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## **Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

**長飛光纖光纜股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 6869)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The board of directors (the “**Board**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* 長飛光纖光纜股份有限公司 (the “**Company**”) is pleased to announce that the Company’s auditor, KPMG Huazhen LLP, has completed its auditing process of the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**2024 Annual Results**”) in accordance with China Standards on Auditing for Certified Public Accountants.

#### **FINANCIAL HIGHLIGHTS**

- Operating income was RMB12,197.4 million (2023: RMB13,352.8 million), decreased by approximately 8.7% (2023: decreased by approximately 3.5%).
- Gross profit and gross profit margin were RMB3,330.1 million (2023: RMB3,272.0 million) and 27.3% (2023: 24.5%), respectively.
- Net profit for the year attributable to equity shareholders of the Company was RMB675.9 million (2023: RMB1,297.4 million), decreased by approximately 47.9% (2023: increased by approximately 11.2%).
- The Group’s revenue from domestic business decreased by approximately 10.4% (2023: decreased by approximately 1.9%). The Group’s overseas revenue decreased by approximately 5.1% (2023: decreased by approximately 6.5%).
- The Board recommended the payment of a final dividend of RMB0.268 per share (before tax) for the year ended 31 December 2024 (2023: RMB0.514 per share (before tax)).

\* For identification purposes only

The Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024 as follows:

## **Consolidated Income Statement**

*For the year ended 31 December 2024*

*(Expressed in Renminbi “RMB”)*

	<i>Notes</i>	<b>2024</b> <b>(Audited)</b>	<b>2023</b> <b>(Audited)</b>
<b>I. Operating income</b>	<b>4</b>	<b>12,197,409,931</b>	13,352,753,464
<b>II. Less: Operating costs</b>	<b>4</b>	<b>8,867,286,609</b>	10,080,797,059
Taxes and surcharges		<b>82,783,971</b>	94,211,590
Selling and distribution expenses		<b>489,148,519</b>	502,285,938
General and administrative expenses		<b>1,042,381,439</b>	1,048,107,534
Research and development expenses		<b>787,189,282</b>	774,993,271
Financial expenses	<b>5</b>	<b>191,177,234</b>	127,333,959
Including: Interest expenses		<b>248,559,033</b>	229,119,222
Interest revenue		<b>88,634,073</b>	110,873,263
Add: Other income	<b>6</b>	<b>261,260,764</b>	188,590,506
Investment (losses)/income		<b>(172,275,751)</b>	534,418,114
Including: (Losses)/income from investment in associates and joint ventures		<b>(302,577,475)</b>	8,552,733
(Losses)/gains from changes in fair value		<b>(138,169,041)</b>	10,770,040
Credit losses		<b>(142,255,936)</b>	(139,971,157)
Impairment losses		<b>(144,698,529)</b>	(97,877,326)
Losses from disposal of assets		<b>(8,158,850)</b>	(2,224,108)
<b>III. Operating profit</b>		<b>393,145,534</b>	1,218,730,182
Add: Non-operating income		<b>227,064,233</b>	29,662,537
Less: Non-operating expenses		<b>27,307,372</b>	31,968,526
<b>IV. Profit before income tax</b>		<b>592,902,395</b>	1,216,424,193
Less: Income tax expenses	<b>7</b>	<b>11,648,284</b>	39,486,269
<b>V. Net profit for the year</b>		<b>581,254,111</b>	1,176,937,924
Net profit for the year attributable to equity		<b>675,878,799</b>	1,297,437,793
Non-controlling interests		<b>(94,624,688)</b>	(120,499,869)

	<i>Notes</i>	<b>2024</b> <b>(Audited)</b>	2023 (Audited)
<b>VI. Other comprehensive income, net of tax</b>			
Other comprehensive income (net of tax) attributable to shareholders of the Company		<b>(45,952,163)</b>	54,472,252
1. Items that cannot be reclassified subsequently to profit or loss			
(1) Changes in fair value of investments in other equity instruments		<b>(14,117,107)</b>	19,708,948
(2) Remeasurement of defined benefit plan obligations		<b>(11,416,016)</b>	—
2. Items that may be reclassified subsequently to profit or loss			
(1) Translation differences arising from translation of foreign currency financial statements		<b>(20,419,040)</b>	34,763,304
Other comprehensive income (net of tax) attributable to non-controlling		<b>946,904</b>	2,406,811
<b>VII. Total comprehensive income for the year</b>		<b>536,248,852</b>	1,233,816,987
Total comprehensive income attributable to equity shareholders of the Company		<b>629,926,636</b>	1,351,910,045
Total comprehensive income attributable to non-controlling interests		<b>(93,677,784)</b>	(118,093,058)
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share	8	<b>0.89</b>	1.71
(2) Diluted earnings per share	8	<b>0.89</b>	1.71

**Consolidated Balance Sheet**  
**At 31 December 2024**  
*(Expressed in Renminbi “RMB”)*

	<i>Notes</i>	<b>31 December 2024 (Audited)</b>	<b>31 December 2023 (Audited)</b>
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash at bank and on hand		<b>3,292,561,410</b>	3,895,836,574
Financial assets held for trading		<b>1,437,470,518</b>	1,048,211,393
Bills receivable	<i>10</i>	<b>698,669,573</b>	726,336,662
Accounts receivable	<i>11</i>	<b>5,261,588,627</b>	5,197,048,639
Receivables under financing	<i>12</i>	<b>136,084,824</b>	141,157,180
Prepayments		<b>128,663,832</b>	125,173,815
Other receivables		<b>117,413,239</b>	163,517,268
Inventories		<b>3,175,767,390</b>	2,941,352,651
Other current assets		<b>368,907,962</b>	317,660,688
<b>Total current assets</b>		<b><u>14,617,127,375</u></b>	<b><u>14,556,294,870</u></b>
<b>Non-current assets:</b>			
Long-term receivables		<b>2,034,634</b>	—
Long-term equity investments		<b>2,793,658,026</b>	3,303,333,932
Investments in other equity instruments		<b>55,221,345</b>	70,065,449
Other non-current financial assets		<b>53,754,103</b>	51,655,870
Fixed assets		<b>8,457,953,448</b>	6,731,878,425
Construction in progress		<b>2,082,556,415</b>	965,535,668
Right-of-use assets		<b>77,928,103</b>	82,388,148
Intangible assets		<b>1,707,185,779</b>	1,610,640,981
Goodwill		<b>931,214,501</b>	896,910,942
Long-term deferred expenses		<b>76,997,949</b>	62,809,995
Deferred tax assets		<b>528,382,387</b>	344,103,613
Other non-current assets		<b>342,705,860</b>	466,726,000
<b>Total non-current assets</b>		<b><u>17,109,592,550</u></b>	<b><u>14,586,049,023</u></b>
<b>Total assets</b>		<b><u>31,726,719,925</u></b>	<b><u>29,142,343,893</u></b>

	<i>Notes</i>	<b>31 December 2024 (Audited)</b>	<b>31 December 2023 (Audited)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term loans	<i>13</i>	<b>2,000,409,684</b>	1,749,536,836
Bills payable	<i>14</i>	<b>1,173,208,011</b>	1,368,353,135
Accounts payable	<i>15</i>	<b>1,960,566,791</b>	1,787,840,959
Contract liabilities		<b>270,205,028</b>	498,602,106
Employee benefits payable		<b>360,036,136</b>	538,427,393
Taxes payable		<b>277,024,243</b>	187,029,917
Other payables		<b>1,727,644,743</b>	1,670,745,115
Non-current liabilities due within one year		<b>2,551,031,336</b>	1,262,096,142
Other current liabilities		<b>24,920,005</b>	19,406,181
<b>Total current liabilities</b>		<b>10,345,045,977</b>	9,082,037,784
<b>Non-current liabilities:</b>			
Long-term loans	<i>16</i>	<b>4,790,701,086</b>	4,855,183,468
Lease liabilities		<b>108,610,402</b>	60,730,739
Deferred income		<b>432,186,877</b>	430,985,306
Deferred tax liabilities		<b>273,272,050</b>	238,142,674
Other non-current liabilities		<b>195,611,644</b>	77,766,485
<b>Total non-current liabilities</b>		<b>5,800,382,059</b>	5,662,808,672
<b>Total liabilities</b>		<b>16,145,428,036</b>	14,744,846,456
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital		<b>757,905,108</b>	757,905,108
Capital reserve		<b>3,147,307,600</b>	3,066,048,015
Other comprehensive income		<b>26,273,869</b>	72,226,032
Special reserve		<b>250,841</b>	—
Surplus reserve		<b>733,422,825</b>	711,564,222
Retained earnings		<b>6,963,821,898</b>	6,699,364,928
<b>Total equity attributable to shareholders of the Company</b>		<b>11,628,982,141</b>	11,307,108,305
<b>Non-controlling interests</b>		<b>3,952,309,748</b>	3,090,389,132
<b>Total shareholders' equity</b>		<b>15,581,291,889</b>	14,397,497,437
<b>Total liabilities and shareholders' equity</b>		<b>31,726,719,925</b>	29,142,343,893

Notes:

## 1. CORPORATE INFORMATION

Yangtze Optical Fibre and Cable Company Ltd. 長飛光纖光纜有限公司 was established in the People's Republic of China (the "PRC" or "China") on 31 May 1988 as a sino-foreign equity joint venture. On 27 December 2013, it was renamed as Yangtze Optical Fibre and Cable Joint Stock Limited Company\* 長飛光纖光纜股份有限公司 and was converted into a foreign invested joint stock limited liability company in the PRC. On the same date, the Company's equity was converted into 479,592,598 ordinary shares with a par value of RMB1.00 each.

