

**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**  
**ANNUAL REPORT**

# CONTENTS

- 2 Corporate Information
- 3 Company Profile
- 4 Financial Highlights
- 5 Five-Year Financial Summary
- 6 Chairman's Statement
- 9 Management Discussion and Analysis
- 13 Directors and Senior Management's Profile
- 17 Report of the Directors
- 27 Corporate Governance Report
- 38 Environmental, Social and Governance Report
- 60 Independent Auditor's Report
- 64 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 65 Consolidated Statement of Financial Position
- 67 Consolidated Statement of Changes in Equity
- 68 Consolidated Statement of Cash Flows
- 69 Notes to the Consolidated Financial Statements



# 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 *(FCG, HKFCG)*

### 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 China (Nanchang Xihu Branch)  
Bank of Communication (Jiangxi 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](http://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 data and communications cables manufacturer and structured cabling system product provider based in Jiangxi Province, the People’s Republic of China (the “**PRC**”).

The Group has commenced its data and communications cables manufacturing since 2001. It provides a wide range of optical fibers and 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 fibers and 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 system products are components of the wiring system, including optical fiber-based cabling system and copper-based 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, has been consecutively recognised as a New High-tech Enterprise by Jiangxi Provincial Department of Science and Technology.

On 9 November 2017 (the “**Listing Date**”), the shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at 31 December 2025, the Company had 1,100,000,000 issued shares.

# FINANCIAL HIGHLIGHTS

For the year ended 31 December 2025, the Group's operating results were summarised as follows:

- Total revenue increased by approximately 5.5% to approximately RMB700.1 million (2024: approximately RMB663.9 million).
- Gross profit increased by approximately 1.5% to approximately RMB143.5 million (2024: approximately RMB141.4 million).
- Gross profit margin decreased by approximately 0.8% to approximately 20.5% (2024: approximately 21.3%).
- Profit for the year attributable to the owners of the Company increased by approximately 37.3% to approximately RMB25.4 million (2024: approximately RMB18.5 million).
- Revenue from sale of optical fibers and optical fiber cables recorded an increase of approximately 15.2% to approximately RMB183.9 million (2024: approximately RMB159.7 million); revenue from sale of data and communications cables decreased by approximately 4.2% to approximately RMB328.4 million (2024: approximately RMB342.7 million); revenue from sale of structured cabling system products increased by approximately 16.3% to approximately RMB187.8 million (2024: approximately RMB161.5 million).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

# FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and as appropriate, is set out below.

## RESULT

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	700,100	663,865	615,504	646,253	624,540
Profit before income tax	31,780	14,964	8,053	34,853	56,175
Income tax (expense)/credit	(6,428)	3,511	(405)	(10,173)	(12,172)
Profit for the year	25,352	18,475	7,648	24,680	44,003
Profit for the year attributable to:					
Owners of the Company	25,352	18,475	7,648	24,680	44,003
Non-controlling interests	–	–	–	–	–
	25,352	18,475	7,648	24,680	44,003

## ASSETS AND LIABILITIES

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	1,315,791	1,148,823	1,165,242	1,181,581	1,007,084
Total liabilities	(698,140)	(554,987)	(588,243)	(611,169)	(464,292)
	617,651	593,836	576,999	570,412	542,792
Equity attributable to owners of the Company	617,651	593,836	576,999	570,412	542,792
Non-controlling interests	–	–	–	–	–
	617,651	593,836	576,999	570,412	542,792

# CHAIRMAN'S STATEMENT



**Wang Qiuping**  
*Chairlady*

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I am pleased to present the annual results of the Group for the year ended 31 December 2025 (the “**Year**”).

## PERFORMANCE REVIEW

In 2025, China’s communications industry entered a recovery amid profound adjustments. During the second half of the year, with the continued deepening of the “Signal Upgrades” Special Operation, the overall acceleration of 5G-A networks, and the “East Data, West Computing” project entering a critical stage of computing-power allocation, investment in communications infrastructure expanded markedly. The fourth quarter, in particular, saw demand for optical fibre surged and industry sentiment steadily improved, driven jointly by the deployment of AI compute clusters and the initiation of low altitude economy infrastructure.

To seize opportunities from the current sectoral recovery, the Group adhered to its strategic priorities of “Cementing Foundation, Growing Increment, and Strengthening Coordination”. During the year, the Group recorded total revenue of approximately RMB700.1 million, representing a year-on-year growth of 5.5%; gross profit rose by 1.5% year-on-year to approximately RMB143.5 million; and profit attributable to the owners of the parent company recorded a 37.3% year-on-year increase to RMB25.4 million. With core financial indicators materially outperforming industry averages, the Group further consolidated its market share.

Revenue growth was primarily attributable to a 15.2% year-on-year increase in sales of optical fibres and optical fibre cables to approximately RMB183.9 million. The sale of structured cabling system products also delivered steady growth of 16.3%.

In January 2026, the Ministry of Industry and Information Technology (MIIT) published the 2025 Statistical Communique on the Telecommunications Industry, which noted that China’s 5G-A network construction accelerated overall in 2025, gigabit optical network coverage continued to deepen, and rising computing infrastructure capacity placed China among global leaders. These developments further underscored the communications industry’s role in enabling the digital transformation of the real economy.

## CHAIRMAN'S STATEMENT

During the year, Putian Cable Group Co., Ltd. (“**Putian Cable**”), a wholly-owned subsidiary of the Company, demonstrated strong resilience through its direct sales business. It delivered an annual total of 5,430 projects, with a pronounced increase in overseas aid projects. Following the successful deployment of the national “East Data, West Computing” Gansu hub in 2024, Putian Cable became deeply involved in the construction of the “Yangtze River Delta Hub Computing Centre Cluster” this year, achieving substantive progress on both national strategic projects. At the same time, its collaborative ecosystem continued to expand: while faithfully fulfilling telecommunications operators’ annual VBP contracts, it established deep partnerships with leading internet companies such as Tencent, Alibaba and Baidu, and worked with emerging technology firms including ByteDance and ofide to implement multiple initiatives in pioneering areas, such as AI compute clusters and large scale data centres, thereby reinforcing its full chain presence across data centres.

Product mix optimisation and upgrading delivered notable outcomes. In emerging fields, sales of optical guidance cables for UAVs grew strongly; while traditional strengths – optical fibres and cables, data cables, power cables, and structured cabling system products – all achieved comprehensive growth. The competitiveness of our core product lines is accelerating its shift from “scale advantage” to “technological leadership” and “value empowerment”.

During the year, Phase II of Putian Cable’s fibre drawing project was successfully completed and commissioned. By adding three fibre drawing towers and six fibre drawing production lines, its annual capacity was raised to 12 million fibre-kilometres. This effectively enhanced our ability to meet the urgent demand for fibre products generated by large-scaled 5G-A deployment, computing network construction and low altitude economy infrastructure, providing solid capacity support to capitalise on the current upcycle.

Our new business segment, “Industrial Specialised Cables”, reached full readiness and progressed steadily this year. Focusing on new energy, industrial manufacturing, mining enterprises and other sectors, this segment achieved a key breakthrough in the large scale application of cables for new energy vehicle charging stations, laying a solid foundation for full commercialisation.

The coordinated breakthroughs across business segments, together with capacity expansion and forward looking investments in emerging sectors, not only drove quality revenue and profit growth during the year, but also established a robust moat for sustainable medium and long term development.

### OUTLOOK

In 2025, the national agenda of building a “Digital China” entered a phase of deepened development. Under the MIIT’s “Special Operation for 5G-A Network Construction”, key cities had attained continuous 5G-A coverage and demand for ultra low loss optical fibre continued to materialise. The Guidelines for Developing the Low Altitude Economy specifically calls for the “construction of unmanned aerial vehicle communication, navigation and monitoring systems”, leading to a significant rise in demand for specialised cables. Concurrently, the China Communications Standards Association published the Technical Specifications for Data Centre High Speed Interconnectivity, accelerating the adoption of MPO/MTP pre terminated products as standard equipment for supercomputing centres.

The dual engines of favourable policies and technological iterations have created considerable opportunity to tap into the markets for communications cables, data centre cabling and specialised communication products. The rapid growth of emerging scenarios, such as edge computing, the Industrial Internet and low altitude economy, will further stimulate demand for highly reliable, customisable communications solutions. The Group will seize the historic opportunities presented by the advancement of the “East Data, West Computing” project, large scale commercialisation of 5G-A network and the construction of low altitude economy infrastructure, and consolidate its industry leadership guided by a “technology driven, global coordinating and scenario deepening” strategy.

### BUSINESS PLAN

In 2026, the Group will capitalise on the window provided by the industry recovery to structure its business around core strengths and emerging sectors, driving business mix optimisation and a transition towards new growth dynamics.

## CHAIRMAN'S STATEMENT

At present, the optical fibre and cable market is entering a new demand expansion cycle, fuelled by the geometric increase in AI computing capacity and explosive build out of data centres. As large model training and intelligent compute clusters accelerate, the requirements for ultra high bandwidth and ultra low latency transmission have risen exponentially among AI data centres, directly stimulating massive demand for ultra low loss fibres and high density optical connectivity products. Meanwhile, with “East Data, West Computing” fully entering compute scheduling, the accelerated construction of node data centres across eight hubs has further widened the supply demand gap in the fibre market. In response to this structural opportunity, the Group will fully leverage its annual 12 million fibre-kilometres capacity and the scaled productivity of 6 fibre-drawing towers and 12 production lines to ensure stable delivery of core products, and to secure its supply position among VBP operators and industry customers. Concurrently, to meet AI compute clusters’ performance-based requirements for premium fibre products, we will continue to increase the proportion of high-added-value products, such as ultra-low-loss and bend-insensitive fibres, pursuing market share through the dual engines of productivity advantage and product upgrading.

To consolidate our traditional strengths, we will deepen core-market engagement in data centres and national compute hubs to improve project quality and customer retention. Our strategic priority for the year is to achieve a breakthrough in the “Industrial Specialised Cables” segment: we will concentrate resources on key sectors such as new energy, industrial manufacturing and mining, accelerate the transition from pilot projects to industry scale application, and dedicate ourselves to building a second growth curve.

Focusing on our core products, we will align with the roll out of new information infrastructure such as 5G/6G and gigabit optical network to grow sales and market share of telecommunications cables and fibre-distribution products. We will expand penetration into data centre, dedicated network, all optical network and other scenarios, substantially lift the revenue share of associated products through marketing for our product portfolio and solutions.

To optimise our business structure, we will adopt a systematic approach to enhance our capability to execute project-based work, allocate resources to large integrated projects, and increase the contribution of project-based business. We will actively secure terminal customers among government authorities, central enterprises and large enterprises, deepen strategic partnerships, improve client mix, strengthen supply-chain influence, and increase profitability. Through continued down-streaming of direct-sales channels and deeper regional coverage, we aim to further improve response efficiency and service capabilities in the terminal market.

Meanwhile, the Group will press ahead with intelligent production line upgrades and digital transformation of the supply chain to build a lean, full-chain management system. Through our closed strategic loop of “capacity assurance – product upgrading – market expansion”, we will decisively seize the dual opportunities presented by the communications industry recovery and the AI-compute-infrastructure wave, with a view to pursuing quality, sustainable development.

**Wang Qiuping**

*Chairlady and CEO*

31 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 represent three reportable segments of the Group. Total revenue of the Group increased by approximately 5.5% from approximately RMB663.9 million for the Last Year to approximately RMB700.1 million for the Year. Among which, revenue derived from sale of optical fibers and optical fiber cables increased by approximately 15.2% from approximately RMB159.7 million for the Last Year to approximately RMB183.9 million for the Year, revenue derived from sale of communication copper cables decreased by approximately 4.2% from approximately RMB342.7 million for the Last Year to approximately RMB328.4 million for the Year; revenue derived from sale of structured cabling system products increased by approximately 16.3% from approximately RMB161.5 million for the Last Year to approximately RMB187.8 million for the Year. The increase in revenue was primarily attributable to the successful bidding for optical fiber cables projects of China Unicom and the mass supply, as well as the growth in market demand for structured cabling system products.

### Gross profit and margin

Gross profit increased by approximately 1.5% from approximately RMB141.4 million for the Last Year to approximately RMB143.5 million for the Year. The Group's gross profit margin decreased from approximately 21.3% for the Last Year to approximately 20.5% for the Year.

### Selling and distribution expenses

Selling and distribution expenses decreased by approximately 5.7% from approximately RMB45.5 million for the Last Year to approximately RMB42.9 million for the Year, primarily due to the decrease in staff costs of sales personnel and a reduction in overseas transportation expenses.

### Administrative expenses

Administrative expenses amounted to approximately RMB61.6 million for the Year, which increased by approximately 6.6% as compared to approximately RMB57.8 million for the Last Year, primarily due to the increase in the Company's research and development investment.

### Finance costs

Finance costs decreased by approximately 9.8% from approximately RMB19.4 million for the Last Year to approximately RMB17.5 million for the Year, primarily due to the decrease in the Company's loan interest rates, resulting in lower interest expenses.

### Income tax (expense)/credit

Income tax credit amounted to approximately RMB3.5 million for the year ended 31 December 2024 because of utilisation of tax losses previously not recognised and an additional tax reduction arising from the research and development expenses and an income tax expense amounted to approximately RMB6.4 million for the year ended 31 December 2025 primarily because of an increase in profit before tax.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit for the Year

Profit for the Year increased by approximately 37.3% from approximately RMB18.5 million for the Last Year to approximately RMB25.4 million for the Year.

### Cash position

As at 31 December 2025, the Group had restricted cash and cash and cash equivalents of approximately RMB72.0 million (2024: approximately RMB50.9 million) in aggregate, representing an increase of approximately 41.5% as compared to that as at 31 December 2024. As at 31 December 2025, the Group had restricted cash of approximately RMB37.6 million (2024: approximately RMB21.7 million) that was pledged to banks for as security for letters of guarantee issued by banks on behalf of the Group for product supply projects and bills payables. The restricted cash will be released upon the expiry of letters of guarantee or the settlement of relevant bills payables.

### Borrowings and charges on the Group's assets

As at 31 December 2025, the Group had bank and other borrowings of approximately RMB378.4 million (2024: approximately RMB311.9 million), of which approximately RMB220.4 million (2024: approximately RMB239.9 million) were secured by legal charge over the property, plant and equipment and trade receivables of the Group and the properties of the controlling shareholders of the Company and their family members, and the balances of RMB158.0 million (2024: approximately RMB72.0 million) were unsecured. Bank and other borrowings of approximately RMB289.9 million (2024: approximately RMB215.4 million) will be repayable within one year.

### Pledge of assets

As at 31 December 2025, the carrying amounts of the Group's pledged assets were approximately RMB221.6 million (2024: approximately RMB249.7 million).

Save as disclosed in this report, the Group did not have any charges of assets as at 31 December 2025 (2024: Nil).

### Significant investments

The Group did not hold any significant investments during the Year (2024: Nil).

### Material acquisitions or disposals

During the Year, the Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures (2024: Nil).

### Gearing ratio

As at 31 December 2025, the gearing ratio of the Group, calculated by having the total liabilities divided by the total equity, was approximately 1.13 (2024: approximately 0.93).

### Total debt to total asset ratio

As at 31 December 2025, the total debt to total asset ratio of the Group, calculated by having the total liabilities divided by the total assets, was approximately 0.53 (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 borrowings and other borrowings with a floating rate. The Group does not have an interest rate hedging policy. However, the Directors will monitor interest rate exposure from time to time and will consider hedging significant interest rate exposure should the need arise.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 and other borrowings with a floating rate.

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 borrowings of the Group as at 31 December 2025 and 2024 bore interest at floating rates. The interest rates and repayment terms of bank and other borrowings at the end of each reporting period are disclosed in note 29 to the consolidated financial statements.

### Credit risk

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 is represented by the exposure 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.

The credit risks on bills receivables, 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.

The credit risk of the Group is concentrated on trade receivables from the Group's two largest customers at 31 December 2025 amounted to approximately RMB319.6 million, and accounted for approximately 49.4% of the Group's gross trade 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. These two largest customers of the Group are subsidiaries of listed companies in the PRC and Hong Kong. They are leading and large-scale full-service and integrated intelligent information services providers 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 ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and 12-month ECLs for other receivables, unless there is significant increase in credit risk since initial recognition.

The Group measures ECLs for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. In measuring the ECLs, the trade receivables due from major customers have been assessed on individual basis, while the trade receivables due from non-major customers have been assessed on a collective basis and debtors ageing is applied to assess ECLs for its non-major 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 31 December 2025, the Group had capital commitments of capital expenditure contracted but not provided in respect of acquisition of property, plant and equipment and intangible assets amounting to approximately RMB3.6 million (2024: approximately RMB36.0 million). At the same time, the capital contribution from related parties amounting to RMB20.6 million (2024: RMB20.6 million). The capital commitments incurred at the end of the Year were mainly contracted for the purchase of equipment for an optical fiber production line.

### Future plans for material investments

The Group will continue to invest in its development projects and acquire suitable plant and machinery, if it thinks fit.

### Employees and remuneration policies

As at 31 December 2025, the Group had 416 employees (2024: 412 employees). For the Year, the Group incurred staff costs of approximately RMB45.4 million (2024: approximately RMB52.4 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.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to reducing its impacts to the environment from its factories and offices through mitigating the environmental pollutions and utilising resource efficiently. The Group strives to complying with related environmental laws and legislations, and continual improvement on its performance. The Environmental, Social and Governance Report was set out on page 38 of this annual report in compliance with Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group strives to maintaining a good relationship with its employees, customers and suppliers. For more details on how it creates a motivated workplace for its employees, produce quality products to satisfy its customers' expectations and, establish long-term relationships with its suppliers, please refer to the Environmental, Social and Governance Report was set out on pages 38 to 59 of this annual report.

## COMPLIANCE WITH LAWS AND REGULATIONS

Save as disclosed in this annual report, during the Year, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

# DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

## EXECUTIVE DIRECTORS

**Ms. Wang Qiuping** (王秋萍), aged 62, is an executive Director, the chairlady of the Board and chief executive officer of the Company responsible for the overall business management and strategic planning of the Group. Ms. Wang is also the founder of the Group and one of the controlling shareholders. Before the establishment of the Group, Ms. Wang worked in the Jiangxi Province Communication and Electric Cable Factory\* (江西省通信電纜廠) from 1984 to 1991, with her last position responsible for advertising. In November 1999, Ms. Wang set up Jiangxi Putian Building Intelligence Co., Ltd. (“**Jiangxi Building**”), which has been principally engaged in the sales of structured cabling system products since its incorporation. Save for Jiangxi Changtian Optical Communication Co., Ltd (“**Jiangxi Optical**”), Ms. Wang is a director of each of the subsidiaries of the Group. Ms. Wang is also a supervisor of Jiangxi Optical. Ms. Wang has been the deputy to the People’s Congress of Nanchang City (南昌市人大代表) since October 2016. Ms. Wang obtained a diploma in basic theory of Marxism\* (馬列主義基礎理論) from Jiangxi Normal University (江西師範大學) in the PRC in December 1986.

Ms. Wang was awarded “May 1” Jinguo Biaobing (五一巾幗標兵) of Jiangxi Province by Jiangxi Federation of Trade Unions in March 2018 and was recognised as 2022 Outstanding Entrepreneur of Nanchang High-tech Industrial Development Zone by Nanchang High-tech Industrial Development Zone Government in March 2023.

Ms. Wang is the spouse of Mr. Zhao, the mother of Ms. Zhao Moge.

**Mr. Zhao Xiaobao** (趙小寶) (alias **Zhao Baohua** (趙保華)), aged 61, is an executive Director responsible for the overall sales of the Group. He joined the Group in June 2001. Mr. Zhao is a director of each of Putian Cable Group Co., Ltd and Jiangxi Optical and a supervisor of Jiangxi Building. Mr. Zhao has more than 24 years of experience in the production and sales in the telecommunications industry. Before joining the Group, he had worked as an officer at the regulatory division of the Administration for Industry and Commerce of Nanchang City from 1984 to 1999, responsible for the execution of relevant laws, rules and regulations relating to commodity trading markets in Nanchang.

