loss rates are estimated based on the Group's estimates of the market borrowing rates for each of the groupings, less risk-free rate, which reflect the credit risk of the debtors, over the expected life of the debtors and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As at the reporting date, the loss allowance provision for trade and bills receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

Trade and bills receivables	Current (not past due)	1-30 days past due	31-60 days past due	61-90 days past due	91-365 days past due	More than one year past due	Total
At 30 June 2025							
Expected credit loss rate	0.08%	1.12%	1.51%	2.2%	27.15%	36.75%	
Gross carrying amount (RMB'000)	424,671	24,256	18,142	4,628	44,621	46,745	563,063
Loss allowance (RMB'000)	337	272	274	102	12,114	17,180	30,279
At 31 December 2024							
Expected credit loss rate	0.18%	10.4%	2.64%	9.14%	27.86%	27.3%	
Gross carrying amount (RMB'000)	415,790	6,883	9,599	5,118	30,378	66,894	534,662
Loss allowance (RMB'000)	745	716	253	468	8,463	18,259	28,904

Movement of the loss allowance provision for trade and bills receivables is as follows:

	RMB'000
At 1 January 2024	19,688
Loss allowance recognised in profit or loss	10,179
Disposal of a subsidiary	(963)
At 31 December 2024 and 1 January 2025	28,904
Loss allowance recognised in profit or loss	1,375
At 30 June 2025	30,279

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
At 30 June 2025						
Trade, bills and other payables and accruals	160,351	160,351	160,351	—	—	—
Bank and other borrowings	358,474	399,904	293,988	35,336	41,437	29,143
Lease liabilities	2,295	2,437	1,573	881	—	—
	521,120	562,692	455,912	36,217	41,437	29,143
At 31 December 2024						
Trade, bills and other payables and accruals	186,836	186,836	186,836	—	—	—
Bank and other borrowings	311,943	339,363	227,228	22,033	54,350	35,752
Lease liabilities	2,250	2,372	1,148	836	388	—
	501,029	528,571	415,212	22,869	54,738	35,752

23. EVENTS AFTER THE END OF REPORTING DATE

From 30 June 2025 to the date of this report, saved as disclosed in this report, the Board is not aware of any other significant events that have occurred which require disclosure herein.