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 10 December 2014. On the same date, the Company issued a total number of 159,870,000 H shares with a par value of RMB1.00 each at a price of HK\$7.39 per H share by way of public offering of the Company's H shares to Hong Kong and overseas investors.

On 18 December 2015, the Company completed the issuance of domestic shares and H shares to certain directors and selected employees and the private placement of H shares to four independent professional institutional investors. A total number of 42,652,000 shares (including H shares and domestic shares) with a par value of RMB1.00 each were issued at a subscription price of HK\$7.15 per share.

The China Securities Regulatory Commission has approved the initial public offering of A shares by the Company and the A shares of the Company were listed on the Shanghai Stock Exchange on 20 July 2018. The Company issued 75,790,510 A shares to the public at the issue price of RMB26.71 per A share and 330,547,804 domestic shares were converted into A shares. Upon the issue of A shares, the total number of issued shares of the Company became 757,905,108 shares (comprising 351,566,794 H shares and 406,338,314 A shares). The total proceeds from the issue of the A shares amounted to RMB2,024,364,522 and the net proceeds (after deducting issue expenses) amounted to RMB1,894,337,174.

The Company is a global leading supplier of optical fibre preforms, optical fibres, optical fibre cables and other relevant products in telecommunication industry. The Company primarily manufactures and sells optical fibre preforms, optical fibres, optical fibre cables, optical components and modules and other relevant products with various standard specifications that are widely used in the telecommunications industry. The Company also designs and produces specialty optical fibres and cables, integration systems, engineering design and service that are customised to customers' specifications. The Company has comprehensive product portfolios and provides a wide range of products and relevant solutions for the global telecommunications industry and other sectors, including utilities, transportation, petrochemical and healthcare. The Company provides high-quality products and services in more than 100 countries and regions.

## 2. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance of the People's Republic of China and the specific accounting standards and application guidelines, interpretations and other relevant regulations promulgated and subsequently promulgated by the Ministry of Finance of the People's Republic of China and "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission. The Company prepares the financial statements based on the going-concern basis.

## 3. REVENUE

The Group is principally engaged in the manufacturing and sales of optical communication products, optical transmission components and other related products and services. Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

#### 4. OPERATING INCOME AND COSTS

Items	2024 (Audited)		2023 (Audited)	
	Income	Cost	Income	Cost
Principal activities	11,916,754,655	8,605,904,725	13,104,628,895	9,845,444,308
Other operating activities	280,655,276	261,381,884	248,124,569	235,352,751
Total	<u>12,197,409,931</u>	<u>8,867,286,609</u>	<u>13,352,753,464</u>	<u>10,080,797,059</u>
Including: Operating income generated from contract	12,197,409,931	8,867,286,609	13,352,753,464	10,080,797,059
Details of operating income				
	2024 (Audited)		2023 (Audited)	
	Income	Cost	Income	Cost
<b>Revenue from principal activities:</b>				
– Optical communication products	7,867,135,458	5,375,107,000	9,021,240,873	6,341,599,398
– Optical transmission component	2,115,989,922	1,496,608,527	2,040,219,838	1,636,979,761
– Others	1,933,629,275	1,734,189,198	2,043,168,184	1,866,865,149
Sub-total	11,916,754,655	8,605,904,725	13,104,628,895	9,845,444,308
<b>Revenue from other operating activities:</b>				
– Materials	266,158,838	249,671,977	234,101,392	223,243,083
– Others	14,496,438	11,709,907	14,023,177	12,109,668
Sub-total	280,655,276	261,381,884	248,124,569	235,352,751
Total	<u>12,197,409,931</u>	<u>8,867,286,609</u>	<u>13,352,753,464</u>	<u>10,080,797,059</u>

#### 5. FINANCIAL EXPENSES

Items	2024 (Audited)	2023 (Audited)
Interest expenses on loans and payables	244,233,247	242,009,170
Interest on lease liabilities	6,044,496	3,155,807
Less: Borrowing costs capitalised*	1,718,710	16,045,755
Interest income from deposits	(88,634,073)	(110,873,263)
Net exchange losses/(gains)	11,664,203	(4,473,894)
Other financial expenses	19,588,071	13,561,894
Total	<u>191,177,234</u>	<u>127,333,959</u>

\* The interest rate per annum, at which the borrowing costs were capitalized for the year by the Group was 0.22% (2023: 0.27%).

## 6. OTHER INCOME

Item	2024 (Audited)	2023 (Audited)
Government grants related to assets	46,885,378	81,602,682
Government grants related to income	214,375,386	106,987,824
Total	<u>261,260,764</u>	<u>188,590,506</u>

## 7. INCOME TAX EXPENSES

Item	2024 (Audited)	2023 (Audited)
Income tax expenses for the year based on tax laws and regulations	182,334,299	164,296,231
Changes in deferred income tax	(180,365,895)	(113,971,811)
Tax filling differences	9,679,880	(10,838,151)
Total	<u>11,648,284</u>	<u>39,486,269</u>

(1) The analysis of changes in deferred income tax is as follows:

Item	2024 (Audited)	2023 (Audited)
Originations and reversals of temporary differences	<u>(180,365,895)</u>	<u>(113,971,811)</u>

(2) Reconciliation between income tax and accounting profit is as follows:

Item	2024 (Audited)	2023 (Audited)
Profit before income tax	592,902,395	1,216,424,193
Income tax expenses calculated at tax rate of 25%	148,225,599	304,106,048
Effect of tax rate differences	(30,729,241)	(75,062,533)
Effect of tax filling difference	9,679,880	(10,838,151)
Effect of non-taxable income	(110,671,092)	(108,292,632)
Effect of non-deductible cost, expense and loss	88,400,010	6,325,365
Effect of temporary differences from using the former unrecognised deferred tax assets	(61,272,940)	(9,193,650)
Effects of additional qualified tax deduction relating to research and development costs	(149,297,810)	(156,090,370)
Effect of deductible temporary differences or deductible tax losses for which no deferred tax asset was recognized during the year	<u>117,313,878</u>	<u>88,532,192</u>
Income tax expenses for the year	<u>11,648,284</u>	<u>39,486,269</u>



The Company and its subsidiaries in the PRC are subject to PRC enterprise income tax at the statutory tax rate of 25%.

According to the High-tech Enterprise Certificate No. GR202342002827 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, the Company was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 14 November 2023 to 14 November 2026.

According to the High-tech Enterprise Certificate No. GR202142001875 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, EverPro Technologies Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 15 November 2021 to 15 November 2024; according to the newly issued High-tech Enterprise Certificate No. GR202442005848, EverPro Technologies Company Limited. was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 24 December 2024 to 24 December 2027.

According to the High-tech Enterprise Certificate No. GR202342002604 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Yangtze Optical Fibre (Qianjiang) Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 26 October 2023 to 26 October 2026.

According to the High-tech Enterprise Certificate No. GR202342000569 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Hubei Flying Optical Fibre Material Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 16 October 2023 to 16 October 2026.

According to the High-tech Enterprise Certificate No. GR202142003106 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Yangtze Gas Qianjiang Company Limited., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 1 December 2021 to 1 December 2024; according to the newly issued High-tech Enterprise Certificate No. GR202442000265, Yangtze Gas Qianjiang Company Limited. was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 27 November 2024 to 27 November 2027.