Mr. Zhao obtained a diploma in business administration management (工商管理) from Wuhan University (武漢大學) in the PRC in July 1992.

Mr. Zhao is the spouse of Ms. Wang, the father of Ms. Zhao Moge.

**Ms. Zhao Moge** (趙默格), aged 37, is an executive Director responsible for the overall operation and finance of the Group.

Ms. Zhao joined the Group in July 2011 and had held various positions. She first started working for the Group as an administrative executive responsible for administrative matters. She became an accounting assistant in May 2012 and was promoted to accounting manager with responsibility for managing and overseeing the daily operation of accounting department in July 2014. In April 2015, she became the general manager of Putian Cable (Shanghai) Building Intelligence Co., Ltd (“**Putian Cable (Shanghai)**”) and was responsible for the marketing and sales in the PRC market. Ms. Zhao is a director of Putian Cable and a supervisor of Putian Cable (Shanghai). Ms. Zhao obtained a bachelor of engineering from Nanchang University (南昌大學) in the PRC in June 2011.

Ms. Zhao is the daughter of Ms. Wang and Mr. Zhao.

## DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Cheng Shing Yan (鄭承欣) (“Ms. Cheng”)**, aged 51, was appointed as an independent non-executive Director on 21 October 2017. She is the chairlady of the audit committee of the Company (the “**Audit Committee**”) and a member of each of the nomination committee (the “**Nomination Committee**”) and the remuneration committee of the Company (the “**Remuneration Committee**”).

Ms. Cheng has about 28 years of experience in the fields of accounting and auditing. Ms. Cheng joined the group of Sanroc International Holdings Limited (“**Sanroc**”) (now known as Zhaobangji Lifestyle Holdings Limited), which is listed on the Main Board of the Stock Exchange (stock code: 1660), as the chief financial officer of Sanroc from April 2016 to April 2018 and as the chief financial officer of certain subsidiaries of Sanroc since April 2018. Ms. Cheng had also been the company secretary and an executive director of Sanroc International Holdings Limited from April 2016 to April 2018 and from April 2017 to April 2018, respectively. Ms. Cheng has been an independent non-executive director of Easy Smart Group Holdings Limited (stock code: 2442) from April 2023 to January 2026, Kwong Luen Engineering Holdings Limited (now known as FEG Holdings Corporation Limited) (stock code: 1413) from March 2021 to July 2024 and China Shenghai Food Holdings Company Limited (now known as Gaodi Holdings Limited) (stock code: 1676) from July 2017 to October 2019. Ms. Cheng has been a joint company secretary of China New Consumption Group Limited (stock code: 8275) since December 2023 and she has been an independent non-executive director of Affluent Foundation Holdings Limited (now known as Global Chinese Business Club) (stock code: 1757) since January 2026.

Ms. Cheng obtained a degree of Master of Arts in International Accounting at the City University of Hong Kong in November 2003, and was admitted as a member, and a fellow member, of the Association of Chartered Certified Accountants (the “**ACCA**”) in December 2000 and December 2005, respectively. She was also admitted as an associate of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”)) since July 2003. Ms. Cheng has also been admitted as an associate of both The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) (the “**HKICS**”) and The Institute of Chartered Secretaries and Administrators (now known as the Chartered Governance Institute) (the “**ICSA**”) in June 2017.

**Mr. Liu Guodong (劉國棟)**, aged 49, was appointed as an independent non-executive Director on 21 October 2017. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Mr. Liu has more than 21 years of experience in the optical research field. He has been a professor of Jiangxi Science & Technology Normal University (江西科技師範大學) (formerly known as Jiangxi Science & Technology Normal College\* (江西科技師範學院) since December 2004. He has served as the executive director (常務理事) and secretary-general of Optical Society of Jiangxi Province\* (江西省光學學會) from 2004 until now. He served as a member of Biomedical Photonics Committee of China Optical Society\* (中國光學學會生物醫學光子學專業委員會) from August 2009 to August 2013. He served as a member of Optoelectronic Technology Committee of China Optical Society\* (中國光學學會光電技術專業委員會) from September 2007 to September 2011. From October 2006 to October 2010, Mr. Liu served as a member of editorial board for “Applied Optics”. Mr. Liu served as the vice chairman of the National Optical Youth Academic Forum\* (全國光學青年學術論壇) from December 2009 to December 2013.

Mr. Liu obtained a doctorate degree in optical science and engineering (光學工程) from Tsinghua University (清華大學) in the PRC in January 2004.

## DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

**Mr. Xie Haidong** (謝海東), aged 54, was appointed as an independent non-executive Director on 21 October 2017. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. Mr. Xie is currently an associate professor and a tutor for master students (碩士生導師) of Finance Department of School of Economics and Management of Nanchang University\* (南昌大學經濟管理學院). He also serves as a director of the eighth board of Council of Finance of Jiangxi Province\* (江西省金融學會). From January 2016 to October 2018, Mr. Xie served as the Head of Finance Department of School of Economics and Management of Nanchang University. From November 2009 to November 2012, Mr. Xie served as a special researcher of Development Research Center of the People's Government of Jiangxi Province\* (江西省政府發展研究中心). From September 2010 to December 2016, Mr. Xie served as deputy director of Industrial Economics Research Institute of Central China Economic and Social Development Research Center of Nanchang University\* (南昌大學中國中部經濟社會發展研究中心產業經濟研究所). From 2013 to 2015, Mr. Xie served as a consulting expert in relation to issuance of corporate bond for Reform and Development Commission of Jiangxi Province\* (江西省發展與改革委員會). Prior to the aforesaid, he worked for enterprise investigation team of Statistics Bureau of Jiangxi Province\* (江西省統計局) from January 1997 to December 2004. He was a business director of Jiangxi Branch of business department of Kunwu Jiuding Investment Management Co., Ltd.\* (昆吾九鼎投資管理有限公司), a wholly-owned subsidiary of Jiangxi Zhong Jiang Real Estate Co., Ltd. (江西中江地產股份有限公司) (currently known as Kunwu Jiuding Investment Holdings Co., Ltd., 昆吾九鼎投資控股股份有限公司), whose shares are listed on Shanghai Stock Exchange (stock code: 600053) and principal business includes investment management and investment consulting, from February 2011 to October 2011. He was a guest faculty (訪問學者) in the department of finance at University of Notre Dame in the United States from August 2014 to August 2015. Since from August 2020, Mr. Xie has been appointed as the independent director of Jiangxi Salt Industry Group Co Ltd whose shares are listed on Shanghai Stock Exchange (stock code: 601065). Since July 2024, Mr. Xie has been appointed as an independent director of Nanchang Rural Commercial Bank Co., Ltd. Mr. Xie has been appointed as an external director of Xinyu Investment Holding Group Co., Ltd.\* (新余市投資控股集團有限公司) since October 2025.

Mr. Xie graduated from Nanchang University (南昌大學) in the PRC with a bachelor of economics degree in July 1994. He further earned a master of economics degree from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in June 2002 and a doctorate degree in political economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2007.

### SENIOR MANAGEMENT

**Mr. Zeng Haowen** (曾浩文), aged 55, is the production director of the Group responsible for overseeing the overall production of the Group. Mr. Zeng has over 34 years of working experience in the field of cable and wire. Mr. Zeng joined the Group in February 2006 and first served as a manager of production department before he was promoted to the current position in March 2011. Prior to joining the Group, Mr. Zeng worked for Jiangxi Fan Ya Electric Wire and Cable Co., Ltd\* (江西泛亞電線電纜有限公司) from August 1991 to January 2006, and he last served as the person in charge of the maintenance section of equipment department. Mr. Zeng obtained a diploma in mold design and manufacturing (模具設計與製造) from Jiangxi Science & Technology Normal University (江西科技師範大學) in the PRC in January 2013. He obtained the qualification as safety management associate\* (安全管理人員) from Administration of Work Safety of Nanchang City (南昌市安全生產監督管理局) in August 2015. He also obtained the qualifications as electric welder (電焊工) and bench worker (鉗工) from Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國勞動和社會保障部) in April 2001 and May 2004 respectively.

**Ms. Zhou Zhi** (周治), aged 49, is a chief business officer of business center of the Group responsible for overall sales strategies and planning of the Group. Ms. Zhou joined the Group in September 2004 and first served as a manager of sales department and was promoted to the current position in July 2012. Prior to joining the Group, Ms. Zhou worked as a sales officer at the grid information group of Taihao Technology Company Limited\* (泰豪科技股份有限公司) from 1999 to August 2004, responsible for sales. Ms. Zhou obtained a diploma in engineering and civil communication\* (工程與民用通訊) from Jiangxi Radio & TV University (江西廣播電視大學) in the PRC in June 1999.

\* For identification purposes only

## DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

### COMPANY SECRETARY

**Ms. Chan Sze Ting (陳詩婷)** was appointed as the company secretary of the Company on 1 October 2023. Ms. Chan is a director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), which is a global professional services supplier specialising in integrated business, corporate and investor services. Ms. Chan has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom. Ms. Chan holds a bachelor of arts degree from Hong Kong Polytechnic University and a bachelor's degree in law from the University of London, Britain.

# REPORT OF THE DIRECTORS

The Board presents to the shareholders of the Company this annual report together with the audited consolidated financial statements of the Company for the Year.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are production and sale of optical fibers and optical fiber cables, data and communications cables and structured cabling system products in the PRC. The principal activities of the subsidiaries are set out in note 35 to the consolidated financial statements. There was no significant change in the Group's principal activities during the Year.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 64 of this annual report.

The Board did not recommend the payment of a final dividend for the Year.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had reserves amounted to approximately RMB61.6 million available for distribution as calculated based on the Company's share premium and accumulated losses under applicable provisions of the Companies Law in the Cayman Islands. Details of the distributable reserves of the Company are set out in note 34 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year is set out in note 16 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 31 to the consolidated financial statements.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities during the Year, (including sales of treasury shares (the "Treasury Shares") within the meaning under the Listing Rules). As at 31 December 2025, the Company did not hold any Treasury Shares.

## GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 5 of this annual report. This summary does not form part of the audited financial statements.

## REPORT OF THE DIRECTORS

### BUSINESS REVIEW

The review of the business of the Group during the Year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 41 to the consolidated financial statements. In addition, discussions on the Group's relationships with key stakeholders, environmental policies and performance and compliance with relevant laws and regulations which have a significant impact on the Group are as follows:

#### Relationship With Key Stakeholders

The Group's success depends on the support from key stakeholders which comprise employees, customers and suppliers.

##### *Employees*

The Group is committed to establishing a close and caring relationship with its employees. The Group provides a fair and safe workplace, promotes diversity to the staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

##### *Customers and suppliers*

During the Year, the Group's five largest suppliers contributed approximately 57.9% of the Group's total purchase. The largest supplier has attributed to approximately 14.8% of the Group's total purchase. The Group sold products directly to customers which included the major telecommunication network operators in the PRC. The largest customer has accounted for approximately 17.3% of the total sales. The Group's sales generated from top five customers has attributed to approximately 41.3% of the Group's total sales. Save as disclosed above, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have any interest in any of the Group's five largest customers and suppliers.

The Group is able to build up close working relationship with its business partners and bring together the customers and suppliers to develop foundation technology. The Directors have frequent interactions with the customers regarding their feedbacks on the quality of our products which would then be reflected to the suppliers. Through this solid communication channel together with our experienced management team, the Directors believe that we are able to better understand our customers' needs as well as the market trend in order to make appropriate modifications or improvements to our products.

#### Environmental Policies And Performance

We believe that our business also depends on our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. To fulfil our customers' requirements on safety, quality and environmental aspects, we have established and implemented various quality control measures in our operation process. Through the systematic and effective control of our operations, compliance with safety, quality and environmental requirements can be further assured.

#### Compliance With Relevant Laws And Regulations

The Directors confirmed that during the Year and up to the date of this annual report, the Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in the PRC.

## DIRECTORS

The Directors during the Year and up to the date of this annual report were:

### 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

Information regarding directors' emoluments are set out in note 14 to the consolidated financial statements.

The Directors' biographical details are set out in the section headed "Directors and Senior Management's Profile" in this annual report.

In accordance with article 83(3) of the Articles of Association of the Company (the "**Articles**"), any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to article 84(1) of the Articles, at every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Accordingly, Ms. Wang Qiuping and Mr. Liu Guodong will retire from office as Directors at the forthcoming annual general meeting of the Company. All of them being eligible will offer themselves for re-election.

The Company has received from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

## DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company which is initially for a fixed term of 3 years, commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, and shall continue thereafter until terminated by not less than one month's written notice to the other party.

## REPORT OF THE DIRECTORS

Each of the independent non-executive Directors has entered into a letter of appointment with the Company which is initially for a fixed term of 2 years, commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term. The appointment is subject to termination under certain circumstances as stipulated in the said letter of appointment, and the provisions of the Articles with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Each of the executive Directors and independent non-executive Directors is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles.

Apart from the foregoing, none of the Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding companies of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the Year.

### **PERMITTED INDEMNITY PROVISION**

A permitted indemnity provision as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) was in force for an indemnity against a liability incurred by Directors to a third party during the Year and up to the date of this annual report.

### **DIVIDEND POLICY**

The proposal of payment and the amount of dividends will be made at the discretion of the Board and will depend on the Group's general business condition and strategies, cash flows, financial results and capital requirements, the interests of the shareholders, taxation conditions, statutory and regulatory restrictions and other factors that the Board deems relevant.

In addition, as the Company is a holding company registered in the Cayman Islands and our operations are conducted through our subsidiaries, some of which are incorporated in the PRC, the availability of funds to pay distributions to shareholders and to service the Group's debts depends on dividends received from these subsidiaries.

## REPORT OF THE DIRECTORS

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

As at 31 December 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 for Securities Transactions by Directors of Listed Issuers (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 (Note 1)	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:

- All interests stated are long positions.
- 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.
- 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 31 December 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.

## REPORT OF THE DIRECTORS

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

As at 31 December 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 (Note 1)	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 31 December 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.

### EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed during the Year.

### 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 31 December 2025, the remaining life of the Share Option Scheme is approximately 2 years. No share options have been granted under the Share Option Scheme since its effective date and up to 31 December 2025 and hence there was no outstanding options as at 31 December 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.

## REPORT OF THE DIRECTORS

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

(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 HKD5,000,000, 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 HKD1 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.

## REPORT OF THE DIRECTORS

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 Last Year and there was no outstanding share option as at 1 January 2025 and 31 December 2025.

No share-based payment expense was recognised for the Year in relation to share options granted by the Company.

As at the date of this annual 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 annual report.

### CONNECTED TRANSACTIONS

The Group had not entered into any transactions constituted connected transactions (including continuing connected transactions) which is subject to the disclosure requirements under Chapter 14A of the Listing Rules during the Year.

### RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Year are set out in note 33 to the consolidated financial statements. The related party transactions of the Group do not fall under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

### COMPETING BUSINESS

The Company received confirmations from the controlling shareholders of the Company in March 2026 on their compliance of the non-competition undertaking under the deed of non-completion as disclosed in the section headed "Relationship with Controlling Shareholders" in the prospectus of the Company dated 27 October 2017 (the "**Deed of non-competition**") for the Year. The independent non-executive Directors have reviewed the confirmations and evaluated the effectiveness of the implementation of the Deed of non-competition and concluded that none of the controlling shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules and pursuant to the Deed of non-competition during the Year.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Board on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to eligible persons, details are set out in the section headed "Share Option Scheme" in this annual report and the section headed "Statutory and General Information – 15. Share option scheme" in the prospectus of the Company dated 27 October 2017.

## REMUNERATION PAID TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules ("CG Code"), the members of the senior management (other than the Directors) whose particulars are set out in the section headed "Directors and Senior Management's Profile" in this annual report and their remuneration for the Year by band is set out in the corporate governance report in this annual report.

## RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit schemes are set out in note 10 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## 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 annual report, the Company has maintained sufficient public float throughout the Year as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's turnover and purchases attributable to major customers and suppliers during the years ended 31 December 2024 and 2025 are as follows:

	For the year ended	
	31 December 2025	31 December 2024
Percentage of turnover		
From the largest customer	17.3%	24.3%
From the five largest customers in aggregate	41.3%	40.2%
Percentage of purchase		
From the largest supplier	14.8%	17.4%
From the five largest suppliers in aggregate	57.9%	59.6%

At no time during the Year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) have an interest in any of the Group's five largest suppliers or customers.

## REPORT OF THE DIRECTORS

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there was no other significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Year.

### AUDITOR

The consolidated financial statements for the year ended 31 December 2025 has been audited by Moore CPA Limited. Moore CPA Limited shall retire in the forthcoming AGM and being eligible, will offer themselves for reappointment. A resolution will be proposed in the forthcoming AGM to re-appoint Moore CPA Limited as auditor of the Company.

On behalf of the Board

**Wang Qiuping**

*Chairlady*

Hong Kong, 31 March 2026

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the Year.

## CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

## 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 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 Year. The key corporate governance principles and practices of the Company are outlined in this report.

### 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 is the chairlady of the Board and the chief executive officer of the Company. 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. However, 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 its shareholders 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.

# CORPORATE GOVERNANCE REPORT

## Independent Non-Executive Directors

During the year ended 31 December 2025, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## THE BOARD

### Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring its business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the shareholders of the Company at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

## BOARD COMPOSITION

During the Year and up to the date of this annual report, the composition of the Board is as follows:

### 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

To the best knowledge of the Directors, save and except Ms. Wang Qiuping and Mr. Zhao Xiaobao are spouse and Ms. Zhao Moge is the daughter of Ms. Wang Qiuping and Mr. Zhao Xiaobao, there was no other relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

The biographies of the Directors are set out under the section headed "Directors and Senior Management's Profile" of this annual report.

## CORPORATE GOVERNANCE REPORT

During the Year, the Company has been in compliance with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of the Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a Board diversity policy to ensure that the Company will, when determining the composition of the Board, consider the Board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. The Board diversity policy sets out the approach towards achieving diversity on the Board. Pursuant to the Board diversity policy, all Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

### **Directors' Continuing Professional Development**

Each Director was provided with the necessary training and information to ensure that he/she has proper understanding of the responsibilities under the Listing Rules and the applicable law, rules and regulations. The Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills. The Company will continue to arrange suitable training and regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

## CORPORATE GOVERNANCE REPORT

The training records of the Directors for the year ended 31 December 2025 are summarized as follows:

Name of Directors	Type of Training (Note)
<b>Executive Directors</b>	
Ms. Wang Qiuping ( <i>Chairlady and Chief Executive Officer</i> )	B
Mr. Zhao Xiaobao (alias Zhao Baohua)	B
Ms. Zhao Moge	B
<b>Independent Non-Executive Directors</b>	
Ms. Cheng Shing Yan	B
Mr. Liu Guodong	B
Mr. Xie Haidong	B

Note:

Types of Training

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops  
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

### Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from their respective date of appointment and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to termination as provided in the service contract.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of two years commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term.

The appointments of executive Directors, non-executive Director and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the articles of association of the Company (the “Articles”) and the applicable Listing Rules. The procedures and process of appointment, re-election and removal of Directors are set out in the Articles.

In accordance with the article 84(1) of the Articles, at every annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to article 83(3) of the Articles shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

### Board Meetings, General Meetings and Attendance of Directors

The Board is committed to holding regular board meetings at least four times a year at approximately quarterly intervals. The Group establishes an effective communication among all the Directors.

## CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Company held 4 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meeting and 1 Nomination Committee meeting. Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other executive Directors during the year. The attendance record of each Director at the abovementioned Board meetings and committee meetings has been set out below.

Name of Directors	Attendance/Number of				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
<b>Executive Directors</b>					
Ms. Wang Qiuping ( <i>Chairlady and Chief Executive Officer</i> )	4/4	N/A	N/A	N/A	1/1
Mr. Zhao Xiaobao (alias Zhao Baohua)	4/4	N/A	N/A	N/A	1/1
Ms. Zhao Moge	4/4	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>					
Ms. Cheng Shing Yan	4/4	2/2	1/1	1/1	1/1
Mr. Liu Guodong	4/4	2/2	1/1	1/1	1/1
Mr. Xie Haidong	4/4	2/2	1/1	1/1	1/1

### COMPLIANCE WITH THE MODEL CODE

The Company has adopted 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 Year.

### RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

### BOARD COMMITTEE

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities.

## CORPORATE GOVERNANCE REPORT

### Audit committee

The Company established an Audit Committee on 21 October 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The duties of the Audit Committee include, without limitation, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of our financial statements, our annual report and accounts and our half-year report, and reviewing significant financial reporting judgments contained therein; and (c) reviewing our financial controls, internal control and risk management systems. The terms of reference of the Audit Committee are currently made available on the websites of the Stock Exchange and the Company.

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 3.21 of the Listing Rules is the chairlady of the Audit Committee. The quorum of meetings of the Audit Committee shall be any two members.

The Audit Committee will hold at least two meetings a year and will also meet the external auditor at least twice a year without the presence of the executive Directors. Terms of reference adopted by the Audit Committee are aligned with the Code Provisions set out in the CG Code.

During the year ended 31 December 2025, the Audit Committee had held 2 meetings, together with the management of the Company and external independent auditor, reviewed the Group's consolidated financial statements for the year ended 31 December 2024 and 30 June 2025, and considered that they were prepared in compliance with the relevant accounting standards and that the Company has made appropriate disclosure thereof.

### Remuneration committee

The Company established a Remuneration Committee on 21 October 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The duties of the Remuneration Committee, under the principle that no Director should be involved in deciding his own remuneration, include, without limitation, (a) making recommendations to our Board on our policy and structure for the remuneration of all of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (b) making recommendations to our Board on the remuneration packages of our executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments, and making recommendations to our Board of the remuneration of our independent non-executive Directors; and (c) reviewing and approving our management's remuneration proposals with reference to our Board's corporate goals and objectives. The terms of reference of the Remuneration Committee are currently made available on the websites of the Stock Exchange and the Company.

The Remuneration Committee consists of Mr. Liu Guodong, Ms. Cheng Shing Yan and Mr. Xie Haidong. Mr. Liu Guodong is the chairman of the Remuneration Committee. The quorum of meetings of Remuneration Committee shall be any two members.

The Remuneration Committee will meet at least once a year to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management of the Group and other related matters. Terms of reference adopted by the Remuneration Committee are aligned with the Code Provisions set out in the CG Code.

During the year ended 31 December 2025, the Remuneration Committee held 1 meeting which had been supplied with the necessary information of the Group for members to consider, review and access significant issues arising from the work conducted.

## CORPORATE GOVERNANCE REPORT

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management (other than the Directors) by band for the year ended 31 December 2025 is set out below:

<b>Remuneration (RMB)</b>	<b>Number of Individuals</b>
Less than 100,000	0
100,000-500,000	2

### **Nomination committee**

The Company established a Nomination Committee on 21 October 2017 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the CG Code. The duties of the Nomination Committee include, without limitation, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (c) assessing the independence of our independent non-executive Directors; and (d) making recommendations to our Board on the appointment or re-appointment of our Directors and succession planning for our Directors, in particular the chairman and the chief executive. The terms of reference of the Nomination Committee are currently made available on the websites of the Stock Exchange and the Company.

The Nomination Committee consists of Mr. Xie Haidong, Ms. Cheng Shing Yan and Mr. Liu Guodong. Mr. Xie Haidong is the chairman of the Nomination Committee. The quorum of meetings of the Nomination Committee shall be any two members.

The Nomination Committee will meet at least once a year to review the structure, size and diversity of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at annual general meetings. Terms of reference adopted by the Nomination Committee are aligned with the Code Provisions set out in the CG Code.

During the year ended 31 December 2025, the Nomination Committee held 1 meeting which had been supplied with the necessary information of the Group for members to consider, review and access significant issues arising from the work conducted.

### **BOARD DIVERSITY POLICY**

The Board adopts a board diversity policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Diversity of Board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional qualifications, industry and regional experience, skills, knowledge and length of service. All the Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

# CORPORATE GOVERNANCE REPORT

## GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this Annual Report:

	Female	Male
Board	50% (3)	50% (3)
Senior Management	50% (1)	50% (1)
Other employees	41% (166)	59% (242)
Overall workforce	41% (170)	59% (246)

The Board is committed to improving greater gender diversity in the Board, senior management and other employees of the Group and wishes to achieve at least 50% of female Directors, 50% of female senior management and 41% of female employees by the end of 31 December 2026.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 51 to 53 of this annual report.

## DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and honesty: The candidate should be persons of integrity, honesty and good reputation;
- Diversity in aspects: including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and diversity aspects under the Board Diversity Policy that are relevant to the business and corporate strategies of the Company;
- Availability: The candidate should have sufficient time for the proper discharge of the duties of a Director, including devoting adequate time for the preparation and participation in meetings, training and other Board or Company associated activities;
- Independence: Requirement for the Board to have independent directors in accordance with the Listing Rules (as amended from time to time) and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; and
- Other relevant factors considered by Nomination Committee on a case-by-case basis.

## CORPORATE GOVERNANCE REPORT

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2025, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### **DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that the appropriate accounting policies are selected and applied consistently. The reporting responsibilities of the Directors and the Company's external auditor on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 60 to 63 of this annual report. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

### **AUDITOR'S REMUNERATION**

The remuneration for the audit services provided by the auditor to the Group during the Year amounted to HKD1,000,000.

### **CORPORATE GOVERNANCE FUNCTIONS**

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

#### **Responsibilities of the Board**

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing the effectiveness of such systems through the Audit Committee on annual basis. The Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management, internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve the Group's business.

#### **Risk Management and Assessment**

The Company has established formal risk assessment criteria for the Group. Senior management identifies risks that potentially impact the key processes of the operations on an annual basis. Risks are scored and ranked by their impact on the business and the likelihood of their occurrence. Senior management assesses the effectiveness of the existing controls and formulates risk mitigating activities. Results of the annual risk assessment are reported to the Audit Committee, including amongst other things, significant risks of the Group and the appropriate control activities to mitigate and/or transfer the identified risks objectives.

## CORPORATE GOVERNANCE REPORT

### Internal Control

The Company has established defined levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

The Company has internal audit function which is primarily responsible for developing various internal control manuals and procedures, conducting reviews on the key operational processes and the related internal controls to ensure compliance with the Group's risk management and internal control policies and procedures.

The Group has engaged a consulting firm to conduct an annual review of the effectiveness of the internal control system of the Group including making recommendations to enhance the overall internal control system for the year ended 31 December 2025. The internal control review report has been approved by the Audit Committee and the Board. Based on the internal control review report and its own assessment, the Board considered that the Company's internal control system is adequate and effective.

### Review of Risk Management and Internal Control Systems

The Audit Committee assists the Board in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Directors through the Audit Committee are kept informed of significant risks that may impact on the Group's performance. For the Year, the Board considered the risk management and internal control systems of the Group to be effective and adequate. The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, and financial reporting function.

### Procedures and Controls over Handling and Dissemination of Inside Information

The Company is aware of its obligation under relevant sections of the SFO and the Listing Rules. An Inside Information Policy has been established to lay down practical guidelines on definition of inside information, compliance and reporting, disclosure and announcement of inside information. All members of the Board, senior management, head of departments, and staff who are likely to possess inside information are strictly bound by this policy. Staff who have access to inside information is required to keep the unpublished inside information confidential until relevant announcement is made. Failure to comply with such requirements may result in disciplinary actions.

## COMPANY SECRETARY

Ms. Chan Sze Ting was appointed as the Company's company secretary on 1 October 2023. Ms. Chan is a director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Zhao Moge, an executive Director, is the primary contact person at the Company which would work and communicate with Ms. Chan Sze Ting on the Company's corporate governance and company secretarial matters.

For the year ended 31 December 2025, Ms. Chan has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable the Shareholders and investors to make the informed investment decisions. To promote effective communication, the Company adopts a shareholders communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at [www.potel-group.com](http://www.potel-group.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

### SHAREHOLDERS' RIGHTS

The Company seriously takes care the Shareholders' interest to ensure that they are treated fairly and are able to exercise their Shareholders' rights effectively. Shareholders are entitled by the Articles and are also encouraged to participate in the Company's general meetings.

#### Convening of extraordinary general meeting

In accordance with the Articles, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an extraordinary general meeting (the "EGM") to be called by the Directors for the transaction of any business specified in such requisition. Such requisition shall be made in writing to the Board or the company secretary of the Company which is situated at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The EGM shall be held within two months after the deposit of such requisition. If the Directors fail to proceed to convene such meeting within 21 days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

#### Procedures for putting forward proposals by Shareholders at Shareholders' meeting

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of the proposal (the "Proposal") with his/her/its detailed contact information at the Company's headquarters and principal place of business of the Company in Hong Kong, with a copy of the Proposal served to the Company's Hong Kong share registrar at their respective address. The request will be verified with the Company's Hong Kong share registrar and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

#### Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Hong Kong office of the Company at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

### CHANGE IN CONSTITUTIONAL DOCUMENT

There is no significant change in the Company's constitutional documents during the Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE REPORT

Putian Communication Group Limited (hereafter, “**Putian**” or the “**Company**”) and its subsidiaries (collectively known as the “**Group**” or “**we**”) are pleased to present the Environmental, Social and Governance (“**ESG**”) report mainly focuses on the Group’s principle activities during 1 January 2025 to 31 December 2025 (the “**Year**” or the “**Reporting Period**”). The aim of the ESG Report is to provide our stakeholders with a comprehensive understanding of our environmental, social and governance (“**ESG**”) performance, initiatives and achievements, and to illustrate our long-term commitment to fulfilling our corporate social responsibility.

### Scope of the Report

The ESG report mainly covers the environmental and social policies of the Group’s business in manufacturing communication cable. Our 2025 ESG report will cover environmental and social data of two major subsidiaries, Putian Cable Group Co., Ltd. (“**Putian Cable**”) and Jiangxi Changtian Optical Communication Co., Ltd. (“**Optical Communication**”). The key performance indicators (“**KPIs**”) disclosed for the Year focus on two factories located in Jiangxi Province, People’s Republic of China (“**PRC**”).

The abovementioned reporting boundaries were carefully determined by the Group based on the material entities and operations that have or will exert a great impact on the Group’s business in long run. For the details of corporate governance, please refer to the Corporate Governance Report on pages 27 to 37 of this annual report.

### Reporting Framework

The ESG report is prepared in accordance with Appendix 27 the “Environmental, Social and Governance Reporting Guide” under Main Board Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and in compliance with the “comply or explain” provision.

### Reporting Principles

The content of the ESG report is determined through stakeholder engagement and materiality assessment process, which includes the identification of ESG-related issues, review of the management and stakeholders’ opinions, assessing process for the relevance and materiality of the issues, preparation of the report, and validation of the disclosed information. The opinions of our stakeholders are adopted for identifying the key issues which are covered and discussed in this ESG report. Please refer to the section “Stakeholders Engagement” for details.

Quantitative environmental and social KPIs are disclosed in the ESG report so that stakeholders are able to have a comprehensive understanding of the Group’s ESG performance. Information of the standards, methodologies, references and source of key emission of KPIs are stated wherever appropriate. The Report is prepared on an unbiased picture of our performance without any sections, omission, or presentation that may inappropriately influence decision by reader. To enhance the comparability of the ESG report, the Group adopts consistent reporting format and methodologies for calculating KPIs as far as practicable. In case of any changes, explanation will be provided in the corresponding sections to facilitate information interpretation.

### Information and Feedback

For more information on the Group’s environmental and corporate governance, please refer to the official website ([www.potel-group.com](http://www.potel-group.com)) and the annual report of the Group. If you have any comments or suggestions on this ESG report, please feel free to contact us via email at [info@potel-group.com](mailto:info@potel-group.com).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG BOARD STATEMENT

The Group believes that a sound ESG and sustainability framework builds the foundation for an optimum ESG performance and well-rounded sustainable development. In order to better monitor and manage the Group's policies, measures and work regarding ESG, the Board of Directors (the "Board") is directly responsible for the oversight of the Group's ESG-related issues, including formulating strategies and reporting material ESG matters, as well as assessing and determining ESG-related risks. In particular, the Board considers climate change risks to be material risks. Further details on the Group's climate risk governance, strategy, risk assessment and metrics are set out in the 'Climate Change' section under 'Environmental Protection'. The ESG performance of the Group is evaluated regularly to ensure its consistency with the Group's visions and initiatives, and the annual ESG report is reviewed and discussed to ensure its content is aligned with the Board's requirements and the Group's strategies.

Furthermore, the Board is responsible for executing and evaluating the stakeholder engagement process. The Board understands that ESG management involves various topics and therefore has conducted materiality assessment to identify issues that are likely to influence the business and our stakeholders, especially the environmental and social aspects. The issues would be reviewed and prioritised, and those with high significance to the Group and stakeholders are considered as material. The Board has concluded our material issues in "Stakeholders Engagement" section.

In order to further motivate the Group in pursuing higher ESG-related standards, the Board will continue to keep track with the latest announcement of the ESG reporting requirements in Hong Kong and set various goals and targets on ESG performance with reference to the Group's most material issues to its business and stakeholders whenever necessary. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG report.

## STAKEHOLDERS ENGAGEMENT

The Group highly values the communication with its key stakeholders and takes the opinions from stakeholders as the basis for its formulation and implementation of short-term and long-term sustainability strategies. During the Year, stakeholders engagement and materiality assessment have been conducted, which enable us to understand the needs of stakeholders and identify our material topics regarding ESG.

### Communication with Stakeholders

The Group promotes its approach and practices in ESG to stakeholders through effective communication channels, such as meetings, announcements, company websites and emails, as well as understanding and taking corresponding measures to meet stakeholders' requirements and expectations. The table below indicates our stakeholders' requirements and expectations of the Group, and the corresponding communication channels and responses for the stakeholders.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

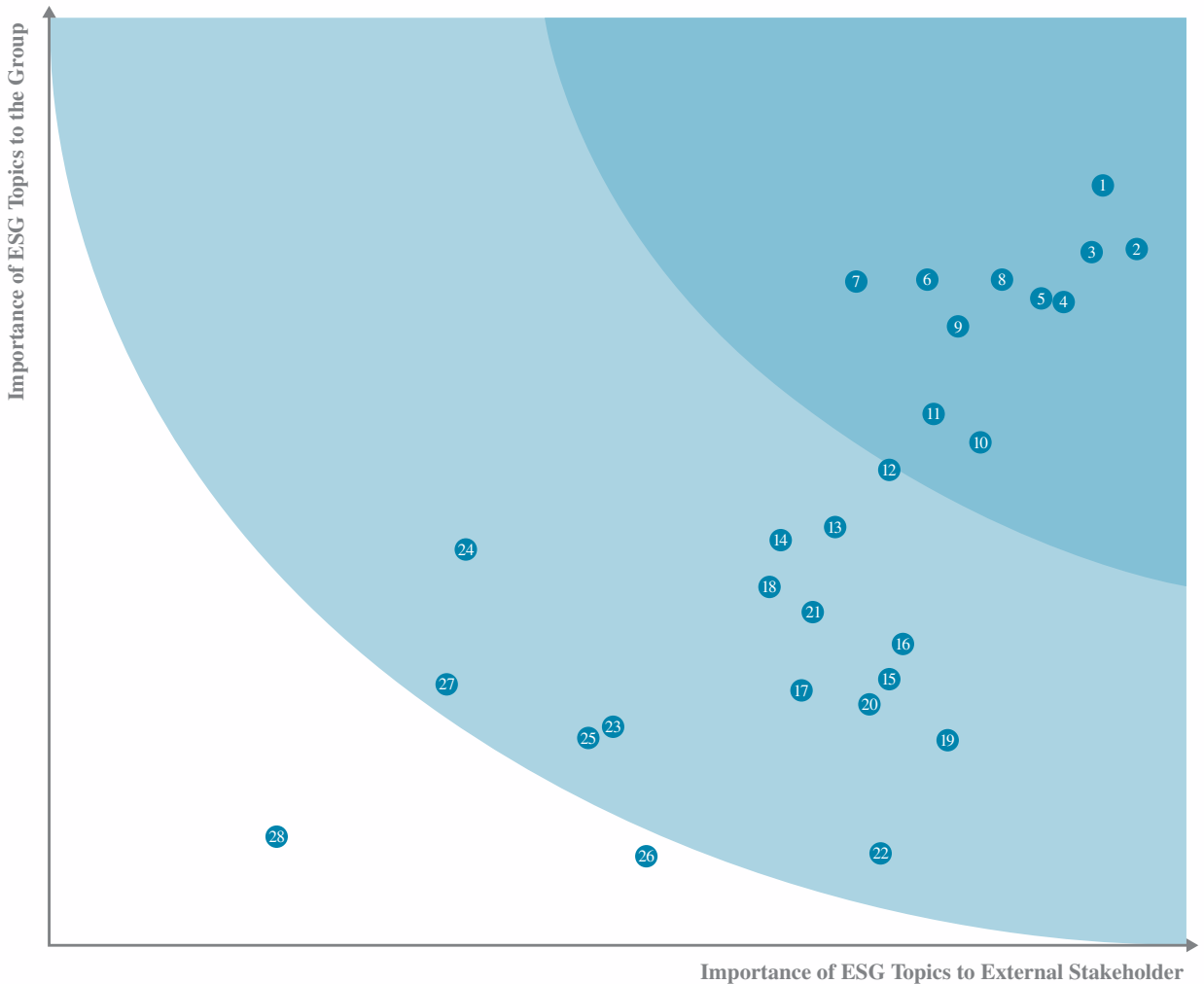
Stakeholders	Requirements and Expectations	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulations</li> <li>Support local economic growth</li> <li>Drive local employment</li> <li>Pay taxes in full and on time</li> <li>Ensure production safety</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulations</li> <li>Support local economic growth</li> <li>Drive local employment</li> <li>Pay taxes in full and on time</li> <li>Ensure production safety</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Returns</li> <li>Compliant operation</li> <li>Raise company value</li> <li>Transparency in information and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>General Meetings</li> <li>Announcements</li> <li>Email, telephone communication and company website</li> <li>Dedicated reports</li> <li>Site visits</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Equal Rivalry</li> <li>Performance of contracts</li> <li>Mutual benefit and win-win result</li> </ul>	<ul style="list-style-type: none"> <li>Review and appraisal meetings</li> <li>Business communications</li> <li>Exchanges and discussions</li> <li>Engagement and cooperation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Outstanding products and services</li> <li>Health and safety</li> <li>Performance of contracts</li> <li>Operate with integrity</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding products and services</li> <li>Health and safety</li> <li>Performance of contracts</li> <li>Operate with integrity</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Compliant emission</li> <li>Energy saving and emission reduction</li> <li>Ecosystem protection</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with local environmental department</li> <li>Communicate with the locals</li> <li>ESG Reporting</li> </ul>
Industry	<ul style="list-style-type: none"> <li>Establishment of industry standards</li> <li>Drive industry development</li> </ul>	<ul style="list-style-type: none"> <li>Participate in industry forums</li> <li>Visits and inspections</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Protection of rights</li> <li>Occupational health and safety</li> <li>Remunerations and benefits</li> <li>Career development</li> <li>Humanity cares</li> </ul>	<ul style="list-style-type: none"> <li>Employee communication meetings</li> <li>House journal and intranet</li> <li>Employee mailbox</li> <li>Training and workshop</li> <li>Employee activity</li> </ul>
Community and the Public	<ul style="list-style-type: none"> <li>Improve community environment</li> <li>Participation in charity</li> <li>Transparent information</li> </ul>	<ul style="list-style-type: none"> <li>Improve community environment</li> <li>Participation in charity</li> <li>Transparent information</li> </ul>

## Materiality Assessment

In identifying potential material topics in respect of the Group’s ESG performance that might affect its business or stakeholders, the Group conducting annual questionnaire survey to understand the opinions and expectations of the stakeholders for the Group’s responses and the disclosure of ESG issues. Based on actual business activities and the industry characteristics, the Group identified and determined 28 environmental, social and governance related issues and invited both internal and external stakeholders to express their opinion on such 28 issues in terms of materiality.

The following matrix states all related issues which are material to the stakeholders, whilst the results shown on the top-right area represent the issues that are more significant for the Group in formulating future environmental, social and governance plans and objectives, aiming to create sustainable value for stakeholders.

## Materiality Assessment Matrix



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Item	ESG Topic	Item	ESG Topic
1	Energy use (e.g. electricity, gas, fuel)	15	Environmentally preferable products and services
2	Water use	16	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
3	Greenhouse gas emissions	17	Selection and monitoring of suppliers
4	Climate change	18	Product and service labelling
5	Air emissions	19	Product health and safety
6	Mitigation measures to protect environment and natural resources	20	Customer satisfaction
7	Use of materials (e.g. paper, packaging, raw materials)	21	Customer information and privacy
8	Hazardous waste production	22	Observing and protecting intellectual property rights
9	Non-hazardous waste production	23	Marketing communications (e.g. advertisement)
10	Employee development and training	24	Anti-corruption training provided to directors and staff
11	Preventing child and forced labour	25	Anti-corruption policies and whistle-blowing procedure
12	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	26	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering
13	Diversity and equal opportunity of employees	27	Cultivation of local employment
14	Occupational health and safety	28	Community support (e.g. donation, volunteering)

By analysing the results of the questionnaire survey and the materiality maps related to the business with consideration to the actual business operation, the Group has identified 7 material topics which are disclosed in detail in the ESG report.

Material topics	Corresponding sections
Energy Management	Environmental Protection <ul style="list-style-type: none"> <li>Resources Conservation</li> </ul>
Waste Management	Environment Protection <ul style="list-style-type: none"> <li>Emission Treatment</li> </ul>
Employment Compliance and Labor Management	Value of Our People
Operational Compliance	Operating Practices
Material Sourcing & Efficiency	Operating Practices <ul style="list-style-type: none"> <li>Supplier Management</li> </ul>
Quality Management	Operating Practices <ul style="list-style-type: none"> <li>Quality Assurance</li> </ul>
Business Ethics	Operating Practices <ul style="list-style-type: none"> <li>Respect of Intellectual Property Rights and Privacy</li> <li>Anti-Corruption</li> </ul>

After reviewing the identified materials topics related to the ESG aspects, the importance of the ESG performance is recognised and that would be our ongoing process in reaching our future improvements.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL PROTECTION

As a communication cable manufacturer and a structured cabling system product provider, the Group protects the environment at the area where it operates while striving to develop business. The Group strictly complies with relevant laws and regulations concerning wastes, air emissions and wastewater, such as the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC and the National Environmental Emergency Response Plan. The Group strives to reduce its carbon footprint during the course of business, and attach great importance on emission control, recognized by GB/T24001-2016/ISO14001:2015 Environmental Management System Certification Certificate.

To ensure the safety of the surroundings as well as to raise the awareness of employees in each division to deal with emergency issues, the Group has implemented a complete emergency planning system and conducts regular drills for its employees. In case of an environmental pollution incident, will take prompt action and response to minimise hazards and prevent deterioration of the incident. Looking forward, we will deliberate on the prevention of hazards and environmental pollution, and energy and resources conservation at the research and development stage, as well as consider environmentally friendly development and advocate the use of harmless and safe technology during product design, on the premise that the product quality is assured.

### Emissions Treatment

During the reporting period, air emissions were generated from vehicles and oil fume from canteen. The oil fumes from canteens will be emitted at high altitude after being treated by oil fume purifiers. To reduce air emissions and maintain efficiencies of oil fume purifiers, the Group keeps the oil fume purifiers clean in the canteens.

Frequent travel between factories is necessary. The use of vehicles is unavoidable due to the consideration of employees' health during the pandemic and inclusion of business activities of Optical Communication in the Year. In order to reduce the air emission, the Group performs regular maintenance and repairs on its vehicles to keep them in good condition.

The air emissions of the Group during the Year are as follows:

Air Emission	Unit	2025	2024
Nitrogen oxides (NO <sub>x</sub> )	kg	109.8	95.4
Sulphur oxides (SO <sub>x</sub> )	kg	0.18	0.15
Particulate matter (PM)	kg	10.52	9.14

Notes:

- The above air emission data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The greenhouse gas (“GHG”) emissions were composed of direct emissions from stationary combustion and use of vehicles; energy indirect emissions from purchased electricity, and other indirect emissions from electricity used for fresh water and sewage processing by local government and overseas business travel. As to the target of greenhouse gas emissions, we aim to reduce the overall emissions on a short-term basis through vehicle emissions, energy consumption and water consumption which account for the majority of total emissions. The objectives for the specific aspects are discussed in the relevant sections. The greenhouse gas emissions of the Group as follows:

GHG	Unit	2025	2024
Total GHG emissions	tonnes CO <sub>2</sub> e	4,994.94	3,100.71
GHG emissions per square metre	tonnes CO <sub>2</sub> e/M <sup>2</sup>	0.07	0.05
GHG emissions per revenue	tonnes CO <sub>2</sub> e/RMB'000	0.007	0.005
Scope 1 – Direct emissions	tonnes CO <sub>2</sub> e	32.85	27.86
Scope 2 – Energy indirect emissions	tonnes CO <sub>2</sub> e	4,899.97	3,019.91
Scope 3 – Other indirect emissions	tonnes CO <sub>2</sub> e	62.12	52.94

Notes:

- The above air emission data have been compiled with reference to “How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
- The total GHG emissions were higher in 2025 when compared to 2024 due to the higher production level of the Group.

Waste scrap and incoming packaging materials from the production activities were the major non-hazardous wastes of the Group and were recycled as far as possible. Another type of non-hazardous wastes was domestic garbage, which is collected and processed collectively by the local environmental hygiene department in the Year. When there is hazardous waste produced, the Group will engage qualified companies for further handling. By means of enhancing production activities, the Group utilises the raw materials to the greatest extent to reduce waste scrap produced. During the Year, the Group has set a target for controlling the amount of paper waste. In order to achieve the target, the Group has spearheaded the initiatives of reusing paper and urged employees to reduce paper consumption in the workplace. The Group also encouraged its employees to reduce the usage of disposable and non-recyclable products in respect of waste reduction.

During the Year, there was no hazardous waste produced by the Group (2024: 0 tonne). The data of non-hazardous waste generated from the Group is as follows:

Waste	Unit	2025	2024
Total non-hazardous waste generated	tonnes	50.48	53.64
Total non-hazardous waste generated per square metre	tonnes/M <sup>2</sup>	0.0007	0.0008
Total non-hazardous waste generated per revenue	kg/RMB'000	0.00007	0.00008

Note:

- The non-hazardous waste generated by the Group includes waste scrap and domestic waste only. The amount of waste scrap generated was based on the actual record of the Group. The amount of domestic waste was based on the daily estimated volume of domestic waste in office.

The Group did not produce or discharge any industrial wastewater in the production activities, while domestic sewage generated will be pretreated in the septic tank before discharging into the municipal sewage pipe network.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Resources Conservation

We have formulated an Energy Conservation and Emission Reduction policy to promote the concept of low-carbon life and green office, and adopted various measures to reduce resource consumption and encouraging our staff to participate in environmental protection. We acknowledge the opportunities of reducing energy and water consumption through daily operation. Therefore, we have set directional targets for both energy and water reduction through raising the environmental awareness of employees. We provided various training for our employees to introduce the meaning of resources conservation and measures that they can practice to protect the environment. During the Year, the Group has organised additional environmental training to further enhance knowledge and promote the importance of energy and water conservation, as well as fostering a low-carbon lifestyle for employees.

The Group endeavours to improve energy management by reducing electricity consumption and using energy efficiently in different aspects. For electricity, employees are encouraged to switch off idle lighting system and other electronics, such as printers and computers, and take full advantage of sunlight whenever possible. We also recommend our employees to adjust the brightness of computers to protect not only the environment but also their eyesight. Energy-efficient lighting and air conditioners are adopted, and lighting appliances and filters for air conditioners are cleansed regularly to improve energy efficiency. We also advocate to turn off air-conditioning system one hour earlier each day and set the minimum temperature to around 26 degrees Celsius. We discourage employees to turn an air conditioner on and off repeatedly which could cause a waste of energy. By means of regular checking and maintenance, the possibility of leakage of refrigerant has been reduced. The energy consumption of the Group is as follows:

Energy Consumption	Unit	2025	2024
Total energy consumption	MWh	8,778.23	5,452.59
Energy consumption per square metre	MWh/M <sup>2</sup>	0.13	0.08
Energy consumption per revenue	MWh/RMB'000	0.01	0.01
Purchased electricity	MWh	8,596.43	5,298.09
Gasoline	MWh	119.7	101.6
Liquefied petroleum gas (“LPG”)	MWh	62.1	52.9

Notes:

- The methodology adopted for reporting on consumptions set out above was based on “How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
- Based on the actual energy consumption record of the Group.
- The increases in electricity, LPG and gasoline consumption are mainly due to the higher production volume and increased operational activities of the Optical Communication factory during 2025.

To raise the water saving awareness of employees, the Group has posted water saving notices in every lavatory and employees are reminded to turn off the faucet tight after use. The Group also conducts tests to hidden leaking pipes and monitors water meters regularly to prevent leaking and wasting water. Meanwhile, water is reused as far as possible. For instance, employees are encouraged to reuse the water for watering plants after scrubbing fruits and vegetables. In addition, we generally do not provide bottled water for meetings and employees are not allowed to wash containers with mineral drinking water. During the Year, the Group did not identify any issues in sourcing water for business operations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The water consumption of the Group is as follows:

Water consumption	Unit	2025	2024
Total water consumption	M <sup>3</sup>	34,780.25	24,972.61
Water consumption per square metre	M <sup>3</sup> /M <sup>2</sup>	0.51	0.37
Water consumption per revenue	M <sup>3</sup> /RMB'000	0.05	0.04

Notes:

- The methodology adopted for reporting on consumptions set out above was based on “How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
- Based on the actual water consumption record of the Group.
- The significant increase in water consumption is mainly due to the high production demand of Optical Communication factory and the daily water needs of employees.

Concerning the use of material, the Group conducts an evaluation on the usage of material to avoid overstock. During the Year, the Group used packaging materials including metal, wood, plastic, fibre fabric and paper, in which plastic and paper were used to pack products in both kilometres and pieces. Detailed usage of packaging materials is as follows:

### Optical Fibre Cables and Communication Copper Cables:

Types of Package Material	2025		2024	
	Total Amount (kg)	Amount per Unit Produced (kg/km)	Total Amount (kg)	Amount per Unit Produced (kg/km)
Metal	163,487.00	1.4	181,803.00	1.3
Wood	12,808.00	0.1	15,212.00	0.1
Plastic	288,733.00	2.4	336,950.00	2.4
Fibre Fabric	30,601.00	0.3	33,585.00	0.2
Paper	166,428.00	1.4	197,440.00	1.4

Note:

- Based on the actual package material record of the Group.

### Structured Cabling System Products:

Types of Package Material	2025		2024	
	Total Amount (kg)	Amount per Unit Produced (kg/km)	Total Amount (kg)	Amount per Unit Produced (kg/km)
Plastic	3,559,587.00	1.0378	4,086,267.00	0.9969
Paper	6,465.00	0.0019	7,816.00	0.0019

Note:

- Based on the actual package material record of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Green Operation

As a responsible corporate citizen, the Group attaches great importance to sustainability development and strives to promote green operation among its employees, in a bid to reduce greenhouse gas emissions from its business operation. For instance, in a bid to fortify the management of the use of office expenses and stationary, we purchase low-carbon and energy-efficient equipment. By posting reminders to advocate saving paper in office, the Group encourages employees to recycle and reuse paper, for example, using paper on both sides and using used paper to make notes, as well as to utilise digital means for internal and external communication to replace paper circulation. The amount of paper used is also counted on a regular basis to monitor the usage. In addition, employees are encouraged to use refillable pens instead of disposable markers and ball pens. Conducting video conferences is suggested to substitute for non-essential overseas business trips, while direct flights are recommended for inevitable overseas business trips to reduce greenhouse gas (“GHG”) emissions.

## Climate Change

Climate change is rapidly emerging as one of the most significant issues across countries and is closely related to all businesses regardless of their nature. Climate change has caused frequent extreme weather and has had an impact on the business operations of the Group. Being aware of the consequences brought by the changing climate, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. At the same time, we adjust the use of resources and energy in response to disasters and accidents which may be induced by extreme weather, and continuously enhance our capability in disaster response. The Group regularly reviews global and local government policies and regulations regarding climate change to identify potential climate-related risks and opportunities that may have financial impacts on the Group’s business. We have implemented a climate change policy statement to guide our operations and reduce our impact on climate change while strengthening our business resilience.

## Governance

Climate change risks are considered by the Board to be material risks. The Board is responsible for overseeing and formulating working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact on the Group. The Board meets regularly to oversee our strategies and management approaches related to climate risks and opportunities, as well as the disclosure of information.

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. We recognise that the impacts of climate change are varied and long-ranging and the risks identified could prevent us from meeting our strategic objectives and could result in adverse operational, compliance and financial impacts. After discussions with our stakeholders, we have identified energy and water as immediate areas that we can tackle to both combat climate change and reduce potential costs in the future.

The roles and responsibilities in the governance of climate-related risks and opportunities are as follows:

1. Oversight of climate-related risks and opportunities is managed directly by the Board. The CEO holds the overall responsibility for ensuring that the strategies and policies set by the Board are effectively implemented across the organization.
2. The Board is also responsible for the development of appropriate skills and competencies through training programs, professional development opportunities, and assessments of current capabilities. This ensures that the board members and relevant personnel are well-equipped to oversee and address climate-related risks and opportunities.
3. The Management Team, led by the CEO, plays a critical role in the governance of climate-related risks and opportunities. The Management Team is responsible for examining and addressing climate related risks and opportunities, and day to day implementation of policies set by the Board.
4. The Group utilizes various controls and procedures, such as internal audits, performance reviews, and sustainability reporting, to support the oversight of climate-related risks and opportunities. These controls and procedures are integrated with other internal functions, such as finance, operations, and human resources, to ensure a cohesive approach to sustainability.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Strategy

We strive to understand the impacts brought by climate change to our business operations and thus continuously seek to advance the relevant studies, as well as our action plans and mitigation measures. Subject to the on-going development of our climate-related risk assessment and management practices, we will further study the feasibility and practicality of integrating the financial impacts of climate-related risk and other sustainability issues into our financial planning at the corporate and project levels.

## Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning, and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

To mitigate these risks, the Group has formulated an Emergency Plan for Extreme Weather Conditions and Natural Disasters Policy to ensure the safety of our employees and properties. Regular inspection of the factory structure and electric appliances is carried out to eliminate any hidden dangers. Employees receive training on the response and action when facing extreme weather, and the Group issues early warnings based on information from local government to ensure employees stay in a safe indoor environment.

The Group has established specific preventative and mitigation measures for different types of extreme weather as follows:

<b>Extreme weather</b>	<b>Preventative and mitigation measures</b>
Typhoons	<ul style="list-style-type: none"><li>• Attach duct tapes to windows to avoid damage</li><li>• Move equipment to safety areas in advance</li><li>• Reinforce equipment and components that may be blown away</li><li>• Inform and negotiate with clients and third-party suppliers of potential delays in advance</li><li>• Arrange work from home for staff according to the guidelines of local observatory</li></ul>
Heavy Rain and Flooding	<ul style="list-style-type: none"><li>• Check that all windows are shut as secure as possible</li><li>• Reinforce equipment and assets which may be damaged or blown away</li><li>• Arrange work from home for staff according to the guidelines of local observatory</li></ul>
Thunder and Lightning	<ul style="list-style-type: none"><li>• Keep good conditions of earthing devices</li><li>• Remind employees to save data and turn off computers</li></ul>

## Physical Chronic Risk

The Group has identified that sustained high temperature during the year could cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group. The Group has established the following measures to prevent and minimize the negative effects:

<b>Extreme weather</b>	<b>Preventative and mitigation measures</b>
Sustained high temperature	<ul style="list-style-type: none"><li>– Keep a First-aid kit convenient</li><li>– Keep cold water available 24 hours a day</li></ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Climate-related Transition Risk

As the world transitions toward a lower-carbon sustainable economy, the Group may face transition risks in several areas. The Group has identified the following transition risks and corresponding mitigation measures:

Transition risk	Risk description	Potential Business Impact	Mitigation Measures
Legal and policy risk	Local governments may enforce stricter carbon emission reduction policies, potentially raising the carbon emission costs for enterprises' production and operations. This includes changes to government policies, laws, and regulations, such as carbon pricing and renewable electricity pricing.	– Increase operation cost and potential for litigation.	– Regular review of relevant legislation. – Set up near term target to demonstrate the Group's decarbonization effort.
Technology Risk	Technological improvements that support the transition to a lower-carbon system.	– Failing to upgrade to more efficient, sustainable, or automated technologies could result in higher operation costs and reduced competitiveness.	– Explore new technologies and techniques. – Adapt to changes in the cost and availability of raw materials and utilities like renewable electricity, water, and gas, including the relevant costs of securing and maintaining sufficient supply.
Market and reputation risk	Customers have increasingly strict requirements for carbon emission management of their suppliers, while the decarbonization of products and services may become an important standard for customers to choose from. Products or services that are not low-carbon may lead to a decrease in demand.  There are stricter requirements for transparent carbon emissions information, and enterprises need to increase investment in the management of related performance. Poor performance in climate information disclosure may lead to reputation damage, declined stock price, or difficulties in financing.	– There will be a risk of a decline in sales and reputation if end-user is getting more prefer on environmentally friendly products or services and we do not have these options for our customers.	– Expand the product range to cater to a broader audience and adapt to changing customer preferences, including eco-friendly and ethically produced lines to attract environmentally conscious consumers. – Obtain environmental related certifications like to demonstrate commitment to sustainability. – Adopt environmentally friendly production processes, such as waste reduction and circularity programs.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Climate-related Opportunities

The Group recognizes that climate change not only presents a range of physical and transitional risks, but also provides emerging opportunities for our businesses. Measures such as improving energy efficiency, increasing the utilization of renewable energy, transitioning to sustainable resource management practices, and adopting green and low-carbon technologies have not only resulted in direct cost savings but also a reduction in energy expenses.

Looking ahead, we anticipate the opportunities that will arise from long-term regulatory frameworks and carbon trading. These mechanisms will enable us to explore alternative approaches to combat climate change, leveraging sustainable financial instruments. As the global economy transitions towards carbon neutrality, we remain committed to assessing and managing the climate-related risks and opportunities associated with our business.

To better address stakeholders' concerns, the Group communicates with and updates our stakeholders regarding climate-related impacts and our climate change strategies in a timely manner.

## *Risk Assessment and Management*

We have updated our assessment methodology through a climate scenario analysis to reassess climate risks and opportunities across our operations under two consolidated scenarios in accordance with Task Force on Climate-related Financial Disclosure (“TCFD”) recommendations. The two consolidated climate scenarios are constructed based on publicly available scenarios which include the Intergovernmental Panel on Climate Change (“IPCC”), the International Energy Agency (“IEA”) and the Network for Greening the Financial System (“NGFS”). Based on the revaluation of our climate risk assessment results, we have updated our mitigation measures across various operational areas. The following outlines the scenarios and assumptions employed during our climate risk assessment:

<b>Consolidated Scenario</b>	<b>Brown Scenario</b>	<b>Turquoise Scenario</b>
Timeframe		Short-term – till 2030 Medium to long-term – till 2100
Global Mean Temperature	Global mean temperature rises of above 3°C by 2100	Global mean temperature rises of 1.5 to 2°C by 2100
Scenario Description	The scenario represents the future that only current policies and nationally determined contribution are implemented with limited investments and climate actions to decarbonize. This would usually lead to high level of physical risk and low level of transition risk.	The scenario represents the future that stringent and immediate policies will be implemented by the companies that are actively committed to climate action goals. This would usually result in high level of transition risks and low level of physical risks.