According to the High-tech Enterprise Certificate No. GR202242000976 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Polytech Qianjiang Company Limited., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 1 December 2022 to 1 December 2025.

According to the High-tech Enterprise Certificate No. GR202133007123 issued by Zhejiang Science and Technology Department, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service and State Taxation Administration, Ally First Optical Fibre and Cable Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 16 December 2021 to 16 December 2024; according to the newly issued High-tech Enterprise Certificate No. GR202433000263, Ally First Optical Fibre and Cable Co., Ltd. was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 6 December 2024 to 6 December 2027.

According to the High-tech Enterprise Certificate No. GR202351001128 issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, Sichuan Provincial Tax Service, State Taxation Administration, Sunstar Communication Technology Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 16 October 2023 to 16 October 2026.

According to the High-tech Enterprise Certificate No. GR202251003732 issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, Sichuan Provincial Tax Service, State Taxation Administration from 2 November 2022 to 2 November 2025, a subsidiary of the Company, Finetop Science & Technology Company Limited, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15%.

According to the High-tech Enterprise Certificate No. GR202242003230 issued by the Hubei Provincial Department of Science and Technology, the Hubei Provincial Department of Finance and the Hubei Provincial Taxation Bureau of the State Administration of Taxation, from 9 November 2022 to 9 November 2025, the Company's subsidiary, Yangtze (Wuhan) Optical Systems Co., Ltd., enjoys the qualification of high-tech enterprise and enjoys a preferential tax rate of 15%.

According to the High-tech Enterprise Certificate No. GR202112002942 issued by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and the Tianjin Municipal Tax Service, State Taxation Administration from 3 December 2021 to 3 December 2024, a subsidiary of the Company, Yangtze Optical Fibre and Cable (Tianjin) Company Limited., enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15%; according to the newly issued High-tech Enterprise Certificate No. GR202412003276, Yangtze Optical Fibre and Cable (Tianjin) Company Limited. was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 3 December 2024 to 3 December 2027.

According to the High-tech Enterprise Certificate No. GR202332001816 issued by Jiangsu Municipal Science and Technology Bureau, Jiangsu Finance Bureau and the Jiangsu Municipal Tax Service, State Taxation Administration, Yangtze Optical Cable (Suzhou) Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 6 November 2023 to 6 November 2026.

According to the High-tech Enterprise Certificate No. GR202232012705 issued by Jiangsu Municipal Science and Technology Bureau, Jiangsu Finance Bureau and the Jiangsu Municipal Tax Service, State Taxation Administration, Yangtze (Jiangsu) Marine Technology Company Limited (Formerly named as “Baosheng (Yangzhou) Ocean Engineering Cable Co., Ltd.”), a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 12 December 2022 to 12 December 2025.

According to the High-tech Enterprise Certificate No. GR 202442001324 issued by the Hubei Provincial Department of Science and Technology, the Hubei Provincial Department of Finance and the Hubei Provincial Taxation Bureau of the State Administration of Taxation, from 27 November 2024 to 27 November 2027, the Company’s subsidiary, YOFC Quartz Technology (Wuhan) Company Limited., enjoys the qualification of high-tech enterprise and enjoys a preferential tax rate of 15%.

According to the High-tech Enterprise Certificate No. GR202333009634 issued by Zhejiang Municipal Science and Technology Bureau, Zhejiang Finance Bureau and the Zhejiang Municipal Tax Service, State Taxation Administration, Broadex Technologies Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% from 8 December 2023 to 8 December 2026.

According to Issues Concerning Tax Policies on Further Implementing the Strategy of Western Development issued by the Ministry of Finance, General Administration of Customs and State Administration of Taxation Cai Shui (2011) No. 58, Chengdu Rongbo Communication Technology Company Limited, a subsidiary of the Company, is an enterprise under the preferred industry set up in the western region, which was entitled to preferential tax rate of 15% for the year.

According to the High-tech Enterprise Certificate No. GR202342008441 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau from 8 December 2023 to 8 December 2026, Everfoton Technologies Corporation Limited, a subsidiary of the Company, enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15%.

Taxes on overseas subsidiaries were calculated according to the prevailing appropriate tax rates in the relevant countries and regions.

## 8. EARNINGS PER SHARE

### (1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

Item	2024 (Audited)	2023 (Audited)
Consolidated net profit attributable to ordinary shareholders of the Company	<u>675,878,799</u>	<u>1,297,437,793</u>
Less: Forfeitable cash dividends declared to restricted shareholders in employee share ownership plan this year whose shares are expected to unlock in the future	–	–
Adjusted consolidated net profit attributable to ordinary shareholders of the Company	<u>675,878,799</u>	<u>1,297,437,793</u>
Weighted average number of ordinary shares outstanding	<u>757,905,108</u>	<u>757,905,108</u>
Basic earnings per share (RMB/share)	<u>0.89</u>	<u>1.71</u>

Weighted average number of ordinary shares is calculated as follows:

	2024 (Audited)	2023 (Audited)
Number of issued ordinary shares at the beginning of the year	757,905,108	757,905,108
Redeemed shares for employee stock ownership scheme	–	–
Weighted average number of ordinary shares at the end of the year	<u>757,905,108</u>	<u>757,905,108</u>

### (2) Diluted earnings per share

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted):

Item	Notes	2024 (Audited)	2023 (Audited)
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	(a)	<u>675,878,799</u>	<u>1,297,437,793</u>
Weighted average number of ordinary shares outstanding (diluted)	(b)	<u>757,905,108</u>	<u>757,905,108</u>
Diluted earnings per share (RMB/share)		<u>0.89</u>	<u>1.71</u>

- (a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:

Item	2024 (Audited)	2023 (Audited)
Consolidated net profit attributable to ordinary shareholders (Basic earnings per share)	675,878,799	1,297,437,793
Diluted adjustments: Forfeitable cash dividends declared to restricted H shareholders in employee share ownership plan this year whose shares are expected to unlock in the future (note)	<u>—</u>	<u>—</u>
Consolidated net profit attributable to ordinary shareholders (diluted)	<u>675,878,799</u>	<u>1,297,437,793</u>

*Note:* When calculating diluted earnings per share during the lock-in period of restricted shares, consolidated net profit attributable to ordinary shareholders of the Company (diluted) shall add the cash dividends (with dilution) distributed to the shareholders of the expected unlocking restricted shares in the future that have been deducted when calculating the consolidated net profit (dilution) attributable to ordinary shareholders of the Company.

- (b) Weighted average number of the Company's ordinary shares (diluted) is calculated as follows:

Item	2024 (Audited)	2023 (Audited)
Weighted average number of ordinary shares at the end of the year	<u>757,905,108</u>	<u>757,905,108</u>
Diluted adjustments: Effect from restricted shares in employee share ownership plan	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares (diluted) at the end of the year	<u>757,905,108</u>	<u>757,905,108</u>

## 9. SEGMENT REPORTING

The Group determines the two reporting segments, optical communication products segments and transmission components segment, based on the internal organizational structure, management requirements and internal reporting system. Each reporting segment is a separate business segment that provides different products. The management of the Group will regularly review the financial information of different segments to determine the allocation of resources and to evaluate their sales performance.

Optical communication products-mainly including optical fibre preforms, optical fibres, optical cables and leaky cables, RF cables and other wires and cables related products and services used in the telecom and datacom industries.

Optical transmission components-mainly including optical components and modules, active optical cables, passive preassembled jumper cables, high-speed copper datacom cables and other components related products and services used in the telecom and datacom industries.

**(1) Information of profit or loss and assets of reporting segments**

In order to evaluate the performance of each segment and allocate resources, the management of the Group will regularly review the assets, income, expenses and operating results attributable to each segment. The preparation of such information is based on the followings:

Segment assets include all tangible assets, other non-current assets and receivables and other assets attributable to each segment.

Segment operating results refer to the revenue from external customers generated by each segment, less the operating costs incurred by each segment. The Group did not allocate other expenses such as selling and management expenses and financial expenses to each segment.