By gaining insight into the significant climate risks that affect our business across our value chain, we can develop effective strategies and measures to manage these risks and mitigate their financial and non-financial impacts. Within our framework, we acknowledge climate change as a strategic business risk and have integrated climate-related risks and opportunities into our overall business strategy. Our objective is to enhance long-term resilience by comprehensively assessing, managing, and monitoring climate risks that may impact our operations.

## *Metrics and Targets*

We strive to effectively manage and evaluate the risks and opportunities arising from climate change. Throughout the Reporting Period, we maintained continuous monitoring of key metrics, specifically GHG emissions, which serve as indicators of climate-related risks. Details of our GHG emissions data are set out in the “Emissions Treatment” section above.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The primary source of GHG emissions of the Group is from purchased electricity and secondarily from fuel consumption by company vehicles. As disclosed in the “Emissions Treatment” section, the Group’s total GHG emissions for the Reporting Period were higher than the previous year, primarily attributable to the increase in business activities and operational demand during the Reporting Period. The Group is mindful of this trend and will continue to monitor its emissions performance. Going forward, the Group will continue to explore practicable measures to manage its GHG emissions, including optimising energy efficiency and strengthening resource management, taking into account the evolving needs of its business operations.

### Financial effects

The Group has assessed the potential financial effects of climate-related risks and opportunities for the reporting period and concluded that there was no material impact on its financial position, financial performance and cash flows during the year. The Group will continue to monitor potential impacts in future reporting periods.

## VALUE OUR PEOPLE

The dedication and contributions of employees are essential to the long-term and sustainable development of the Group. We understand that well-established employment policies enable us to attract and retain talents. Apart from complying with the laws and regulations concerning employment, occupational safety and labour standards, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Law on the Protection of Minors of the PRC, the Law of the PRC on the Prevention, the Control of Occupational Diseases and the Work Safety Law of the PRC, we established Staff Manual and comprehensive Company Welfare Policies to provide a positive working environment to our employees. During the Year, we have presented Year-end awards as an acknowledgement for employees’ contributions towards the Group.

### Employees’ Rights and Interests

The Group has established a defined human resources procedure to regulate and manage recruitment procedures, aiming to recruit appropriate talents in a fair manner with integrity. During the recruitment process, each job applicant is entitled to equal opportunity of the job offer, regardless of his/her age, gender, ethnicity, religious belief, marital status and disability, as long as his/her working experience, technical expertise and qualification are fulfilling the job requirements. The Group always requires employees to preserve good discipline and create cordial and harmonious atmosphere in the workplace. We have no tolerance for any forms of discrimination, threat and humiliation. We shall investigate any misbehaviour cases reported and discipline the related parties. Upon receipt of resignation from an employee, we will conduct an exit interview to understand his/her reason for resignation.

To prevent misemploying child labour, job applicant’s identification documents are also required for age verification. Once such labour practices are discovered, the Group would investigate the cases thoroughly and dismiss related employees immediately. With a view to safeguarding employees’ rights and interests, we enter into employment contracts with employees before they report duties, which clearly define the job duties and working location to avoid forced labour.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 31 December 2025, the Group hired total 416 employees (2024: 412) and the turnover rate is 41% (2024: 47%). A higher number of employees and turnover rate were recorded due to the inclusion of employees from Optical Communication during the Year. Detailed numbers of employees and the corresponding turnover rate by different categories are as follows:

<b>Number of Employees</b>	<b>2025</b>	<b>2024</b>
<b>By Gender</b>		
Male	246	228
Female	170	184
<b>By Age Group</b>		
Below 30 years old	83	54
Between 30 to 50 years old	275	304
Over 50 years old	58	54
<b>By Employment Type</b>		
Full-time	416	412
Part-time	–	–
<b>By Geographical Region</b>		
The PRC	416	412
Hong Kong	–	–
<b>Turnover Rate (%)</b>	<b>2025</b>	<b>2024</b>
<b>By Gender</b>		
Male	74%	52%
Female	–	40%
<b>By Age Group</b>		
Below 30 years old	71%	102%
Between 30 to 50 years old	40%	40%
Over 50 years old	26%	30%
<b>By Geographical Region</b>		
The PRC	44%	47%
Hong Kong	–	–

Employees are valuable assets of the Group, therefore we provide our employees with attractive benefits. We strive to ensure the working hours and remuneration of employees are compliant with the requirements of relevant laws and regulations, in which our employees are entitled to compensation upon required overtime working, as well as the rights of taking vacation leaves. Meanwhile, according to the requirements of the local government, we also make contributions to the Social Insurances and Housing Provident Fund for our employees. Based on internal and external reference standards, our remuneration structure is annually reviewed so as to maintain the competitive remuneration offered to employees. We have also implemented annual appraisal system to evaluate the working performance of employees. Employees with outstanding performance may be rewarded with a pay rise or discretionary bonus in recognition of their contributions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Training and Development

We have put great emphasis on providing training for employees in order to cater for the requirements of various positions. We have designed appropriate annual training programs for employees. We have provided induction training for new employees to familiarize with the corporate's culture, regulations and policy and the sense of safety production. We require every new hire to complete and pass a test after attending the training program. We provide monthly training to instill energy conservation and safety production, as well as senses of professionalism in our employees. We also provide them training courses related to production techniques and testing procedures, so as to enhance their technical and product knowledge as well as their understandings of quality standards in the industry and safety standards at the workplace. Besides, we offer tailor-made training to manager-level employees quarterly to enrich their managerial and operational skills, and enhance their abilities of resilience. The average training hours per employee and percentage of trained employees of the Group as follows:

Indicators	2025		2024	
	Average Training Hours per Employee (hours)	Percentage of Trained Employees (%)	Average Training Hours per Employee (hours)	Percentage of Trained Employees (%)
<b>By Employee Category</b>				
Senior	48	4%	48	3%
Intermediate	59	15%	58	18%
Junior	35	81%	43	79%
<b>By Gender</b>				
Male	38	59%	47	55%
Female	40	41%	45	45%

A clear career path is offered to our employees. Apart from the demands for positions, employees with an outstanding performance during annual appraisal may be given promotion opportunities, so that suitable talents will be recognised.

### Health and Safety

Work safety and personal safety of employees always come first during the business operation of the Group, thereby we have formulated Occupational Health and Safety Management Policy and Production Workshop Safety Manual to safeguard the safety of our staff. We have continued to implement safety guidelines and organised educational activities for promoting the prevention of occupational diseases on a regular basis, such as reminding employees to keep the workplace clean at all time and explaining the laws and regulations in respect of occupational diseases and preventive measures to strengthen employees' safety awareness. Employees shall strictly comply with the working and operational procedures, and the laws and regulations in respect of occupational health and safety, so as to prevent accidents and occupational diseases consciously.

The Group has obtained the certificate of GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System Certification for its sound occupational health and safety management system. The Group provides various types of safety training which include safety techniques and education on safety knowledge and awareness for employees, especially those who may be exposed to occupational hazards.

During the Year, the Group has assigned related personnel to attend online safety training program organised by the governmental institution for enriching their knowledge pertaining to safety precaution.

Prior to work, employees at such positions are required to undergo occupational diseases examination to ensure their health condition, while those at particular positions have to attend the operation safety assessment and acquire qualified licenses. The Group carries out regular, surprise and special safety checks within the factories to discover any safety issue and take corrective actions accordingly for the prevention of incidents. Meanwhile, traffic signs have been placed within the industrial park to alert employees to road traffic safety.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group places high importance on fire safety and implements fire precaution measures. The Group conducts inspection regularly on fire safety equipment and extinguishers in particular. The plants, which have a relatively high risk of safety, are segregated from construction area and the office to minimise the impact of incidents. Furthermore, employees are not allowed to smoke outside the designated smoking area. During the Year, the Group has organised a training program pertaining to fire safety. The training has raised our employees' awareness towards safety production by introducing cases of fire accidents in PRC and the instruction of a fire extinguisher.

Moreover, hazardous chemicals are stored separately with clear labels, while personal protective equipment is provided to employees according to the needs of various positions. Designated personnel are assigned to monitor and ensure that employees wear appropriate personal protective equipment. Also, the Group conducts regular checks on the performance and effectiveness of occupational diseases protective equipment and personal protective equipment to make sure proper function, as well as identifies the occupational hazards in workplace annually, so as to create a healthy and safe working environment for its employees.

During the Year, the Group did not record work injuries and lost days due to work-related injury. The number and rate of work-related fatalities occurred in each of the past three years including the Year are as follows:

Indicators	For the year ended 31st Dec 2025	For the year ended 31st Dec 2024	For the year ended 31st Dec 2023
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (%)	0	0	0

### OPERATING PRACTICES

The Group aims to provide products and services of high quality in meeting customers' expectations. On top of complying with relevant laws and regulations concerning product quality and safety, advertising, labelling and privacy, including but not limited to the Product Quality Law of the PRC, Copyright Law of the PRC, Patent Law of the PRC and Advertising Law of the PRC, we strictly manage supply chain and monitor the quality of raw materials and products. Besides, we have taken measures to protect intellectual property rights and customer's privacy to safeguard their rights and interests.

#### Supplier Management

To secure a stable supply of goods, the Group has maintained a positive business relationship with suppliers. To this end, the Group continues to execute our supplier management system for the selection and evaluation of suppliers as set out in our Procurement Process Policy. The procurement department is responsible for the selection of suppliers of raw materials, production equipment and fixed assets, while the administration department is responsible for the selection of other suppliers such as office supplies and daily necessities. In order to minimise the environmental and social risk of our suppliers, several factors are taken into account when selecting suppliers that include product quality, production capacity, delivery time and reputation in the market. Only qualified suppliers who meet our requirements will be included in the list of qualified suppliers. We will then sign contracts with suppliers, indicating the requirements regarding quality, logistics packaging and storage, and the punctuality of delivery. Qualified suppliers are required to pass the annual assessments, which include reviewing their performances during the past year, and any suppliers with sub-standard performance will be removed from the list, thereby reducing the potential impacts of the supply chain on our products and services.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table summarises the geographical distribution of suppliers during the Year.

Geographical Region	2025	2024
Northern China	4	7
Northeastern China	1	–
Eastern China	109	94
South-central China	41	35
Southwestern China	6	2
<b>Total</b>	<b>161</b>	<b>138</b>

Moreover, the Group is conscious of practicing green procurement. The procurement department determines the demand of raw materials according to the monthly production and sales plan, and adjusts according to the inventory and in-transit quantities so as to avoid overstock which may lead to wastage. We also consider suppliers with minimum order quantity and minimum use of packaging. The Group also upholds an ethical procurement policy and is committed to sourcing raw materials from suppliers that value social responsibility. In addition, the environmental, health and safety performance of suppliers are factors that the Group will consider when selecting suppliers. We also give priority to suppliers with ISO quality or environmental management system certification.

### Quality Assurance

A rigorous quality control system of products is vital for offering products and services of high quality. We have formulated the Quality Management Policy to ensure the quality of the entire process from procurement, production, product inspection to after-sale customer services, we adhere to our quality control system which analyses the factors that affecting our product quality, production efficiency and raw material utilisation rates, thereby reducing any issues that may affect the product quality. The Group has obtained the certificate for GB/T19001-2016/ISO9001:2015 Quality Management System.

Our quality control personnel conduct quality inspection on each batch of raw materials upon receipt. Only raw materials passed our tests are admitted into inventory, while defective items will be returned to the suppliers or be replaced. During the production process, we strictly follow the requirements of ISO9001:2015 standards for product quality control. Work-in-progress is tested after each production process, among which only those passing quality control tests are allowed to proceed to the next production stage. To ensure the quality and reliability of our products, finished products are tested in terms of structure as well as electrical and mechanical performance to ensure that the quality of products meets the requirements of customers. All work-in-progress and finished products are labeled for future traceability. In addition, we have specific packing and delivery instructions in place for each category of product to ensure the safety and quality of products during transportation. Upon the delivery of products, we will conduct on-site product inspection together with customers. In case of any unqualified products, reasons would be tracked and identified via labeling and production record keeping system. If the unqualified products are identified with quality issues, they will be reworked where possible and those unable to be processed will be treated as waste.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Customer Oriented

We have formulated After-sales Service and Technical Support Policy according to the needs of customers, extensive after-sales services are provided to customers, including technical training and exchange session, question and answer session respecting products, and regular communication. We typically offer a maintenance period of one to three years. Our employees are responsible for responding to our customers and conducting on-site examination upon receipt of any customer service request relating to the quality of products. Meanwhile, employees coordinate with technical team to diagnose and resolve the relevant technical issues. Our customer service team would respond to customer inquiries and service requests in a timely manner through various channels. Customer complaints are referred to relevant departments for handling, and customer service team would handle relevant complaints closely until they are resolved. We appreciate that customers' comments are beneficial to our improvements, for which we also conduct annual customer surveys to collect feedback on products and services and better understand the changing needs of customers. Furthermore, all public production sales and market information shall be reviewed to make sure that there is no false or misleading information that may cause any misunderstanding of our customers.

During the Year, the Group did not receive any complaints related to our products and service quality and no products sold are subjected to recalls for safety and health reasons.

### Respect for Intellectual Property Rights and Privacy

The Group highly values the research and development and enhances the product design with reference to the developing trend of domestic and foreign technology and the market. During the Year, in addition to maintaining its status as a previously awarded Specialised "Little Giant" Company (專精特新「小巨人」企業) recognised by the Ministry of Industry and Information Technology of China, the Group was also designated as a Municipal Enterprise Technology Centre (市級企業技術中心) by the Nanchang Bureau of Industry and Information Technology.

We also understand the importance of protecting and enforcing our intellectual property rights, thereby we formulated Provisions on Intellectual Property Management Policy to safeguard our intellectual property rights. During the year, 12 new patents were authorised in the PRC, covering technologies related to optical fiber, cable manufacturing and processing, as well as integrated wiring systems. Being respectful for others' intellectual property rights, we strictly abide by the laws and regulations relating to intellectual property rights including but not limited to the Trademark Law of the PRC, the Patent Law of the PRC and the Copyright Law of the PRC, and conduct promotion and training for our employees on intellectual property rights. We require our employees to keep confidential for all information relating to our transactions, operation, management, technology and skills, etc., during their employment and within two years after resignation, as set out in Confidential Information Guidance. To avoid any infringement of the exclusive right of our trademarks, prior approval shall be obtained from us before other party intends to use our trademark and licensees shall follow Trademark Licensing Provisions developed by the Group.

Meanwhile, we attach great importance to the privacy of our customer and thereby established a confidentiality system. Our employees shall sign confidentiality agreements before their employment to undertake that they will not disclose any customers' information to any third party. To safeguard the information security and protect the customers' privacy and data, our employees are required to use the designated anti-virus software and shall not use any unauthorised software or hardware or bring any company's information away from their workplace. Employees shall encrypt the files that contain sensitive information of the Group as well for better data protection.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Anti-Corruption

To uphold our business integrity and provide quality service, the Group is dedicated to training our employees with a working attitude of acting by law including but not limited to the Criminal Law of the PRC and being honest and trustworthy. Besides, we continue to follow the internal mechanism in our Anti-Corruption Policy of preventing commercial bribery for which, our core personnel and those individuals and units that have business relationships with us shall sign up an agreement to avert commercial bribery and corruption in any kinds and to regulate the behaviours of the parties, aiming to uphold the integrity and be self-disciplined. The Group has designated a department to be in charge of the supervision and management of the commitment mechanism in accordance with relevant laws and regulations concerning bribery, thereby strictly prohibiting bribery and corruption from its source. Through conducting investigations and researches, we identify the characteristics of the misconduct of trading and commercial bribery, enabling us to adopt corresponding strategies and measures to deal with the potential risks arising from operation on a timely basis. Whistleblowing mailbox and hotline are set up for employees in reporting relevant commercial bribery and the identity of the whistle blower will be kept confidential.

At the same time, our employees should obey our requirements regarding conflict of interests and declare their possible conflict of interests, while being prohibited to solicit money or personal benefits by abusing their powers or convenience from their work, such as receiving gifts, money, loans, services or any compensation from units or individuals seeking to establish business relationship with us. In case of identifying any conducts or occurrences that may violate the requirements, employees are encouraged to report the event to his/her supervisor or via our established hotline or mailbox.

During the Year, the Group has no concluded legal cases regarding corrupt practices. Additionally, the Group has provided a total of 1,797 hours of anti-corruption related training to employees, including 3 executive directors and 413 staffs. The training instils positive moral concepts and values to employees, especially to those from the financial and procurement departments. The training provides the essential anti-corruption information, such as the Group's commitment to honesty and integrity, precautionary actions, and control measures, to employees which enhance their awareness on the prohibition of commercial bribery and remind them the business ethnics and responsibility.

### COMMUNITY INVOLVEMENT

The Group acknowledges the obligation to make contributions to the community. The Group keeps on encouraging its employees to actively participate in social and charitable activities in the community, and provides disabilities with job opportunities so as to offer assistance to the vulnerable group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections	Page
<b>Environmental</b>			
<b>Aspect A1: Emissions</b>	<b>General Disclosure</b>	Environmental Protection	43-51
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions <b>Treatment</b>	43-44
<b>Aspect A2: Use of Resources</b>	<b>General Disclosure</b>	Environmental Protection	43-51
	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation	45-46
<b>Aspect A3: The Environment and Natural Resources</b>	<b>General Disclosure</b>	Environmental Protection	43-51
	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Green Operation	47
<b>Aspect A4: Climate Change</b>	<b>General Disclosure</b>	Environmental Protection	43-51
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	47-51
<b>Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>	<b>General Disclosure</b>	Value Our People	51-54
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees’ Rights and Interests Training and Development	51-52 53

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
<b>Aspect B2: Health and Safety</b>	<b>General Disclosure</b>	Value Our People	51-54
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	53-54
<b>Aspect B3: Development and Training</b>	<b>General Disclosure</b>	Value Our People	51-54
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development	53
<b>Aspect B4: Labour Standards</b>	<b>General Disclosure</b>	Value Our People	51-54
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employees' Rights and Interests	51-52
<b>Operating Practices</b>			
<b>Aspect B5: Supply Chain Management</b>	<b>General Disclosure</b>	Operating Practices	54-57
	Policies on managing environmental and social risks of the supply chain.	Supplier Management	54-55
<b>Aspect B6: Product Responsibility</b>	<b>General Disclosure</b>	Operating Practices	54-57
	Information on:	Quality Assurance	55
	(a) the policies; and	Customer Oriented	56
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Respect for Intellectual Property Rights and Privacy	56
<b>Aspect B7: Anti-corruption</b>	<b>General Disclosure</b>	Operating Practices	54-57
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Anti-Corruption	57
<b>Community</b>			
<b>Aspect B8: Community Investment</b>	<b>General Disclosure</b>	Community Involvement	57
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		

# INDEPENDENT AUDITOR'S REPORT



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## Independent Auditor's Report to the Members of

### Putian Communication Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Putian Communication Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 64 to 112, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

## KEY AUDIT MATTER (CONTINUED)

### Impairment Assessment of Trade Receivables

*Refer to material accounting policy information in Note 4.4(ii), significant judgements and estimates in Note 5(ii) and disclosure of trade receivables in Notes 20 and 41(b) to the consolidated financial statements.*

As at 31 December 2025, the Group had trade receivables with gross carrying amount of approximately RMB647,269,000, and expected credit loss (“ECL”) allowance in respect thereof of approximately RMB26,124,000.

The Group’s ECL allowance is measured at an amount equal to lifetime ECL based on management’s estimated loss rates for each category of trade receivables. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the ageing of the trade receivables, overdue balances, information regarding the ability and intent of the debtor to pay as well as historical data on default rates.

We have identified impairment assessment of trade receivables as a key audit matter due to considerable amount of judgement and estimates being required in conducting impairment assessment as mentioned in the forgoing paragraph.