The information disclosed in each of the following reporting segments of the Group is that the management of the Group used the following data in measuring profit/(loss) and assets of the reporting segments, or did not use the following data but provided it regularly to the management of the Group:

Items	For the year ended 31 December 2024 (Audited)					Total
	Optical communication products segment	Optical transmission components segment	Others	Offset between segments	Unallocated Amounts	
Operating income from external transactions	7,867,135,458	2,115,989,922	2,214,284,551	–	–	12,197,409,931
Inter-segment revenue	189,193,564	65,945,997	340,468,384	(595,607,945)	–	–
Segment profit	2,593,410,786	635,095,779	364,342,762	(262,726,005)	–	3,330,123,322
Including: Depreciation and amortisation expenses	(328,295,231)	(294,635,277)	(252,004,731)	–	–	(874,935,239)
Taxes and surcharges	–	–	–	–	(82,783,971)	(82,783,971)
Selling and distribution expenses	–	–	–	–	(489,148,519)	(489,148,519)
General and administration expenses	–	–	–	–	(1,042,381,439)	(1,042,381,439)
Research and development expenses	–	–	–	–	(787,189,282)	(787,189,282)
Financial expenses	–	–	–	–	(191,177,234)	(191,177,234)
Other income	–	–	–	–	261,260,764	261,260,764
Investment income	–	–	–	–	(172,275,751)	(172,275,751)
Including: income from investment in associates and joint ventures	–	–	–	–	(302,577,475)	(302,577,475)
Losses from changes in fair value	–	–	–	–	(138,169,041)	(138,169,041)
Credit losses	–	–	–	–	(142,255,936)	(142,255,936)
Impairment losses	–	–	–	–	(144,698,529)	(144,698,529)
Losses from asset disposals	–	–	–	–	(8,158,850)	(8,158,850)
Operating profit/(loss)	2,593,410,786	635,095,779	364,342,762	(262,726,005)	(2,936,977,788)	393,145,534
Non-operating income	–	–	–	–	227,064,233	227,064,233
Non-operating expenses	–	–	–	–	(27,307,372)	(27,307,372)
Profit/(loss) before income tax	2,593,410,786	635,095,779	364,342,762	(262,726,005)	(2,737,220,927)	592,902,395
Income tax expenses	–	–	–	–	(11,648,284)	(11,648,284)
Net profit/(loss) for the year	<u>2,593,410,786</u>	<u>635,095,779</u>	<u>364,342,762</u>	<u>(262,726,005)</u>	<u>(2,748,869,211)</u>	<u>581,254,111</u>

For the year ended 31 December 2023 (Audited)						
Items	Optical communication products segment	Optical transmission components segment	Others	Offset between segments	Unallocated Amounts	Total
Operating income from external transactions	9,021,240,873	2,040,219,838	2,291,292,753	–	–	13,352,753,464
Inter-segment revenue	129,658,179	153,389,359	337,557,453	(620,604,991)	–	–
Segment profit	2,709,070,322	443,110,918	293,421,028	(173,645,863)	–	3,271,956,405
Including: Depreciation and amortisation expenses	(414,120,291)	(225,221,260)	(234,687,211)	–	–	(874,028,762)
Taxes and surcharges	–	–	–	–	(94,211,590)	(94,211,590)
Selling and distribution expenses	–	–	–	–	(502,285,938)	(502,285,938)
General and administration expenses	–	–	–	–	(1,048,107,534)	(1,048,107,534)
Research and development expenses	–	–	–	–	(774,993,271)	(774,993,271)
Financial expenses	–	–	–	–	(127,333,959)	(127,333,959)
Impairment losses	–	–	–	–	(97,877,326)	(97,877,326)
Credit losses	–	–	–	–	(139,971,157)	(139,971,157)
Gains from changes in fair value	–	–	–	–	10,770,040	10,770,040
Investment gains	–	–	–	–	534,418,114	534,418,114
Including: gains from investment in associates and joint ventures	–	–	–	–	8,552,733	8,552,733
Losses from asset disposals	–	–	–	–	(2,224,108)	(2,224,108)
Other income	–	–	–	–	188,590,506	188,590,506
Operating profit/(loss)	2,709,070,322	443,110,918	293,421,028	(173,645,863)	(2,053,226,223)	1,218,730,182
Non-operating income	–	–	–	–	29,662,537	29,662,537
Non-operating expenses	–	–	–	–	(31,968,526)	(31,968,526)
Profit/(loss) before income tax	2,709,070,322	443,110,918	293,421,028	(173,645,863)	(2,055,532,212)	1,216,424,193
Income tax expenses	–	–	–	–	(39,486,269)	(39,486,269)
Net profit/(loss) for the year	<u>2,709,070,322</u>	<u>443,110,918</u>	<u>293,421,028</u>	<u>(173,645,863)</u>	<u>(2,095,018,481)</u>	<u>1,176,937,924</u>

31 December 2024 (Audited)						
Items	Optical communication products segment	Optical transmission components segment	Others	Offset between segments	Unallocated Amounts	Total
Total assets	12,989,638,459	3,284,020,332	16,490,028,905	(1,036,967,771)	–	31,726,719,925
Other items:						
– Long-term equity investment in associates and joint ventures	924,390,148	–	1,869,267,878	–	–	2,793,658,026
– Increase in other non-current assets other than long-term equity investment	601,209,770	242,849,347	3,179,905,402	(223,221)	–	4,023,741,298
31 December 2023 (Audited)						
Items	Optical communication products segment	Optical transmission components segment	Others	Offset between segments	Unallocated Amounts	Total
Total assets	12,988,250,416	3,415,562,998	13,651,465,185	(912,934,706)	–	29,142,343,893
Other items:						
– Long-term equity investment in associates and joint ventures	977,009,479	–	2,326,324,453	–	–	3,303,333,932
– Increase in other non-current assets other than long-term equity investment	972,938,066	317,785,246	1,328,330,731	(89,512)	–	2,618,964,531



## 10. BILLS RECEIVABLE

### (1) Bills receivable by category

Type	31 December 2024 (Audited)	31 December 2023 (Audited)
Bank acceptance bills	568,777,361	584,932,712
Commercial acceptance bills	129,892,212	141,403,950
Total	<u>698,669,573</u>	<u>726,336,662</u>

The aforementioned bills receivable were due within one year.

### (2) Bills receivable pledged at the end of the year

As at 31 December 2024, the Group's bills receivables pledged was nil (31 December 2023: nil).

### (3) Bills receivable endorsed or discounted at the end of the year and undue at the balance sheet date:

Type	Amount derecognized at the end of 2024 (Audited)	Amount not derecognized at the end of 2024 (Audited)
Bank acceptance bills	–	213,938,418
Commercial acceptance bills	–	13,724,173
Total	<u>–</u>	<u>227,662,591</u>

As at 31 December 2024, the Group continued to recognize discounted bills and endorsed bills of RMB136,652,763 and RMB91,009,828 respectively (31 December 2023: RMB32,444,036 and RMB93,353,421). With respect to this portion of discounted bills or endorsed bills, the Board believed that the Group still retains virtually all its risks and rewards, including the risk of default on discounted and endorsed bills. Therefore, the Group continued to fully recognised this portion of the discounted and endorsed instruments. The bills, at the same time, confirmed the related payment due to the bank borrowings generated by discounting and the settlement of the endorsed bills. After discounts and endorsements were transferred, the Group no longer retained any right to use discounted and endorsed bills, including the sale, transfer or pledge of discounted and endorsed bills to the third party. As at 31 December 2024, the carrying amounts of the accounts payable settled by the discounted and endorsed bills that continue to be recognized were RMB136,652,763 and RMB91,009,828 respectively (31 December 2023: RMB32,444,036 and RMB93,353,421). The Board believed that there is no significant difference in the fair value of the transferred assets and related liabilities.

## 11. ACCOUNTS RECEIVABLE

### (1) Accounts receivable by customer are as follows:

Type	31 December 2024 (Audited)	31 December 2023 (Audited)
Due from related parties	398,581,809	255,628,005
Due from third parties	5,506,681,891	5,451,281,614
Sub-total	5,905,263,700	5,706,909,619
Less: allowance for doubtful debts	643,675,073	509,860,980
Total	5,261,588,627	5,197,048,639

### (2) Ageing analysis of accounts receivable:

Ageing	31 December 2024 (Audited)	31 December 2023 (Audited)
Within 1 year (1 year inclusive)	4,220,388,945	4,910,383,313
1 to 2 years (2 years inclusive)	800,246,695	420,842,972
2 to 3 years (3 years inclusive)	445,926,961	152,341,503
Over 3 years	438,701,099	223,341,831
Sub-total	5,905,263,700	5,706,909,619
Less: allowance for doubtful debts	643,675,073	509,860,980
Total	5,261,588,627	5,197,048,639

The ageing of accounts receivable is calculated from the date of recognition.

### (3) Analysis of accounts receivable by category:

Category	Book value		31 December 2024 (Audited) Allowance for doubtful debts		Carrying amount
	Amount	Proportion	Amount	Proportion	
Individually assessed for impairment customers – credit losses incurred	148,854,748	2.52%	108,939,908	73.19%	39,914,840
Collectively assessed for impairment by group					
– Group 1	398,581,809	6.75%	823,580	0.21%	397,758,229
– Group 2	2,106,440,155	35.67%	220,648,961	10.47%	1,885,791,194
– Group 3	3,251,386,988	55.06%	313,262,624	9.63%	2,938,124,364
Total	5,905,263,700	100.00%	643,675,073	10.90%	5,261,588,627

	31 December 2023 (Audited)				
Category	Book value		Allowance for doubtful debts		Carrying amount
	Amount	Proportion	Amount	Proportion	
Individually assessed for impairment customers					
– credit losses incurred	57,843,060	1.01%	57,843,060	100.00%	–
Collectively assessed for impairment by group					
– Group 1	255,628,005	4.48%	1,134,073	0.44%	254,493,932
– Group 2	1,958,040,076	34.31%	148,509,425	7.58%	1,809,530,651
– Group 3	3,435,398,478	60.20%	302,374,422	8.80%	3,133,024,056
Total	5,706,909,619	100.00%	509,860,980	8.93%	5,197,048,639

- (a) Reasons for making doubtful debts provisions with single accounts receivable in 2024: for accounts receivable, the Group usually measure loss provisions based on a combination of credit risk characteristics. If the credit risk characteristics of a certain customer are significantly different from those of other customers in the portfolio, or if there is a significant change in the credit risk characteristics of that customer, a provision for losses shall be made for the receivables from that customer on a single basis.

- (b) Standard and explanation of making doubtful debts provisions by group in 2024:

According to the historical experience of the Group, there are differences in the losses of different segmented customer groups. Therefore, the Group divided our customers into the following groups:

- Group 1: Related parties;
- Group 2: Telecommunication network operators in China and other companies with good credit records;
- Group 3: Other customers outside of the above groups.

- (c) Expected credit loss assessment for accounts receivable:

The management measures loss allowances for accounts receivable at an amount equal to lifetime expected credit loss, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

### 31 December 2024 (Audited)

<b>Customers group 1</b>	<b>Expected credit loss rate</b>	<b>Book value</b>	<b>Allowance for doubtful debts</b>
No overdue and overdue within 1 year (1 year inclusive)	0.02%	386,352,727	91,066
Overdue 1 to 2 years (2 years inclusive)	0.21%	6,375,618	13,389
Overdue 2 to 3 years (3 years inclusive)	0.68%	5,169,491	35,153
Overdue over 3 years	100.00%	683,973	683,972
Total		<u>398,581,809</u>	<u>823,580</u>
<b>Customers group 2</b>	<b>Expected credit loss rate</b>	<b>Book value</b>	<b>Allowance for doubtful debts</b>
No overdue and overdue within 1 year (1 year inclusive)	1.51%	1,611,287,160	24,323,027
Overdue 1 to 2 years (2 years inclusive)	17.84%	317,818,910	56,698,894
Overdue 2 to 3 years (3 years inclusive)	55.16%	84,092,429	46,385,384
Overdue over 3 years	100.00%	93,241,656	93,241,656
Total		<u>2,106,440,155</u>	<u>220,648,961</u>
<b>Customers group 3</b>	<b>Expected credit loss rate</b>	<b>Book value</b>	<b>Allowance for doubtful debts</b>
No overdue and overdue within 1 year (1 year inclusive)	2.19%	2,706,926,234	59,284,159
Overdue 1 to 2 years (2 years inclusive)	21.43%	310,622,218	66,576,376
Overdue 2 to 3 years (3 years inclusive)	53.30%	99,435,129	52,998,682
Overdue over 3 years	100.00%	134,403,407	134,403,407
Total		<u>3,251,386,988</u>	<u>313,262,624</u>

31 December 2023 (Audited)

Customers group 1	Expected credit loss rate	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	0.29 %	249,392,422	723,242
Overdue 1 to 2 years (2 years inclusive)	5.64%	6,143,113	346,472
Overdue 2 to 3 years (3 years inclusive)	37.12%	44,706	16,595
Overdue over 3 years	100.00%	47,764	47,764
Total		<u>255,628,005</u>	<u>1,134,073</u>
Customers group 2	Expected credit loss rate	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	1.07%	1,695,231,304	18,068,127
Overdue 1 to 2 years (2 years inclusive)	17.06%	141,739,946	24,180,835
Overdue 2 to 3 years (3 years inclusive)	55.84%	33,533,430	18,725,067
Overdue over 3 years	100.00%	87,535,396	87,535,396
Total		<u>1,958,040,076</u>	<u>148,509,425</u>
Customers group 3	Expected credit loss rate	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	2.52%	2,951,647,370	74,278,145
Overdue 1 to 2 years (2 years inclusive)	20.40%	253,603,074	51,735,027
Overdue 2 to 3 years (3 years inclusive)	52.40%	112,997,446	59,210,662
Overdue over 3 years	100.00%	117,150,588	117,150,588
Total		<u>3,435,398,478</u>	<u>302,374,422</u>

Expected credit loss rates are calculated based on the actual credit loss experiences in the past 5 years and is adjusted based on the differences among the economic conditions of the period of historic data collection, the current economic conditions and the Group's view of economic conditions over the expected lives.

(4) Changes of allowance for doubtful debts during the year:

	31 December 2024 (Audited)	31 December 2023 (Audited)
Balance at the beginning of the year	509,860,980	434,011,425
Addition during the year	154,403,226	124,704,793
Reversal during the year	(17,590,472)	(15,086,801)
Written-off during the year	(2,998,661)	(32,916,533)
Disposal of subsidiaries	—	(851,904)
Balance at the end of the year	<u>643,675,073</u>	<u>509,860,980</u>

During the year, the Group did not have significant recoveries or reversals for accounts receivable that had been fully impaired or provided with a relatively large proportion of allowance for doubtful debts collected or reversed.

(5) **Five largest accounts receivable by debtors at the end of the year:**

As at 31 December 2024, the subtotal of five largest accounts receivable of the Group is RMB1,606,143,555 (31 December 2023: RMB1,683,169,408), representing 27.20% of the total balance of accounts receivable (31 December 2023: 29.49%). The corresponding allowance for doubtful debts is RMB136,701,906 (31 December 2023: RMB89,179,950).

**12. RECEIVABLES UNDER FINANCING**

Item	31 December 2024 (Audited)	31 December 2023 (Audited)
Bills receivable	<u>136,084,824</u>	<u>141,157,180</u>

There is no change in fair value of receivables under financing of the Group in 2024. The accumulated impairment losses recognized in other comprehensive income is nil.

Receivables under financing endorsed or discounted at the end of the year and undue at the balance sheet date:

Type	31 December 2024 (Audited)	31 December 2023 (Audited)
Bank acceptance bills	<u>582,284,991</u>	<u>865,244,516</u>

During the reporting period, the Group discounted certain bank bills receivable from certain banks in China or endorsed them to the Group's suppliers ("**Derecognized Bills**") and derecognized them on 31 December 2024. The carrying amounts of undue bills receivable that have been discounted and derecognized on 31 December 2024 is RMB259,585,753 (31 December 2023: RMB635,675,241). As at 31 December 2024, the carrying amounts of undue bills receivable that have been endorsed and derecognized were RMB322,699,238 (31 December 2023: RMB229,569,275). As at 31 December 2024, the remaining period of the derecognized bills was 1 to 10 months.

According to the Bill Law of the People's Republic of China, if the acceptance bank of bills receivable that is discounted or endorsed by the Group refuses to pay, the holder has recourse to the Group. The Board believed that for the endorsed bills that were derecognized, the Group had substantially transferred almost all the risks and rewards of the bills. Therefore, the Group had derecognized these bills in full.

Due to the recourse rights of the bearer, the Group continued to be involved in the derecognition of the bills and the continued exposure to the maximum risk exposure resulting in the loss of the Group amounted to its full amount.

### 13. SHORT-TERM LOANS

Item	31 December 2024 (Audited)	31 December 2023 (Audited)
Unsecured loans	2,000,409,684	1,749,536,836
Total	<u>2,000,409,684</u>	<u>1,749,536,836</u>

As at 31 December 2024, the guaranteed loans tendered by the intercompany of the Group included in the above unsecured loans were RMB34,596,000 (31 December 2023: RMB34,371,000).

As at 31 December 2024, the Group did not have any overdue loans not yet repaid.