### Our key procedures

Our key procedures in relation to management’s impairment assessment of trade receivables included the followings:

- Obtaining an understanding of and assessing the design and implementation effectiveness of key internal controls relating to credit control, debt collection and the calculation of the ECL;
- Assessing the trade receivables ageing report by group based on shared credit risk characteristics and the days past due by comparing the details of individual items with underlying invoices on a sample basis;
- Comparing cash receipts from debtors subsequent to the financial year end relating to trade receivable balances as at 31 December 2025 with relevant underlying documents on a sample basis; and
- Obtaining an understanding of the basis of management’s approach to measuring ECL of trade receivable balances and assessing the reasonableness of management’s ECL allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rate is appropriately adjusted based on current economic conditions and forward-looking information.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis (but does not include the consolidated financial statements and our auditor’s report thereon) and Financial Highlights, which we obtained prior to the date of this auditor’s report, and Corporate Information, Company Profile, Five-Year Financial Summary, Chairman’s Statement, Directors and Senior Management’s Profile, Report of the Directors, Corporate Governance Report and Environmental, Social and Governance Report, which are expected to be made available to us shortly after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION (CONTINUED)

When we read the Corporate Information, Company Profile, Five-Year Financial Summary, Chairman's Statement, Directors and Senior Management's Profile, Report of the Directors, Corporate Governance Report and Environmental, Social and Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to audit committee of the Company and take appropriate action considering our legal rights and obligations.

### RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company assists the directors of the Company in discharging their responsibilities in this regard.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee of the Company, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Moore CPA Limited**

*Certified Public Accountants*

#### **Tse Cheuk Man**

Practising Certificate Number: P08087

Hong Kong, 31 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	7	<b>700,100</b>	663,865
Cost of sales		<b>(556,629)</b>	(522,461)
<b>Gross profit</b>		<b>143,471</b>	141,404
Other income and gains	8	<b>7,628</b>	5,957
Selling and distribution expenses		<b>(42,922)</b>	(45,530)
Administrative expenses		<b>(61,552)</b>	(57,828)
Reversal of/(provision for) expected credit losses on financial assets		<b>2,780</b>	(10,179)
Gain on disposal of a subsidiary	36	<b>–</b>	643
Share of loss of an associate	18	<b>(116)</b>	(56)
Finance costs	9	<b>(17,509)</b>	(19,447)
<b>Profit before income tax</b>	10	<b>31,780</b>	14,964
Income tax (expense)/credit	11	<b>(6,428)</b>	3,511
<b>Profit for the year attributable to the owners of the Company</b>		<b>25,352</b>	18,475
<b>Other comprehensive loss</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		<b>(1,537)</b>	(1,638)
Other comprehensive loss for the year, net of tax		<b>(1,537)</b>	(1,638)
<b>Total comprehensive income for the year attributable to the owners of the Company</b>		<b>23,815</b>	16,837
<b>Earnings per share</b>	13		
– Basic and diluted (RMB)		<b>RMB0.023</b>	RMB0.017

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	396,800	401,613
Intangible assets	17	6,887	8,019
Investment in an associate	18	2,097	2,213
Prepayments for property, plant and equipment	21	4,891	2,854
Deferred tax assets	30	6,675	9,108
		<b>417,350</b>	423,807
<b>Current assets</b>			
Inventories	19	73,532	65,129
Trade and bills receivables	20	627,730	506,329
Deposits, prepayments and other receivables	21	120,032	95,994
Current tax recoverable		5,162	6,663
Restricted cash	22	37,576	21,662
Cash and cash equivalents	23	34,409	29,239
		<b>898,441</b>	725,016
<b>Current liabilities</b>			
Trade and bills payables	24	195,799	141,462
Contract liabilities	25	34,409	19,715
Accruals and other payables	26	52,718	53,166
Deferred Income	27	790	–
Lease liabilities	28	1,073	1,068
Bank and other borrowings	29	289,942	215,363
		<b>574,731</b>	430,774
<b>Net current assets</b>		<b>323,710</b>	294,242
<b>Total assets less current liabilities</b>		<b>741,060</b>	718,049
<b>Non-current liabilities</b>			
Lease liabilities	28	648	1,182
Bank and other borrowings	29	88,500	96,580
Deferred Income	27	7,110	–
Deferred tax liabilities	30	27,151	26,451
		<b>123,409</b>	124,213
<b>NET ASSETS</b>		<b>617,651</b>	593,836

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>EQUITY</b>			
Share capital	31	9,361	9,361
Reserves	32	608,290	584,475
<b>TOTAL EQUITY</b>		<b>617,651</b>	593,836

The consolidated financial statements on pages 64 to 112 were approved and authorised for issue by the Board of Directors on 31 March 2026 and were signed on its behalf by:

**Wang Qiuping**  
*Director*

**Zhao Xiaobao**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital RMB'000 (Note 31)	Share premium* RMB'000 (Note 32)	Capital reserve* RMB'000 (Note 32)	Other reserve* RMB'000 (Note 32)	PRC statutory reserve* RMB'000 (Note 32)	Exchange reserve* RMB'000 (Note 32)	Retained earnings* RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	9,361	130,289	190	3,028	65,240	(7,422)	376,313	576,999
Profit for the year	-	-	-	-	-	-	18,475	18,475
Other comprehensive loss:								
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(1,638)	-	(1,638)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(1,638)	18,475	16,837
Appropriation to statutory reserve	-	-	-	-	979	-	(979)	-
<b>Balance at 31 December 2024 and 1 January 2025</b>	9,361	130,289	190	3,028	66,219	(9,060)	393,809	593,836
Profit the year	-	-	-	-	-	-	25,352	25,352
Other comprehensive loss:								
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(1,537)	-	(1,537)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(1,537)	25,352	23,815
Appropriation to statutory reserve	-	-	-	-	6,291	-	(6,291)	-
<b>Balance at 31 December 2025</b>	9,361	130,289	190	3,028	72,510	(10,597)	412,870	617,651

\* The total of these accounts as at the reporting dates represents "reserves" in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax		31,780	14,964
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	10	38,040	42,639
Amortisation of intangible assets	10	1,132	1,132
Interest income	8	(313)	(327)
Finance costs	9	17,509	19,447
(Reversal of)/provision for expected credit losses on financial assets	10	(2,780)	10,179
Gain on disposal of property, plant and equipment	8	–	(339)
Gain on disposal of a subsidiary	36	–	(643)
Share of loss of an associate	18	116	56
(Reversal of write down)/write down on inventories to net realisable value	10	(915)	1,878
Operating cash flows before working capital changes		84,569	88,986
Increase in inventories		(7,488)	(6,947)
Increase in trade and bills receivables		(118,621)	(79,795)
(Increase)/decrease in deposits, prepayments and other receivables		(24,375)	58,764
Increase in trade and bills payables		54,337	11,591
Increase/(decrease) in contract liabilities		14,694	(14,547)
(Decrease)/increase in accruals and other payables		(4,016)	4,107
Increase in deferred income		7,900	–
Cash generated from operations		7,000	62,159
Income taxes paid		(1,794)	(1,029)
<b>Net cash generated from operating activities</b>		<b>5,206</b>	<b>61,130</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(29,248)	(11,159)
Prepayments for property, plant and equipment		(2,843)	(1,984)
Proceeds from disposal of property, plant and equipment	16	27	3,385
Net cash inflow/(outflow) arising on disposal of a subsidiary	36	3,005	(425)
Advanced to a director		(6,970)	–
Repayment from an associate		4,302	–
Interest received		313	327
<b>Net cash used in investing activities</b>		<b>(31,414)</b>	<b>(9,856)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new bank and other borrowings		308,900	286,800
Repayments of bank and other borrowings		(242,401)	(316,053)
Restricted cash pledged		(37,576)	(21,662)
Restricted cash released		21,662	23,782
Interests paid		(17,414)	(19,399)
Payment of interest element of lease liabilities		(95)	(48)
Payment of capital element of lease liabilities		(1,268)	(1,098)
Advanced from an associate		1,107	–
<b>Net cash generated from/(used in) financing activities</b>		<b>32,915</b>	<b>(47,678)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,707</b>	<b>3,596</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>29,239</b>	<b>27,281</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(1,537)</b>	<b>(1,638)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>34,409</b>	<b>29,239</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 Law. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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, data and communications cables and structured cabling system products in the PRC.

In the opinion of the directors of the Company (the “**Directors**”), both Arcenciel Capital Co., Ltd. and Point Stone Capital Co., Ltd., companies incorporated in the British Virgin Islands (the “**BVI**”) and holding 37.13% and 32.63% of the Company’s shares respectively, are considered as the controlling shareholders of the Company. Ms. Wang Qiuping and Mr. Zhao Xiaobao (the “**Controlling Shareholders**”), both executive directors of the Company and who are spouses, being the shareholders of Arcenciel Capital Co., Ltd. and Point Stone Capital Co., Ltd. respectively, are the ultimate controlling parties of the Company and the Group.

The material accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2025 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2024, except for the adoption of the amendments to an HKFRS Accounting Standard as explained in Note 3.1 below.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

### 2.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

### 2.3 Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The functional currency of the Company and certain of its subsidiaries is Hong Kong dollars (“**HKD**”). As the major operations of the Group are within the PRC, the Group presents its consolidated financial statements in Renminbi (“**RMB**”) and are rounded to the nearest thousand except where otherwise indicated.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

#### 4.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year. 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).

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.

#### 4.2 Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Land and buildings	5 – 20 years
Machinery	5 – 10 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	3 – 5 years

No depreciation is provided for in respect of property, plant and equipment until it is completed and ready for its intended use.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

#### 4.3 Intangible assets and amortisation

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment loss.

Intangible assets are tested for impairment as described in Note 4.7. Amortisation commences when intangible assets are available for use.

Amortisation of patent is amortised on the straight-line basis over 10 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 4.4 Financial Instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (*CONTINUED*)

#### 4.4 Financial Instruments (*continued*)

(ii) *Impairment loss on financial assets (continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade, bills and other payables, accruals and bank and other borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred, and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 4.5 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.6 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, net of expected goods returns, discounts and sales related taxes. Revenue is recognised when performance obligation is satisfied.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods may be transferred over time or at a point in time. Control of the goods is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customers;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

*Sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products*

Customers obtain control of the optical fibers and optical fiber cables, data and communications cables and structured cabling systems products when the goods are delivered to and have been accepted by the customers, as evidenced by the customers signing on delivery notes or similar documents. Revenue is thus recognised upon when the customers accepted the optical fibers and optical fiber cables, data and communications cables and structured cabling systems products. There is generally only one performance obligation.

Goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. The Group offers a warranty period of up to 1 to 2 years for major customers and one week for some other customers. In accordance with HKFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Based on historical data, no provision for such costs is recognised in the consolidated financial statements as the costs incurred by the Group for satisfying the warranty obligations are not significant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 4.6 Revenue recognition (continued)

##### *Contract liabilities*

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### 4.7 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment and intangible assets under cost model;
- prepayments for property, plant and equipment;
- investments in subsidiaries; and
- investments in associates.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset, 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 or cash generating unit.

#### 4.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants are deferred and recognised in consolidated statement of profit or loss and other comprehensive income within "Other income and gains" over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to assets are included in liabilities as deferred income and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates. Our key sources of estimation uncertainty are as follows:

#### (i) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment in accordance with the accounting policy stated in Note 4.2. The estimated useful lives reflect the Directors' estimates of the periods that the Group intends to derive future economic benefits from the use of these assets. The management reassesses the estimated useful lives at the end of each reporting period.

#### (ii) Impairment of trade and other receivables

The impairment of trade and other receivables are based on assumptions about risk of default and ECL rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the ageing of the trade receivables, overdue balances, information regarding the ability and intent of the debtor to pay as well as historical data on default rates.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and impairment losses in the periods in which such estimate has been changed.

#### (iii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

#### (iv) Net realisable value of inventories

The Group recognises write-down on inventories based on an assessment of the net realisable value of the inventories. Write down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of the inventories and write-down on inventories charged to profit or loss in the period in which such estimate has been changed.

### 6. SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors, who are the chief operating decision makers (“CODM”), for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined following the Group’s major operations. The measurement policies of the Group used for reporting segment results under HKFRS 8 *Operating Segments* are the same as those used in its consolidated financial statements prepared under HKFRS Accounting Standards.

Operating segments are managed separately as each business offers different returns and requires different business strategies.

The Group divides its cable products into three main categories: (a) Data and communications cables; (b) Optical fibers and optical fiber cables; and (c) Structured cabling system products. As a result, the Group has three major operations, each of which constitute an operating segment.

#### (a) Data and communications cables

Data and communications cable is a general term for electric cables which are mainly made of copper as the main conductive body. These cables are used widely; it can be used in transmission and distribution of electric energy, which is normally used in cities’ underground electric network, power station as an extraction line. Data and communications cable can also be found in the industrial and mining enterprises for internal power supply and over the river or sea of underwater transmission lines or used as the network cabling for residential and commercial buildings.

#### (b) Optical fibers and optical fiber cables

Optical fiber refers to the technology that transmits information as light pulses along a glass or plastic fiber. A fiber optic cable can contain a varying number of these glass fibers from a few up to a couple hundred.

Optical fiber cable is a similar product as data and communications cable, but in an enhanced version. The optical fiber cables are used in telecommunications, network operators, radio network and etc., with the better useful life, safety conditions, speed and stability of transmission compared to data and communications cables. The weight and size of optical fiber cables are comparably smaller than data and communications cables, therefore they are considered as the new trend as a replacement of data and communications cable. However, data and communications cables are still widely use in connecting the personal computer and other electronic devices as optical fiber cables have not yet 100% replaced data and communications cables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT REPORTING (CONTINUED)

#### (c) Structured cabling system products

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. Commercial buildings and residential units are built in modern style nowadays, especially in developed cities, such as Beijing, Shanghai, etc. Structured cabling system products are widely used to meet the requirement of interior electronic applicable products and towards a more 'intelligent' way.

The CODM reviews the Group's assets and liabilities as a whole without allocation to each segment. In the opinion of the CODM, all strategic business units consume similar materials, and their products are produced by same machinery and equipment and then they are sold to same types of customers. As a result, it is not necessary to monitor the assets and liabilities under different segments. No segment information on assets and liabilities is presented accordingly.

#### (i) Business results

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results attributable to each reportable segment on the following basis:

Segment profit represents the profit earned by each segment without allocation of central administrative expenses (including emoluments of Directors and senior management), other income and gains, reversal of/(provision for) ECLs on financial assets, gain on disposal of a subsidiary, share of loss of an associate and finance costs. This is the measure reported to the Group's CODM for the purposes of resource allocation.

The following table sets out the breakdown of the revenue and segment profit by reportable segments:

	Data and communications cables RMB'000	Optical fibers and optical fiber cables RMB'000	Structured cabling system products RMB'000	Total RMB'000
<b>Year ended 31 December 2025</b>				
Revenue from external customers and reportable segment revenue				
– Point in time revenue recognition	328,358	183,910	187,832	700,100
Reportable segment profit	30,086	1,249	50,748	82,083
<b>Year ended 31 December 2024</b>				
Revenue from external customers and reportable segment revenue				
– Point in time revenue recognition	342,706	159,668	161,491	663,865
Reportable segment profit	30,307	6,056	44,331	80,694

Reportable segment revenue comprise of revenue from contracts with customers within the scope of HKFRS 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT REPORTING (CONTINUED)

#### (ii) Reconciliation of reportable segment revenue and segment results

The material accounting policies of the operating segments are the same as the Group's material accounting policies described in note 4. Segment profit represents the profit earned by each segment except that other income and gains, reversal of/(provision for) ECLs on financial assets, gain on disposal of a subsidiary, share of loss of an associate, finance costs, income tax (expense)/credit and unallocated corporate administrative expenses not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments.

	2025 RMB'000	2024 RMB'000
Segment results	82,083	80,694
Other income and gains	7,628	5,957
Unallocated depreciation and amortisation	(7,835)	(9,614)
Unallocated corporate administrative expenses (Note)	(35,251)	(33,034)
Reversal of/(provision for) ECLs on financial assets	2,780	(10,179)
Gain on disposal of a subsidiary	–	643
Share of loss of an associate	(116)	(56)
Finance costs	(17,509)	(19,447)
Profit before income tax	31,780	14,964
Income tax (expense)/credit	(6,428)	3,511
Profit after income tax	25,352	18,475

Note: The unallocated administrative expenses were mainly consisted of staff cost, short-term lease expenses and sundry expenses.

No operating segments have been aggregated in arriving at the three reportable segments of the Group. There were no inter-segment sales during the year (2024: Nil).

#### (iii) Geographical information

The Company is an investment holding company. The principal place of the Group's operations is in the PRC, which is considered as the Group's country of domicile for the disclosure purpose of HKFRS 8. Substantially all of the Group's non-current assets are located in the PRC as at 31 December 2025 and 2024.

The following table provides an analysis of the Group's revenue generated from external customers by geographical location of the customers. The geographical location of customers is determined based on the principal place of business of the customers.

	2025 RMB'000	2024 RMB'000
The PRC	684,824	639,790
Overseas	15,276	24,075
	700,100	663,865

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT REPORTING (CONTINUED)

#### (iv) Information about major customers

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue during the year, is set out below:

	2025 RMB'000	2024 RMB'000
Customer A <sup>(Notes (i) and (ii))</sup>	121,040	N/A
Customer B <sup>(Note (i))</sup>	100,322	161,201

Notes:

- (i) Revenue from optical fibers and optical fiber cables, data and communications cables and structured cabling system products segments.
- (ii) Revenue from relevant customer was less than 10% of the Group's total revenue for the year ended 31 December 2024.

### 7. REVENUE

The principal activities of the Group are the production and sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products. Further details regarding the Group's principal activities and revenue recognised under HKFRS 15 are disclosed in Note 6.

	2025 RMB'000	2024 RMB'000
<b>Timing of revenue recognition</b>		
Goods transferred on a point in time basis	700,100	663,865

The duration of all sales contracts outstanding at the end of the reporting periods are expected to be less than one year. The Group applied the practical expedient in paragraph 121 of HKFRS 15 to these sales contracts such that the information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that have an original expected duration of one year or less is not disclosed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 8. OTHER INCOME AND GAINS

	2025 RMB'000	2024 RMB'000
Bank interest income	313	327
Government grants (Note)	3,434	2,999
Sales of scrap materials	1,301	–
Gain on disposal of property, plant and equipment	–	339
Others	2,580	2,292
	<b>7,628</b>	<b>5,957</b>

Note: There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

### 9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interests and finance charges on bank and other borrowings	17,414	19,399
Interests on lease liabilities	95	48
	<b>17,509</b>	<b>19,447</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 10. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Auditor's remuneration	957	923
Cost of inventories recognised as expenses (Note (i))	556,629	522,461
Transportation expenses (included in selling and distribution expenses)	13,989	15,001
Research expenditures (included in administrative expenses)		
– Employee benefit expenses	2,487	1,941
– Materials consumed	15,739	13,133
– Others	240	107
	<b>18,466</b>	15,181
Depreciation of property, plant and equipment and right-of-use assets (Note (ii) and Note 16)	38,040	42,639
Amortisation of intangible assets (included in cost of sales) (Note 17)	1,132	1,132
(Reversal of write-down)/write down on inventories to net realisable value (included in cost of sales)	(915)	1,878
(Reversal of)/provision for ECLs on financial assets (Note 41(b))	(2,780)	10,179
Short-term lease expenses (Note (iii))	1,397	1,746
Employee benefit expenses (including Directors' emoluments (Note 14)) (Note (iv)):		
– Salaries, wages and allowances	37,230	44,937
– Discretionary bonuses	2,129	1,828
– Contribution to defined contribution schemes (Note (v))	6,064	5,606
	<b>45,423</b>	52,371

Notes:

- (i) Amounts included cost of purchased materials of approximately RMB507,065,000 (2024: RMB462,398,000).
- (ii) Depreciation of property, plant and equipment and right-of-use assets of approximately RMB30,039,000 (2024: RMB32,841,000), RMB166,000 (2024: RMB184,000) and RMB7,835,000 (2024: RMB9,614,000) were included in cost of sales, selling and distribution expenses and administrative expenses, respectively.
- (iii) These expenses relate to short-term leases of office premises. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16. As at 31 December 2025, the amount of lease commitments for short-term leases was approximately RMB515,000 (2024: RMB732,000).
- (iv) Employee benefit expenses (including Directors' emoluments) of approximately RMB8,175,000 (2024: RMB9,761,000), RMB16,106,000 (2024: RMB24,248,000) and RMB21,142,000 (2024: RMB18,362,000) were included in cost of sales, selling and distribution expenses and administrative expenses, respectively.
- (v) The Group participates in a central pension scheme (the "Scheme") whereby subsidiaries of the Group in the PRC are required to contribute a certain percentage of the basic salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 11. INCOME TAX EXPENSE/(CREDIT)

	2025 RMB'000	2024 RMB'000
<b>Current tax – the PRC Enterprise Income Tax (“EIT”)</b>		
Charge for the year	6,631	–
Over-provision in respect of prior year	(3,336)	(2,643)
<b>Deferred tax (Note 30)</b>		
Charge/(credit) for the year	3,133	(868)
<b>Income tax expense/(credit)</b>	<b>6,428</b>	<b>(3,511)</b>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2024: Nil).