### 14. BILLS PAYABLE

Item	31 December 2024 (Audited)	31 December 2023 (Audited)
Commercial acceptance bills	582,549,594	799,029,013
Bank acceptance bills	590,658,417	569,324,122
Total	<u>1,173,208,011</u>	<u>1,368,353,135</u>

The Group did not have any bills payable due and unpaid.

The above amounts are bills payable due within one year.

### 15. ACCOUNTS PAYABLE

(1) Details of accounts payable are as follows:

Items	31 December 2024 (Audited)	31 December 2023 (Audited)
Due to related parties	225,111,246	322,874,669
Due to third parties	1,735,455,545	1,464,966,290
Total	<u>1,960,566,791</u>	<u>1,787,840,959</u>

(2) The ageing analysis of accounts payable, based on invoice date, is as follows:

Items	31 December 2024 (Audited)	31 December 2023 (Audited)
Within 1 year (1 year inclusive)	1,689,044,081	1,689,329,664
1 to 2 years (2 years inclusive)	212,136,184	49,744,090
2 to 3 years (3 years inclusive)	16,744,582	13,759,904
Over 3 years	42,641,944	35,007,301
Total	<u>1,960,566,791</u>	<u>1,787,840,959</u>

Accounts payable over 1 year are paid for goods and spare parts for system integration projects, and the Group continues to trade with the responding parties.

## 16. LONG-TERM LOANS

Items	31 December 2024 (Audited)	31 December 2023 (Audited)
Unsecured loans	7,300,044,880	6,090,598,259
Less: non-current bank loans due within one year	2,509,343,794	1,235,414,791
Total	<u>4,790,701,086</u>	<u>4,855,183,468</u>

As at 31 December 2024, there was no overdue long-term loans. The above bank loans were fixed rate loans of which interest rate was 1.2%-3.95% (2023: 0.9%-4.0%), the interest rate of floating rate loan is the quoted interest rate of one-year loan market minus 1.20% to the quoted interest rate of one-year loan market minus 0.55%.

The Group's bank loans (including short-term loans and long-term loans) by repayment time were listed as follows:

Items	31 December 2024 (Audited)	31 December 2023 (Audited)
Within 1 year (1 year inclusive)	4,509,753,478	2,984,951,627
1 to 2 years (2 years inclusive)	1,853,795,138	2,213,663,901
2 to 5 years (5 years inclusive)	2,769,364,812	2,641,519,567
Over 5 years	167,541,136	—
Total	<u>9,300,454,564</u>	<u>7,840,135,095</u>

## 17. DIVIDENDS

### (i) Dividends payable to equity shareholders of the Company attributable to the year

	2024 (Audited)	2023 (Audited)
Final dividend proposed after the end of the reporting period of RMB0.268 per ordinary share (2023: RMB0.514)	<u>203,118,569</u>	<u>389,563,226</u>

### (ii) Dividends paid to equity shareholders of the Company attributable to the previous financial year approved during the year

	2024 (Audited)	2023 (Audited)
Final dividend paid in respect of the previous financial year	<u>389,563,226</u>	<u>350,152,160</u>



## 18. CHANGES OF MAJOR ACCOUNTING POLICIES

(1) **The Group has adopted the new or revised CAS standards and relevant guidance recently issued by the Ministry of Finance since 2024, including the following:**

- “Classification of Liabilities as Current or Non-current” in CAS Bulletin No. 17 (Caikuai [2023] No. 21) (“**CAS Bulletin No. 17**”);
- “The Accounting Treatment of Assurance-type Warranty that is not a Single Performance Obligation” in CAS Bulletin No. 18 (Caikuai [2024] No. 24) (“**CAS Bulletin No. 18**”).

Main effects of the Group’s adoption of the above requirements and guidance:

(i) ***Requirements on the Classification of Liabilities as Current or Non-current***

Requirements on the Classification of Liabilities as Current or Non-current According to CAS Bulletin No. 17, only the Group’s substantive right to defer the settlement of liabilities for more than one year after the balance sheet date (“**the right to defer the settlement of liabilities**”) is considered when classifying the liquidity of liabilities; the subjective possibility of exercising the above right is not considered.

For liabilities arising from the Group’s loan arrangements, if the Group’s right to defer the settlement of liabilities is subject to compliance with covenants specified in the loan arrangements (“**covenants**”), only the covenants on or before the balance sheet date when classifying the liquidity of liabilities are considered; the effect of covenants after the balance sheet date is not considered.

If the Group settles its liabilities by delivering its own equity instruments at the option of the counterparty and classifies the above options as equity instruments and recognises them separately as the equity component of a compound financial instrument in accordance with CAS 37 – Presentation of Financial Instruments, there will be no effect on the classification of the liquidity of the liabilities. However, there will be effects on the classification if the above options cannot be classified as equity instruments.

(ii) ***Presentation of Assurance-type Warranty Expenses***

According to CAS Bulletin No. 18, the Group has presented assurance-type warranty expenses accrued by the Group as operating cost from principal activities and no longer as selling and distribution expenses.

The adoption of the above regulations has not had a significant impact on the financial condition and operating results of the Group.

## **(2) Disclosure of reporting segments**

In order to better reflect the overall status of the cable business in optics markets such as optical fibre preform, optical fibre and optical cable, and to reflect the development of diversified businesses, the Company plans to adjust the reporting segments as follows:

Before the adjustment:

- The Company has three segments, including optical fibres and optical fibre preforms segment, optical fibre cables segment, and optical components and modules segment.

After the adjustment:

- The Company would have two segments: optical communication products (products and services mainly include the optical fibre preforms, optical fibres and optical cables, leaky cables, RF cables and other wires and cables used in telecom and datacom markets) and optical transmission components (mainly includes optical components and modules, active optical cable, pre-assemble jumper cable, high-speed copper cable and their cabling solutions).

Regarding to the changes of the above reporting segments, the Group has adopted the retrospective adjustment method for accounting treatment and has adjusted the comparative data from the previous year. For details, please refer to Note 9.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the year, the Group's operating income was approximately RMB12,197.4 million, decreased by approximately 8.7% as compared to 2023 of approximately RMB13,352.8 million. The Group reported a gross profit of approximately RMB3,330.1 million, increased by approximately 1.8% as compared to 2023 of approximately RMB3,272.0 million. The Group's net profit for the year attributable to the equity shareholders of the Company amounted to approximately RMB675.9 million, decreased by approximately 47.9% as compared to 2023 of approximately RMB1,297.4 million. The Group's net profit for the year attributable to the equity shareholders of the Company deduction of non-recurring profit and loss amounted to approximately RMB367.2 million, decreased by approximately 49.7% as compared to 2023 of approximately RMB730.0 million.

Basic earnings per share for the reporting period was RMB0.89 per share (2023: RMB1.71 per share), which was calculated based on the weighted average number of shares issued, further details of which are set out in note 8 to the financial information of this announcement.

### Operating income

The Group's operating income for the year ended 31 December 2024 was approximately RMB12,197.4 million, representing a decrease of approximately 8.7% as compared to 2023 of approximately RMB13,352.8 million.

For the year ended 31 December 2024, by product segment, a total revenue of approximately RMB7,867.1 million was contributed from optical communication products segment, representing a decrease of 12.8% as compared to 2023 of approximately RMB9,021.2 million and accounting for 64.5% (2023: 67.6%) of the Group's revenue; and a total revenue of approximately RMB2,116.0 million was contributed by optical transmission components segment, representing an increase of 3.7% as compared to 2023 of approximately RMB2,040.2 million and accounting for 17.3% (2023: 15.3%) of the Group's revenue.

A total revenue of approximately RMB2,214.3 million was contributed by other products and services, representing an decrease of 3.4% as compared to 2023 of approximately RMB2,291.3 million and accounting for 18.2% (2023: 17.2%) of the Group's revenue.

By geographical segment, a total revenue of approximately RMB8,075.9 million was contributed by domestic customers, representing a decrease of 10.4% (2023: decrease of 1.9%) as compared to 2023 of approximately RMB9,010.2 million and accounting for 66.2% of the Group's revenue. For overseas market, a total revenue of approximately RMB4,121.5 million was reported in 2024, representing a decrease of 5.1% (2023: decrease of 6.5%) as compared to 2023 of approximately RMB4,342.6 million and accounting for approximately 33.8% of the Group's revenue.

## **Cost of sales**

The Group's cost of sales for the year ended 31 December 2024 was approximately RMB8,867.3 million, representing a decrease of 12.0% as compared to 2023 of approximately RMB10,080.8 million and accounting for 72.7% of the Group's revenue.