No provision for income tax in the Cayman Islands and the BVI has been made as the Group had no assessable income in these jurisdictions during the year (2024: Nil).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the Company’s PRC subsidiaries is 25% (2024: 25%) except as described below. Provision for the EIT for the year was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operating in the PRC.

Putian Cable (as defined in Note 35), 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% (2024: 15%) for the year according to the PRC tax law, as it was awarded high-technology status by tax authority with a validity period of three years since 2023 and further extended to 2028. The HNTE certificate needs to be renewed every three years so as to enable Putian Cable to enjoy the reduced tax rate and additional 100% (2024: 100%) tax deduction (“Tax Deduction”) based on the eligible research and development expenses.

Income tax expense/(credit) for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
<b>Profit before income tax</b>	<b>31,780</b>	14,964
Tax calculated at the applicable tax rate of 25% (2024: 25%)	7,946	3,741
Effect of different tax rates	(4,862)	(248)
Tax effect of expenses not deductible for tax purposes	129	173
Effect attributable to the Tax Deduction relating to research expenditures	(2,770)	(2,277)
Deferred tax on undistributed earnings of the PRC subsidiaries	1,956	294
Utilisation of tax losses previously not recognised	–	(4,247)
Effect of tax losses not recognised	7,365	1,696
Over-provision in respect of prior year	(3,336)	(2,643)
<b>Income tax expense/(credit)</b>	<b>6,428</b>	<b>(3,511)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 12. DIVIDENDS

No dividend was paid, declared or proposed during the year, nor has any dividend been declared or proposed since the end of the reporting period (2024: Nil).

### 13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB25,352,000 (2024: RMB18,475,000) and the weighted average of 1,100,000,000 shares (2024: 1,100,000,000 shares) in issue during the year.

There were no potential ordinary shares in issue during the years ended 31 December 2025 and 2024 and, therefore, diluted earnings per share are the same as the basic earnings per share.

### 14. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

	Fees RMB'000	Other emoluments			Total RMB'000
		Salaries, allowance and other benefits RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution scheme RMB'000	
<b>For the year ended 31 December 2025</b>					
<i>Executive Directors</i>					
Ms. Wang Qiuping (Note)	702	433	36	-	1,171
Mr. Zhao Xiaobao	702	433	36	27	1,198
Ms. Zhao Moge	240	324	30	25	619
<i>Independent non-executive Directors</i>					
Ms. Cheng Shing Yan	120	-	-	-	120
Mr. Liu Guodong	120	-	-	-	120
Mr. Xie Haidong	120	-	-	-	120
	<b>2,004</b>	<b>1,190</b>	<b>102</b>	<b>52</b>	<b>3,348</b>
<b>For the year ended 31 December 2024</b>					
<i>Executive Directors</i>					
Ms. Wang Qiuping (Note)	702	432	36	-	1,170
Mr. Zhao Xiaobao	702	432	36	76	1,246
Ms. Zhao Moge	360	403	30	79	872
<i>Independent non-executive Directors</i>					
Ms. Cheng Shing Yan	120	-	-	-	120
Mr. Liu Guodong	120	-	-	-	120
Mr. Xie Haidong	120	-	-	-	120
	<b>2,124</b>	<b>1,267</b>	<b>102</b>	<b>155</b>	<b>3,648</b>

Note: Ms. Wang Qiuping is also the Chairlady and Chief Executive Officer of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. DIRECTORS' EMOLUMENTS (CONTINUED)

Salaries, allowances and other benefits, discretionary bonus and contribution to defined contribution scheme paid to or for the executive Directors are generally emoluments paid or payable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries. The discretionary bonus was a performance related incentive payment which was determined on a discretionary basis with reference to the individual's performance.

The fees paid to or for the executive Directors and independent non-executive Directors' emoluments show above were for their services as Directors.

No Directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: Nil). No Directors waived or agreed to waive any emoluments during the year (2024: Nil).

### 15. THE FIVE HIGHEST PAID INDIVIDUALS

The five individuals with the highest emoluments in the Group include three (2024: three) Directors whose emoluments are included in Note 14 above. The emoluments of the remaining two (2024: two) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	765	955
Discretionary bonuses	62	72
Contribution to defined contribution scheme	39	34
	<b>866</b>	1,061

The number of the highest paid non-Directors fell within the following emolument band:

	2025 Number of individuals	2024 Number of individuals
Nil to HKD1,000,000	2	2

During the year, no emoluments were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil). None of the above highest paid individuals waived or agreed to waive any emoluments during the year (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 16. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Land and buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
<b>Cost</b>						
At 1 January 2024	6,941	255,975	329,502	3,362	22,698	618,478
Additions	20,157	3,362	3,586	–	1,873	28,978
Transferred from/(to)	(21,080)	–	20,068	–	1,012	–
Disposal of a subsidiary (Note 36)	–	–	(1,219)	(3)	(428)	(1,650)
Disposals	–	(2,356)	(5,044)	(208)	(4,014)	(11,622)
<b>At 31 December 2024 and 1 January 2025</b>	<b>6,018</b>	<b>256,981</b>	<b>346,893</b>	<b>3,151</b>	<b>21,141</b>	<b>634,184</b>
Additions	28,825	–	3,981	–	448	33,254
Transferred from/(to)	(28,380)	–	26,167	–	2,213	–
Disposals	–	–	(193)	–	(130)	(323)
<b>At 31 December 2025</b>	<b>6,463</b>	<b>256,981</b>	<b>376,848</b>	<b>3,151</b>	<b>23,672</b>	<b>667,115</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	–	54,430	123,786	2,667	18,830	199,713
Depreciation	–	16,611	23,698	242	2,088	42,639
Disposal of a subsidiary (Note 36)	–	–	(799)	(3)	(403)	(1,205)
Disposals	–	(2,356)	(2,497)	(198)	(3,525)	(8,576)
<b>At 31 December 2024 and 1 January 2025</b>	<b>–</b>	<b>68,685</b>	<b>144,188</b>	<b>2,708</b>	<b>16,990</b>	<b>232,571</b>
Depreciation	–	13,722	22,619	239	1,460	38,040
Disposals	–	–	(174)	–	(122)	(296)
<b>At 31 December 2025</b>	<b>–</b>	<b>82,407</b>	<b>166,633</b>	<b>2,947</b>	<b>18,328</b>	<b>270,315</b>
<b>Net carrying amount</b>						
<b>At 31 December 2025</b>	<b>6,463</b>	<b>174,574</b>	<b>210,215</b>	<b>204</b>	<b>5,344</b>	<b>396,800</b>
<b>At 31 December 2024</b>	<b>6,018</b>	<b>188,296</b>	<b>202,705</b>	<b>443</b>	<b>4,151</b>	<b>401,613</b>

The above items of 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.

Buildings, including structures, which are held for own use are situated on land held under medium term leases in the PRC.

At 31 December 2025, property, plant and equipment with net carrying amount of approximately RMB184,062,000 (2024: RMB208,016,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Right-of-use assets

The Group leases a number of properties for the purpose of office use in the PRC and Hong Kong and has the ownership interests in the prepaid land leases in the PRC. The land use rights have an estimated useful life of 50 years and the leases of office premises have lease terms of two to five years (2024: two to three years). Lease terms are negotiated on an individual basis and contain various different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants.

The Group's interests in these right-of-use assets, which are included in "Land and buildings" class of property, plant and equipment, is set out below:

	<b>Land and buildings</b> RMB'000
At 1 January 2024	11,328
Addition	2,592
Depreciation	(1,401)
At 31 December 2024 and 1 January 2025	<b>12,519</b>
Addition	<b>739</b>
Depreciation	<b>(1,394)</b>
<b>At 31 December 2025</b>	<b>11,864</b>

	Net carrying amount at 31 December		Depreciation for the year ended 31 December	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Ownership interests in prepaid land leases, carried with remaining lease term of 10 and 50 years	<b>9,966</b>	10,255	<b>289</b>	289
Office premises leased for own use	<b>1,898</b>	2,264	<b>1,105</b>	1,112
	<b>11,864</b>	12,519	<b>1,394</b>	1,401

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Right-of-use assets (continued)

	2025 RMB'000	2024 RMB'000
Short-term lease expenses	1,397	1,746
Interests on lease liabilities	95	48

During the year, the total cash outflows for the leases including short-term leases are approximately RMB2,760,000 (2024: RMB2,892,000).

The Group has several lease contracts that include extension options. In the opinion of the Directors, these options would provide the Group with flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2025, there is no such triggering event (2024: Nil).

### 17. INTANGIBLE ASSETS

	Patents RMB'000
<b>Cost</b>	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	11,321
<b>Accumulated amortisation</b>	
At 1 January 2024	2,170
Amortisation	1,132
At 31 December 2024 and 1 January 2025	3,302
Amortisation	1,132
At 31 December 2025	4,434
<b>Net carrying amount</b>	
At 31 December 2025	6,887
At 31 December 2024	8,019

Patents for optical fibers production have finite useful lives over which the assets are amortised. Amortisation of patents is amortised on the straight-line basis over 10 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	2,213	2,269
Share of post-tax loss of an associate	(116)	(56)
	2,097	2,213

In 2024, Putian Cable entered into an equity transfer agreement with an independent third party, pursuant to which, Putian Cable disposed of 51% equity interest in Putian Cable Group (as defined below). The disposal of Putian Cable Group was completed on 18 July 2024. Upon completion, Putian Cable Group was no longer a subsidiary of the Company and became an associate of the Company (Note 36).

Particulars of the associate as at 31 December 2025 and 2024 are set out below, of which is an unlisted corporate entity, whose quoted market price is not available.

Name of associate #	Form of business structure	Place of establishment	Place of operation and principal activity	Paid-up capital	Unpaid registered capital	Percentage of ownership interests/ voting rights/ profit share
Putian Cable Group Communication Technology Co., Ltd. (“Putian Cable Group”) (普天線纜集團通信科技有 限公司) ^	Corporation	The PRC	Sales of structured cabling system products in the PRC	RMB8,000,000	RMB42,000,000 (Note)	49 (2024: 49)

# The English name of the associate established in the PRC is translated for identification purpose only.

^ The entity is established in the PRC in the form of domestic limited liability company.

Note: The unpaid registered capital of Putian Cable Group amounted to RMB42,000,000. The Group shall pay the remaining amount of 49% registered capital amounting to RMB20,580,000 on or before 31 July 2029.

#### Financial information in relation to the associate that is not individually material:

	2025 RMB'000	2024 RMB'000
The Group's share of loss and total comprehensive loss	(116)	(56)
Aggregate carrying amount of the Group's interest in the associate	2,097	2,213

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	24,190	24,235
Finished goods	49,342	40,894
	<b>73,532</b>	65,129

Inventories are stated at the lower of cost and net realisable value.

### 20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables, gross (Note (i))	647,269	534,662
Less: loss allowance (Note 41(b))	(26,124)	(28,904)
Trade receivables, net	<b>621,145</b>	505,758
Bills receivables (Note (ii))	<b>6,585</b>	571
Trade and bills receivables, net	<b>627,730</b>	506,329

Notes:

- (i) At 31 December 2024, trade receivables with carrying amount of approximately RMB20,000,000 were pledged as collateral for the Group's bank and other borrowings (Note 29). No trade receivables were pledged as at 31 December 2025.
- (ii) Bills receivables represented outstanding bank acceptance bills.

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

	2025 RMB'000	2024 RMB'000
Within 1 month	146,072	116,649
More than 1 month but within 2 months	55,123	56,114
More than 2 months but within 3 months	37,863	44,883
More than 3 months but within 6 months	86,946	112,029
More than 6 months but within 1 year	96,538	96,997
More than 1 year	205,188	79,657
	<b>627,730</b>	506,329

The Group recognised ECLs based on the accounting policy stated in Note 4.4(ii).

The credit term granted by the Group to its trade customers is normally ranged from 90 days to 365 days (2024: 90 days to 365 days). Further details of the Group's credit policy are set out in Note 41(b).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
<i>Current</i>		
Deposits (Note (i))	28,772	28,973
Prepayments to suppliers	56,539	39,502
Prepayments	2,370	6,295
Valued added tax receivables	14,451	9,891
Consideration receivables regarding the disposal of a subsidiary (Note 36)	–	3,005
Other receivables (Note (ii))	17,900	8,328
	<b>120,032</b>	<b>95,994</b>
<i>Non-current</i>		
Prepayments for property, plant and equipment	4,891	2,854

Notes:

- (i) The balance mainly comprises guarantee deposits for product supply projects, which the deposits will be released upon the completion of the projects. The balance also includes rental deposits and utility deposits, which, in the opinion of the Directors, these deposits would be refunded to the Group within 12 months.
- (ii) As at 31 December 2024, other receivables include amount due from the associate amounted to approximately RMB4,302,000. The amount due from the associate was fully settled during the year. As at 31 December 2025, other receivables include amount due from an executive Director amounted to approximately RMB6,970,000, out of which amounting to RMB5,000,000 was settled up to the date of authorisation of these consolidated financial statements. The amounts due from the associate and the executive Director were non-trade in nature, unsecured, interest-free and recoverable on demand.

### 22. RESTRICTED CASH

Bank deposits have been pledged as security for letters of guarantee issued by banks on behalf of the Group for product supply projects and bills payables (Note 24). The restricted cash will be released upon the expiry of letters of guarantee or the settlement of relevant bills payables.

Restricted cash carry interests at prevailing market rates ranging from 0.05% to 1.20% (2024: 0.10% to 1.95%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. As at 31 December 2025, bank balance of approximately RMB31,452,000 (2024: RMB28,039,000) denominated in RMB were deposited with banks in the PRC. RMB is not freely convertible to other currencies as such amounts were held by the subsidiaries located in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business.

Bank balances carry interests at prevailing market rate ranging from 0.00% to 0.05% (2024: 0.10% to 0.15%) per annum.

### 24. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	121,260	72,977
Bills payables	74,539	68,485
	<b>195,799</b>	141,462

The credit terms of trade payables vary according to the terms agreed with different suppliers, are normally ranging from 30 days to 90 days (2024: 30 days to 90 days). Based on the receipt of services and goods, which normally coincided with the supplier invoice dates, the ageing analysis of the Group's trade payables as at the end of each reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	59,336	24,958
More than 1 month but within 2 months	24,388	13,133
More than 2 months but within 3 months	12,626	4,248
More than 3 months but within 6 months	4,218	9,342
More than 6 months but within 1 year	3,521	17,777
More than 1 year	17,171	3,519
	<b>121,260</b>	72,977

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. TRADE AND BILLS PAYABLES (CONTINUED)

The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

#### Supplier finance arrangements

The Group entered into bank acceptance bills and letters of credit with banks, under which the Group applies for these bills to be accepted by the banks in the PRC (the “Bills”) and presents the accepted Bills to the suppliers as settlement of the trade payables. Under these arrangements, the banks undertake to pay the holder of the Bills upon their maturity, and the Group then settles with the banks on the maturity date of the Bills, which is normally 6 months after the issue date of the Bills. The suppliers can also arrange factoring from their banks to have an early settlement of the Bills or to endorse the Bills to their own suppliers for settlement of their own supplier invoices. These arrangements provide the Group with extended payment terms, compared to the related invoice payment due date.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as bills payables and included in trade and bills payables. At 31 December 2025, bills payables of approximately RMB45,039,000 (2024: RMB39,990,000) were secured by pledged bank deposits (Note 22) and bills payables of approximately RMB29,500,000 (2024: RMB28,495,000) were guaranteed by a subsidiary of the Company and the Controlling Shareholders.

In the consolidated statement of cash flows, payments to the banks for settlement of the Bills are included within operating cash flows based on the nature of the arrangements.

	2025 RMB'000	2024 RMB'000
<b>Carrying amount of the financial liabilities that are subject to supplier finance arrangements</b>		
Presented as part of “Trade and bills payables” (Note (i))	74,539	68,485
	Days	Days
<b>Range of payment due dates</b>		
For liabilities presented as part of “Trade and bills payables”		
– liabilities that are part of supplier finance arrangements	180 to 360	180 to 360
– comparable trade and bills payables that are not part of supplier finance arrangements	30 to 90	30 to 90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from issue of the Bills and subsequent cash settlements.

Note:

- (i) No suppliers have already received payment from the finance providers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 25. CONTRACT LIABILITIES

Contract liabilities represent billings in advance of performance in relation to the sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products.

When the Group receives a deposit before the products are delivered to the customers, this will give rise to contract liabilities at the start of a contract, until revenue recognised exceeds the amount of the deposit. The Group generally receives deposits on acceptance of orders for certain customers. The amount of the deposit was negotiated on a case-by-case basis with the customers.

The following table shows the opening and closing balances of contract liabilities for each reporting period and how much of the revenue recognised during each reporting period relates to carried-forward contract liabilities:

	2025 RMB'000	2024 RMB'000
Balance as at 1 January	19,715	34,262
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(19,715)	(34,262)
Increase in contract liabilities as a result of receiving deposits in advance of sales of goods	34,409	19,715
Balance at 31 December	34,409	19,715

### 26. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Accruals	2,935	3,120
Accrued salaries and allowances	5,470	3,959
Payables for acquisitions of property, plant and equipment	20,315	17,854
Amount due to an associate (Note (i))	1,107	–
Other payables (Note (ii))	22,891	28,233
	52,718	53,166

Notes:

- (i) The amount was non-trade nature, unsecured, interest-free and repayable on demand.
- (ii) Other payables mainly comprised other tax payables and surcharges of approximately RMB9,061,000 (2024: RMB7,792,000) and accrued interests payable of approximately RMB5,595,000 (2024: RMB5,595,000) as at 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government subsidies arising from the acquisition of machinery in the PRC	7,900	–
<b>Represented by:</b>		
Current portion	790	–
Non-current portion	7,110	–
	7,900	–

The Group equipped new production line for optical fibers and optical fiber cables business since 2023 and completed commissioning and commenced production in December 2025. The PRC government authorities provided subsidies as a reward for installation of the production line. Deferred income is amortised and recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected useful lives of the related assets of 10 years.

### 28. LEASES

#### Nature of leasing activities (in the capacity as lessee)

The carrying amount of the corresponding lease liabilities whose underlying assets are land and buildings and the movements during the year are as follows:

	RMB'000
At 1 January 2024	756
Commencement of new lease	2,592
Interest expense	48
Lease payments	(1,146)
At 31 December 2024 and 1 January 2025	2,250
Commencement of new lease	739
Interest expense	95
Lease payments	(1,363)
<b>At 31 December 2025</b>	<b>1,721</b>

The weighted average incremental borrowing rates applied to lease liabilities ranged from 3.96% to 5.65% (2024: 4.44% to 5.65%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 28. LEASES (CONTINUED)

Nature of leasing activities (in the capacity as lessee) (continued)

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025		2024	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	1,073	1,123	1,068	1,148
More than 1 year but within 2 years	506	522	802	836
More than 2 years but within 5 years	142	150	380	388
	<b>1,721</b>	<b>1,795</b>	<b>2,250</b>	<b>2,372</b>
Less: total future interest expenses		(74)		(122)
Present value of lease liabilities		<b>1,721</b>		<b>2,250</b>
Less: amount classified as non-current liabilities		(648)		(1,182)
Current liabilities		<b>1,073</b>		<b>1,068</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 29. BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings – Secured	215,900	209,400
Bank borrowings – Unsecured	158,000	72,000
	<b>373,900</b>	281,400
Other borrowings – Secured	4,542	30,543
	<b>378,442</b>	311,943
Less: amount classified as non-current liabilities	<b>(88,500)</b>	(96,580)
Current liabilities	<b>289,942</b>	215,363
Borrowings fall due:		
– Within 1 year	289,942	215,363
– More than 1 year but within 2 years	31,500	17,580
– More than 2 years but within 5 years	35,000	46,000
– Over 5 years	22,000	33,000
Total bank and other borrowings	<b>378,442</b>	311,943

Bank borrowings of approximately RMB111,000,000 (2024: RMB108,000,000) bear variable interests at the bank's loan prime rate plus a premium. The effective interest rates of these borrowings are ranging from 3.00% to 5.00% (2024: 4.35% to 5.00%) per annum as at 31 December 2025.

Bank borrowings of approximately RMB262,900,000 (2024: RMB173,400,000) bear interest at fixed rates, ranging from 2.95% to 4.90% (2024: 2.60% to 5.50%) per annum as at 31 December 2025.

Other borrowings bear interests at fixed rates, ranging from 5.90% to 6.90% (2024: 5.90% to 6.90%) per annum as at 31 December 2025.

The weighted average effective interest rate on these bank and other borrowings is 3.99% (2024: 4.63%) per annum as at 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 29. BANK AND OTHER BORROWINGS (CONTINUED)

For the bank and other borrowings which are secured by the assets of the Group, the net carrying amounts of these assets are set out as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment (Note 16)		
– Land and buildings	147,534	162,491
– Machinery	36,528	45,525
Trade receivables (Note 20)	–	20,000

The bank borrowings are also secured by the properties and pledged bank deposits of the Controlling Shareholders and the family members of the Controlling Shareholders.

As at 31 December 2025 and 2024, guarantees are provided by the Company, certain subsidiaries of the Company, the Controlling Shareholders and the family members of the Controlling Shareholders for the bank and other borrowings.

Except for certain bank and other borrowings not included in the facilities granted, a summary of facilities granted by banks and other creditors and the amounts utilised by the Group at 31 December 2025 and 2024 is set out as follows:

	2025 RMB'000	2024 RMB'000
Amounts granted	158,000	183,000
Amounts utilised	127,500	58,800

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 30. DEFERRED TAX ASSETS/(LIABILITIES)

Details of the deferred tax assets/(liabilities) recognised and movements during the year are as follows:

Deferred tax assets:

	Allowance for doubtful debts RMB'000	Write down of inventories RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2024	1,097	–	6,849	7,946
Credited for the year (Note 11)	880	282	–	1,162
At 31 December 2024 and 1 January 2025	<b>1,977</b>	<b>282</b>	<b>6,849</b>	<b>9,108</b>
Charged for the year (Note 11)	<b>(1,040)</b>	<b>(137)</b>	<b>(1,256)</b>	<b>(2,433)</b>
<b>At 31 December 2025</b>	<b>937</b>	<b>145</b>	<b>5,593</b>	<b>6,675</b>

Deferred tax liabilities:

	Withholding tax on undistributed earnings RMB'000	Capitalised costs RMB'000	Total RMB'000
At 1 January 2024	(19,308)	(6,849)	(26,157)
Charged for the year (Note 11)	(294)	–	(294)
At 31 December 2024 and 1 January 2025	<b>(19,602)</b>	<b>(6,849)</b>	<b>(26,451)</b>
Charged for the year (Note 11)	<b>(1,956)</b>	<b>1,256</b>	<b>(700)</b>
<b>At 31 December 2025</b>	<b>(21,558)</b>	<b>(5,593)</b>	<b>(27,151)</b>

As at 31 December 2025, the Group had unused tax losses of approximately HKD683,000 (equivalent to approximately RMB614,000) (2024: HKD683,000 (equivalent to approximately RMB644,000)) available to offset against future profit sourced in Hong Kong for which no deferred tax asset has been recognised in respect of those tax losses due to the unpredictability of future profit streams. Such unused tax losses are subject to the approval of the Hong Kong Inland Revenue Department and can be carried forward indefinitely.

As at 31 December 2025, the Group had unused tax losses of approximately RMB79,856,000 (2024: RMB53,302,000), available to offset against future profits sourced in the PRC for which no deferred tax asset has been recognised in respect of those tax losses due to the unpredictability of future profit streams. The unused tax losses will be expired in five years from the year in which the losses were incurred, which is from 2025 to 2030.

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared in respect of profits earned from 1 January 2008 onwards to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% (2024: 10%). The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008. As such, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiaries amounted to approximately RMB341,672,000 (2024: RMB329,899,000) as at 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 30. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

As at 31 December 2025, deferred tax liabilities of approximately RMB12,609,000 (2024: RMB13,388,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings, as the Company is in a position to control the dividend policy of the PRC subsidiaries and it has been determined that it is probable that undistributed profits of the PRC subsidiaries will not be distributed in the foreseeable future.

### 31. SHARE CAPITAL

	2025		2024	
	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Authorised: Ordinary shares of HKD0.01 each At 1 January and 31 December	3,000,000	25,534	3,000,000	25,534
Issued and fully paid: Ordinary shares of HKD0.01 each At 1 January and 31 December	1,100,000	9,361	1,100,000	9,361

### 32. RESERVES

#### Share premium

Share premium is the excess of the proceeds received over the par value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

#### Capital reserve

Capital reserve represented the excess net assets of approximately RMB30,000 from Putian Cable (as defined in Note 35), which was the capital surplus raised from the capital injection of United States dollars ("USD") 185,000, on 2 November 2001. Also, the excess net assets of approximately RMB160,000 from Jiangxi Optical (as defined in Note 35), which transferred from the PRC statutory reserve when Jiangxi Optical transformed from Limited Company to Stock Corporation as at 30 September 2013, the date of transformation.

#### Other reserve

The amount arose from the acquisition of equity interest in the Putian Cable by Jiangxi Tianyuan (as defined in Note 35) during the group reorganisation.

#### PRC statutory reserve

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiary is required to appropriate 10% of its profit after income tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Such reserve may be used to reduce any losses incurred or to increase capital.

#### Exchange reserve

Exchange reserve comprises the exchange differences arising on the translation of the financial statements of the Company and certain subsidiaries to presentation currency.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. RELATED PARTY TRANSACTIONS

The key management personnel remuneration of the Group, including emoluments paid to the Directors as disclosed in Note 14, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	2,004	2,124
Salaries, allowance and other benefits	1,476	1,556
Discretionary bonus	127	126
Contribution to defined contribution scheme	80	183
	<b>3,687</b>	3,989

Except as disclosed above, no other 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 or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 34. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS OF THE COMPANY

	Note	2025 RMB'000	2024 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment in a subsidiary		70	74
Amounts due from subsidiaries		15,298	16,211
		<b>15,368</b>	16,285
<b>Current assets</b>			
Amount due from a subsidiary		62,755	67,982
Cash and cash equivalents		62	64
		<b>62,817</b>	68,046
<b>Current liabilities</b>			
Amount due to a subsidiary		70	74
Accruals and other payables		1,512	980
		<b>1,582</b>	1,054
<b>Net current assets</b>		<b>61,235</b>	66,992
<b>Net assets</b>		<b>76,603</b>	83,277
<b>EQUITY</b>			
Share capital		9,361	9,361
Reserves	(i)	67,242	73,916
<b>Total equity</b>		<b>76,603</b>	83,277

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 31 March 2026 and was signed on its behalf by:

**Wang Qiuping**  
Director

**Zhao Xiaobao**  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 34. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS OF THE COMPANY (CONTINUED)

Note:

(i) Movements in reserves

	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	130,289	6,896	(61,990)	75,195
Loss for the year	–	–	(3,808)	(3,808)
Other comprehensive income:				
Exchange differences arising on translation to presentation currency	–	2,529	–	2,529
Total comprehensive income/(loss) for the year	–	2,529	(3,808)	(1,279)
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>130,289</b>	<b>9,425</b>	<b>(65,798)</b>	<b>73,916</b>
Loss for the year	–	–	(2,881)	(2,881)
Other comprehensive loss:				
Exchange differences arising on translation to presentation currency	–	(3,793)	–	(3,793)
Total comprehensive loss for the year	–	(3,793)	(2,881)	(6,674)
<b>Balance at 31 December 2025</b>	<b>130,289</b>	<b>5,632</b>	<b>(68,679)</b>	<b>67,242</b>

### 35. INTEREST IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary <sup>#</sup>	Form of business structure	Place of incorporation/ registration/ establishment	Place of operation and principal activity	Issued and fully paid share capital/paid-up capital	Percentage of ownership interests/voting rights/profit share
<b>Interests held directly</b>					
Putian Group Investment Co., Ltd. (普天集團投資有限公司)	Corporation	The BVI	Investment holding in Hong Kong	Ordinary shares USD10,000	100 (2024: 100)
<b>Interests held indirectly</b>					
Putian Communication Group (HK) Limited 普天通信集團(香港)有限公司	Corporation	Hong Kong	Investment holding in Hong Kong	Ordinary shares USD10,000	100 (2024: 100)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 35. INTEREST IN SUBSIDIARIES (CONTINUED)

Name of subsidiary <sup>#</sup>	Form of business structure	Place of incorporation/ registration/ establishment	Place of operation and principal activity	Issued and fully paid share capital/paid-up capital	Percentage of ownership interests/voting rights/profit share
<b>Interests held indirectly (continued)</b>					
Jiangxi Tianyuan Intelligent Technology Co., Ltd (“ <b>Jiangxi Tianyuan</b> ”) (江西天源智能科技有限公司)*	Corporation	The PRC	Investment holding in the PRC	RMB25,000,000	100 (2024: 100)
Putian Cable Group Co., Ltd (“ <b>Putian Cable</b> ”) (普天線纜集團有限公司) <sup>^</sup>	Corporation	The PRC	Production and sales of communication copper cables and optical fiber cable in the PRC	RMB201,000,000	100 (2024: 100)
Jiangxi Changtian Optical Communication Co., Ltd (“ <b>Jiangxi Optical</b> ”) (江西長天光電通信有限公司) <sup>^</sup>	Corporation	The PRC	Sale of optical fiber cables in the PRC	RMB86,000,000	100 (2024: 100)
Putian Cable Group (Shanghai) Building Intelligence Co., Ltd (普天線纜集團(上海)樓宇智能有限公司) <sup>^</sup>	Corporation	The PRC	Sales of structured cabling system products in the PRC	RMB30,000,000	100 (2024: 100)
Jiangxi Putian Scrap Metal Recycle Co., Ltd (江西普天廢舊金屬回收有限公司) <sup>^</sup>	Corporation	The PRC	Dormant company in the PRC	RMB6,000,000	100 (2024: 100)
Jiangxi Changxun Plastic Technology Co., Ltd (江西長訊塑膠科技有限公司) <sup>^</sup>	Corporation	The PRC	Dormant company in the PRC	RMB20,000,000	100 (2024: 100)
Jiangxi Yibao Electronic Technology Co., Ltd. (江西翼寶電子科技有限公司) <sup>^</sup>	Corporation	The PRC	Dormant company in the PRC	RMB10,000,000	100 (2024: 100)

<sup>#</sup> The English names of all subsidiaries established in the PRC are translated for identification purpose only.

<sup>\*</sup> The entity is established in the PRC in the form of wholly foreign-owned enterprise.

<sup>^</sup> These entities are established in the PRC in the form of domestic limited liability company.

None of the subsidiaries had issued any debt securities at the end of the year (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 36. DISPOSAL OF A SUBSIDIARY

On 18 July 2024, Putian Cable entered into an equity transfer agreement with Mr. Ye Fanxiu, a brother-in-law of the Controlling Shareholders, pursuant to which Putian Cable disposed of its 51% equity interest in Putian Cable Group with a consideration of RMB3,005,000. The disposal of Putian Cable Group was completed on 18 July 2024. Upon completion, Putian Cable Group was no longer a subsidiary of the Company and became an associate of the Company.

The net assets of Putian Cable Group as at the date of disposal were as follows:

	<b>RMB'000</b>
Property, plant and equipment	445
Inventories	758
Trade and bills receivables	8,997
Deposits, prepayments and other receivables	1,994
Cash and cash equivalents	425
Trade and bills payables	(6,496)
Accruals and other payables	(1,492)
<b>Net assets disposed of</b>	<b>4,631</b>
Gain on disposal of a subsidiary	643
Remaining equity interest in Putian Cable Group accounted for as an associate (Note 18)	(2,269)
<b>Total consideration (Note)</b>	<b>3,005</b>
<b>Net cash outflow arising on disposal during the year ended 31 December 2024:</b>	
Cash and cash equivalents disposal of	(425)

Note: The consideration was included in other receivables under deposits, prepayments and other receivables of the Group as at 31 December 2024 (Note 21), and was settled fully during the year ended 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. CASH FLOW INFORMATION

#### (a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities.

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amount due to an associate included in accruals and other payables RMB'000
<b>At 1 January 2024</b>	341,196	756	–
Changes from financing activities:			
– Proceeds from new bank and other borrowings	286,800	–	–
– Repayments of bank and other borrowings	(316,053)	–	–
– Interest paid	(19,399)	–	–
– Payment of interest element of lease liabilities	–	(48)	–
– Payment of capital element of lease liabilities	–	(1,098)	–
Other changes:			
– Commencement of new lease	–	2,592	–
– Interest expenses	19,399	48	–
<b>At 31 December 2024 and 1 January 2025</b>	<b>311,943</b>	<b>2,250</b>	<b>–</b>
Changes from financing activities:			
– Proceeds from new bank and other borrowings	<b>308,900</b>	–	–
– Repayments of bank and other borrowings	<b>(242,401)</b>	–	–
– Interest paid	<b>(17,414)</b>	–	–
– Payment of interest element of lease liabilities	–	<b>(95)</b>	–
– Payment of capital element of lease liabilities	–	<b>(1,268)</b>	–
– Advanced from an associate	–	–	<b>1,107</b>
Other changes:			
– Commencement of new lease	–	<b>739</b>	–
– Interest expenses	<b>17,414</b>	<b>95</b>	–
<b>At 31 December 2025</b>	<b>378,442</b>	<b>1,721</b>	<b>1,107</b>

#### (b) Major non-cash transaction

During the year ended 31 December 2025, additions of property, plant and equipment of approximately RMB806,000 (2024: RMB14,181,000) were prepaid in prior years and the amounts were transferred from prepayments for property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 38. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure of the Group contracted for but not yet paid for or provided in the consolidated financial statements in respect of:		
– Unpaid capital of an associate	20,580	20,580
– Acquisition of property, plant and equipment	3,629	36,039

### 39. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, comprising bank and other borrowings net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The Directors review the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary. No changes in the objectives, policies or processes for managing capital were made during the year.

	2025 RMB'000	2024 RMB'000
Trade and bills payables	195,799	141,462
Accruals and other payables	52,718	53,166
Lease liabilities	1,721	2,250
Bank and other borrowings	378,442	311,943
Less: Cash and cash equivalents	(34,409)	(29,239)
<b>Net debt</b>	<b>594,271</b>	479,582
<b>Equity</b>	<b>617,651</b>	593,836
<b>Capital and net debt</b>	<b>1,211,922</b>	1,073,418
<b>Gearing ratio</b>	<b>49.0%</b>	44.7%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Amortised cost:		
Trade and bills receivables	627,730	506,329
Deposits and other receivables	46,672	40,306
Restricted cash	37,576	21,662
Cash and cash equivalents	34,409	29,239
	<b>746,387</b>	597,536
<b>Financial liabilities</b>		
Amortised costs:		
Trade and bills payables	195,799	141,462
Accruals and other payables	43,657	45,374
Lease liabilities	1,721	2,250
Bank and other borrowings	378,442	311,943
	<b>619,619</b>	501,029

### 41. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (i.e. interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors 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 variable rate bank 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 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 variable rate 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 borrowings of the Group as at 31 December 2025 bore interest at floating rates (2024: same). The interest rates and repayment terms of bank and other borrowings at the end of each reporting period are disclosed in Note 29.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 41. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(a) **Interest rate risk** *(continued)*

The following sensitivity analysis demonstrates the Group's exposure to a reasonably possible change in interest rates on its 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):

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Change in profit after income tax and retained profits:</b>		
+/-100 basis points	<b>-/+1,073</b>	-/+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.

(b) **Credit risk**

*Other financial assets at amortised cost*

Other financial assets at amortised cost include bills receivables, deposits and other receivables, restricted cash and cash and cash equivalents. In order to minimise the credit risk of deposits and other receivables, the management would make periodic collective and individual assessment on the recoverability of deposits and 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 deposits and 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 the opinion that there is no significant increase in credit risk on these deposits and other receivables since initial recognition as the risk of default is low and, thus, ECL recognised is based on 12-month ECL and the impact of ECL is insignificant for the years ended 31 December 2025 and 2024.

The credit risks on bills receivables, 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 is represented by the exposure 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 41. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

#### (b) Credit risk (continued)

##### *Trade receivables (continued)*

The credit risk of the Group is concentrated on trade receivables from the Group's two largest customers at 31 December 2025, which amounted to approximately RMB319,555,000 (2024: RMB206,928,000), and accounted for approximately 49.4% (2024: 38.7%) of the Group's gross trade 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. These two largest customers of the Group are subsidiaries of listed companies in the PRC and Hong Kong. They are leading and large-scale full-service and integrated intelligent information services providers 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 forward-looking information.

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

The Group measures ECLs, for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. In measuring the ECLs, the trade receivables due from major customers have been assessed on individual basis, while the trade receivables due from non-major customers have been assessed on a collective basis and debtors ageing is applied to assess ECLs for its non-major 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 for 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 41. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

#### (b) Credit risk (continued)

##### Trade receivables (continued)

As at the reporting date, the loss allowance provision for trade receivables and ageing by due date were determined as follows. The ECLs below also incorporated forward looking information.

Trade 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
<b>At 31 December 2025</b>							
ECL rate	0.29%	0.24%	0.74%	0.79%	8.00%	22.63%	
Gross carrying amount (RMB'000)	410,639	29,319	23,712	23,197	80,546	79,856	647,269
Loss allowance (RMB'000)	1,180	71	176	183	6,444	18,070	26,124
<b>At 31 December 2024</b>							
ECL rate	0.18%	10.40%	2.64%	9.14%	27.86%	27.30%	
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 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	<b>28,904</b>
Loss allowance reversed in profit or loss	<b>(2,780)</b>
<b>At 31 December 2025</b>	<b>26,124</b>

#### (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.

Certain portion of the Group's trade and bills payables entered into supplier finance arrangements with certain banks and this results in the Group having obligations of settlement concentrated with certain banks rather than individual suppliers. The Directors do not consider the supplier finance arrangements result in excessive concentrations of liquidity risk of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 41. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

#### (c) Liquidity risk (continued)

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 years but less than 2 years RMB'000	More Than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
<b>At 31 December 2025</b>						
Trade and bills payables	195,799	195,799	195,799	-	-	-
Accruals and other payables	43,657	43,657	43,657	-	-	-
Lease liabilities	1,721	1,795	1,123	522	150	-
Bank and other borrowings	378,442	400,368	304,236	35,180	37,667	23,285
	<b>619,619</b>	<b>641,619</b>	<b>544,815</b>	<b>35,702</b>	<b>37,817</b>	<b>23,285</b>
<b>At 31 December 2024</b>						
Trade and bills payables	141,462	141,462	141,462	-	-	-
Accruals and other payables	45,374	45,374	45,374	-	-	-
Lease liabilities	2,250	2,372	1,148	836	388	-
Bank and other borrowings	311,943	339,363	227,228	22,033	54,350	35,752
	<b>501,029</b>	<b>528,571</b>	<b>415,212</b>	<b>22,869</b>	<b>54,738</b>	<b>35,752</b>

#### (d) Fair value measurements of financial instruments

All financial instruments are carried at amortised cost with amounts not materially different from their fair values as at 31 December 2025 and 2024.