The Group's cost of sales included (i) raw material costs; (ii) manufacturing overheads (including depreciation on machinery and equipment, consumables, rental expenses, utilities, transportation costs and other manufacturing overheads); and (iii) direct labour costs.

During the year, the Group's total raw material costs were approximately RMB6,848.1 million, representing a decrease of approximately 11.3% as compared to approximately RMB7,722.8 million in 2023.

During the year, the Group's manufacturing overheads and direct labour cost amounted to approximately RMB2,019.2 million, representing a decrease of approximately 14.2% as compared to approximately RMB2,354.4 million in 2023.

## **Gross profit and gross profit margin**

For the year ended 31 December 2024, the Group reported a gross profit of approximately RMB3,330.1 million, representing an increase of 1.8% as compared to approximately RMB3,272.0 million in 2023 and the gross profit margin increased to 27.3% in 2024 (2023: 24.5%).

## **Selling and distribution expenses**

For the year ended 31 December 2024, the Group's selling and distribution expenses were approximately RMB489.1 million, representing a decrease of 2.6% as compared to approximately RMB502.3 million in 2023.

## **General and administrative expenses**

For the year ended 31 December 2024, the Group's general and administrative expenses were approximately RMB1,042.4 million, representing a decrease of 0.5% as compared to approximately RMB1,048.1 million in 2023.

## **Research and development expenses**

For the year ended 31 December 2024, the Group's research and development expenses were approximately RMB787.2 million, representing an increase of approximately 1.6% as compared to approximately RMB775.0 million in 2023, which was mainly due to the increased R&D investment in diversified directions as compared with last year.

## **Financial expenses**

For the year ended 31 December 2024, the Group's financial expenses were approximately RMB191.2 million, representing an increase of 50.1% as compared to approximately RMB127.3 million in 2023, which was mainly due to the decreased interest income and exchange gains and the increased interest expenses during the year as compared with last year.

The annual effective interest rate of the bank loans for the year ranged from 1.2%-11.25% per annum (2023: 0.10% to 4.00% per annum).

## **Other income**

For the year ended 31 December 2024, the Group's other income was approximately RMB261.3 million, representing an increase of approximately RMB72.7 million as compared to approximately RMB188.6 million in 2023, which was mainly because the government grants related to income increased by approximately RMB107.4 million, while the government grants related to assets decreased by approximately RMB34.7 million during the year.

## **Gains from changes in fair value**

For the year ended 31 December 2024, the Group's losses from changes in fair value was approximately RMB138.2 million, while the Group recorded gains of approximately RMB10.8 million in 2023.

## **Income tax expenses**

For the year ended 31 December 2024, the Group's income tax expenses were approximately RMB11.6 million, representing a decrease of approximately RMB27.8 million as compared to approximately RMB39.5 million in 2023, which was mainly due to the decrease in profit before income tax as compared with last year. Details of the preferential tax treatments of the Company and certain subsidiaries were set out in note 7 to the financial information contained in this announcement.

## **Capital expenditures**

During the year, the Group incurred capital expenditures of approximately RMB1,350.0 million (2023: approximately RMB2,210.4 million) in total, which was mainly due to the overseas localized capacity expansion, continuous layout in diversified projects, and optimization of domestic optical fibre preforms and optical fibres capacity.

## **Gearing ratio**

The Group monitors its leverage using gearing ratio, which is net debts divided by total equity. Net debts include all bank loans less cash and cash equivalents. The Group's gearing ratio as at 31 December 2024 was 41.4% (31 December 2023: 31.6%).

## Cash flow analysis

The following table sets forth the selected cash flow data derived from the consolidated cash flow statement for the year ended 31 December 2024.

	2024 (Audited)	2023 (Audited)
Net cash generated from operating activities	1,783,352,440	1,514,407,175
Net cash used in investing activities	(2,298,920,695)	(2,613,693,173)
Net cash (used in)/generated from financing activities	(25,292,400)	643,401,491
Effect of foreign exchange rate changes on cash and the equivalents	(4,082,920)	19,369,033
Net decrease in cash and cash equivalents	<u>(544,943,575)</u>	<u>(436,515,474)</u>

The net cash generated from the Group's operating activities increased by approximately RMB268.9 million, which was mainly due to intensified efforts in the recovery of accounts receivable during the year, which has effectively facilitated the return of funds.

Net cash used in the Group's investing activities decreased by approximately RMB314.8 million, which was mainly due to the decrease in capital expenditures during the year as compared with last year.

Net cash generated from the Group's financing activities decreased by approximately RMB668.7 million, which was mainly due to the decrease in the investment in acquisition of fixed assets, intangible assets and other long-term assets during the year as compared with last year.

Cash and cash equivalents as at 31 December 2024 were cash at banks and on hand, which were mainly in RMB, US Dollars and Euro.

## Net current assets

As at 31 December 2024, the Group's net current assets was approximately RMB4,272.1 million, representing a decrease of approximately RMB1,202.2 million as compared to approximately RMB5,474.3 million as at 31 December 2023. The decrease in net current assets was mainly because (1) cash on hand and at bank and financial assets held for trading decreased by approximately RMB214.0 million; (2) inventories increased by approximately RMB234.4 million; (3) contract liabilities decreased by approximately RMB228.4 million; (4) employee benefit payables decreased by approximately RMB178.4 million; and (5) short-term loans and non-current loans due within one year increased by approximately RMB1,539.8 million.

## **Bank loans**

As at 31 December 2024, the Group's bank loans were approximately RMB9,300.5 million, representing an increase of approximately 18.6% as compared approximately RMB7,840.1 million as at 31 December 2023. As at 31 December 2024, among the Group's bank loans, 0.06% were EUR dollar loans, 0.68% were IDR loans and the remaining 99.26% were mainly RMB loans.

## **Capital commitments and contingent liabilities**

As at 31 December 2024, the Group's outstanding capital commitments on fixed assets were approximately RMB2,067.9 million (31 December 2023: approximately RMB1,610.1 million). Out of the total amount of unsettled commitments as at 31 December 2024 of approximately RMB2,067.9 million (31 December 2023: approximately RMB1,610.1 million), a total amount of approximately RMB819.6 million (31 December 2023: approximately RMB744.6 million) were contracted, and the balance of approximately RMB1,248.3 million (31 December 2023: approximately RMB865.5 million) were authorized by the Board but not yet contracted.

As at 31 December 2024, the Group did not have any contingent liability.

## **Funding and treasury policy**

The Group adopts a conservative approach on its funding and treasury policy, which aims to maintain an optimal financial position and the most economic finance costs as well as minimise the Group's financial risks. The Group regularly reviews the funding requirements to ensure adequate financial resources to support its business operations and future investments and expansion plans as and when needed.

## **Exposure to fluctuations in exchange rates**

Most of the Group's revenues and expenses are settled in RMB, USD and EUR while some of the Group's sales, purchases and financial liabilities are denominated in USD, Euro, IDR, BRL, MXN, AUD, NZD, PEN, PHP, SGD, THB and ZAR. Most of the bank deposits are in RMB, USD and Euro.

During the year, due to the depreciation of BRL against major currencies such as the USD, the Group realized net foreign exchange losses of approximately RMB11.7 million.

## **Employees and remuneration policies**

As at 31 December 2024, the Group had approximately 9,616 full-time employees (31 December 2023: approximately 9,176 full-time employees). During the reporting period, the staff costs of the Group were RMB1,562.0 million (2023: RMB1,781.7 million). The Group has designed an annual evaluation system to assess the performance of its employees. Such system forms the basis of determining whether an employee should be entitled to salary increments, bonuses or promotions. The salaries and bonuses that the employees received are competitive with market rates. The Company has been in compliance with the relevant national and local labor and social welfare laws and regulations in China.

The Group arranges external training courses, seminars and technical courses for employees to enhance their professional knowledge and skills, their understanding of market development and management and operational skills.



## Off-balance sheet arrangements

As at 31 December 2024, the Company discounted and endorsed certain bank bills receivable with a carrying amount of approximately RMB582.3 million (31 December 2023: approximately RMB865.2 million) to certain commercial banks in China and its suppliers.

## ACQUISITION AND FORMATION OF NEW PRESENCES

### *Everfoton (Xiangyang) Technologies Corporation Limited*

On 5 January 2024, a subsidiary of the Company, Everfoton Technologies Corporation Limited (“**Everfoton Technologies**”) established Everfoton (Xiangyang) Technologies Corporation Limited. (“**Xiangyang Everfoton**”) in Xiangyang, Hubei Province. Its general business scope includes software development, mechanical equipment research and development, new material technology research and development, specialized equipment manufacturing and sales, and optoelectronic device manufacturing and sales. Xiangyang Everfoton is held as to 92.5% by Everfoton Technologies, with a registered capital of RMB100,000,000.

### *Everfoton (Tangshan) Technologies Corporation Limited*

On 10 January 2024, Xiangyang Everfoton established Everfoton (Tangshan) Technologies Corporation Limited. (“**Tangshan Everfoton**”) in Tangshan, Hebei Province. Its general business scope includes technology development and services, metal cutting and welding equipment manufacturing, mechanical equipment sales, electrical equipment sales, and optoelectronic device manufacturing and sales. Tangshan Everfoton is 100% owned by Xiangyang Everfoton, with a registered capital of RMB10,000,000.

### *Radio Frequency Systems GmbH*

In April 2024, a subsidiary of the Company, YOFC International (Germany) GmbH, acquired 100% equity interest of Radio Frequency Systems GmbH and its subsidiaries (RFS Italia S.R.L., RFS (UK) Ltd., Radio Frequency Systems (S) Pte. Ltd.). The financial performance of Radio Frequency Systems GmbH has been included in the consolidated financial statements of the Group since April 2024.

The main business scope of Radio Frequency Systems GmbH and its subsidiaries is the research and development, production, and sales of power cables such as RF cables and leaky cables.



### ***Radio Frequency Systems (Suzhou) Co., Ltd.***

In April 2024, the Company acquired 100% equity interest of Radio Frequency Systems (Suzhou) Co., Ltd. (“**RFS Suzhou**”). The financial performance of RFS Suzhou has been included in the consolidated financial statements of the Group since April 2024.

RFS Suzhou mainly engages in the research and development, production, and sales of power cables such as RF cables and leaky cables.

### ***Jiaxing EverBroad Optoelectronics Co., Ltd.***

On 28 June 2024, a subsidiary of the Company, Broadex Technologies Company Limited. (“**BDX**”), established Jiaxing EverBroad Optoelectronics Co., Ltd. (“**EverBroad Optoelectronics**”) in Jiaxing, Zhejiang Province. Its general business scope is the manufacturing of optoelectronic devices, electronic components, other electronic devices, integrated circuit chips and products, optical communication equipment, communication equipment, cloud computing devices, network equipment and terminal testing equipment, etc. EverBroad Optoelectronics is 100% owned by BDX, with a registered capital of RMB500,000.

### ***Hangzhou Lin'an Yangtze Cable Company Limited***

On 6 September 2024, the Company established Hangzhou Lin'an Yangtze Cable Company Limited in Hang Zhou, Zhejiang Province. Its general business scope includes the operation of wires and cables; the manufacturing of optical cables; the sales of optical cables; the production of optical communication equipment; the sales of optical communication equipment; the manufacturing of communication equipment; the sales of communication equipment and engineering management services, etc. Hangzhou Lin'an Yangtze Cable Company Limited is held 100% by the Company, with a registered capital of RMB1,000,000.

### ***Yangtze (Jiangsu) Marine Technology Company Limited***

In November 2024, the Company acquired 30% equity interest of Yangtze (Jiangsu) Marine Technology Company Limited (“**YOFC Marine**”) and held total 60% equity interest of YOFC Marine after the acquisition. The financial performance of YOFC Marine has been included in the consolidated financial statements of the Group since November 2024.

The main business scope of YOFC Marine is the sales of submarine power cables, submarine optical cables, and other wire and cable products along with their accessories, as well as the installation of marine engineering-related cables, components, and systems.

## ***Jiaxing INBroad Technology Co., Ltd.***

On 28 June 2024, BDX established Jiaxing INBroad Technology Co., Ltd. (“**Jiaxing INBroad**”) in Jiaxing, Zhejiang Province. Its general business scope includes technical services, technology development, consulting, exchange, transfer; technology import and export; engaging in investment activities with self-owned funds; sales agent; offshore trade operations; import and export agency. Jiaxing INBroad is 100% owned by BDX, with a registered capital of RMB100,000,000.

In September 2024, BDX transferred 73% of its wholly-owned subsidiary, Jiaxing INBroad. After the equity transfer, BDX retains 27% of the equity in Jiaxing INBroad, and Jiaxing INBroad was no longer included in the consolidated financial statements of the Group.

Saved as the acquisitions of Radio Frequency Systems GmbH, RFS Suzhou and YOFC Marine, the aforementioned transactions did not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”).

## **OUTLOOK**

In 2024, the high-quality development of the telecommunications industry in the domestic market advanced in solid steps. According to the Statistical Communiqué of the Communications Industry in 2024 (《二零二四年通信業統計公報》) issued by the Ministry of Industry and Information Technology in January 2025, the number of mobile base stations in China has reached 12.65 million as of the end of 2024, with a net increase of 1.026 million compared to the end of the previous year. Of which, the number of 5G base stations in China has reached 4.251 million, accounting for 33.6% of the total number of mobile base stations. In October 2024, the number of 5G base stations in China per 10,000 people reached 29, meeting the goal of constructing the 5G infrastructure during the “14th Five-Year Plan” period ahead of schedule. As in-depth coverage has been realized in the construction of 5G network in China, the mobile data traffic has been growing. In 2024, the mobile data flow of usage reached 337.6 billion GB, representing a year-on-year increase of 11.6%; the monthly average mobile data flow of usage (DOU) per household for the year reached 18.18GB, representing a year-on-year increase of 7.4%; the monthly DOU per household in December 2024 has reached 19.7GB, with an increase of 0.71GB per household compared to the end of the previous year. In terms of fixed networks, the data flow of usage in China reached 18838GB in 2024, representing a year-on-year increase of 14.9%. As of the end of 2024, the number of 10G PON ports that have service capabilities of providing access rates of gigabit has reached 28.20 million, with a net increase of 5.183 million compared to the end of the previous year. China has built the world’s largest and most technologically advanced network infrastructure, and the industry has entered an era of high-quality development.

In 2025, China will consolidate high-quality 5G network coverage through the country, to accelerate further extension of 5G to remote areas, speed up continuous coverage 5G RedCap (lightweight) in cities above the county level, promote upgrading of 5G to 5G-A in an orderly manner, and push forward large-scale deployment in key areas and exploration and application in new scenario. In terms of fixed network, according to the Notice on Piloting Fiber Network with 10 Gigabit (《關於開展萬兆光網試點工作的通知》) issued by the Ministry of Industry and Information Technology in January 2025, network with 10 gigabit will be the direction in developing next generation of optical network and the key component of the new information infrastructure. The Ministry of Industry and Information Technology requires efforts to develop pilot programs of network with 10 gigabit in cities and regions where conditions and foundations permit with a focus on key scenarios such as communities, factories and parks by the end of 2025, thereby guiding the gradual development of network with 10 gigabit from technology pilot to deployment and application, and promoting network upgrade and evolution in the direction of ultra-large capacity, ultra-high-speed and intelligent network in an orderly manner.

In the overseas markets, there is a huge potential in the communication network market. According to the reports issued by ITU in November 2024, one-third of the global population remain offline, while there is room for improvement in the quality of network. In terms of fixed network, according to the 2024 annual report issued by Fiber Broadband Association, fiber access coverage rate passes 56.5% of households in North America; according to the data released by The FTTH Council Europe in June 2024, FTTH/B coverage rate in EU39 countries amounts to 69.9%, with a FTTH penetration of 34.7%, showing much room for improvement in network coverage in developed countries and regions and much potential for the construction of communications network infrastructure in developing countries and regions. In terms of mobile network, according to the Mobility Report issued by Ericsson in November 2024, the rate of mobile network traffic data grew at 21% year-on-year for the third quarter of 2024, with an estimated global monthly mobile traffic data of 473EB, or three times of the current level, by 2030. 80% of which will be handled by 5G network. Rapid increase in data traffic and improvement in 5G coverage will effectively support the demand for the construction of overseas mobile networks in medium to long-term.

In 2024, AI data centers were developing fast, and relevant datacom market demands from computing network realized steady growth. Currently, the domestic total computing power ranked second in the world, with relevant infrastructure expanding continuously. Telecom operators have skewed their investment towards the construction of computing power, internet companies have increased their capital expenditure, and the number of users of generative artificial intelligence applications are surging fast. At the national industry and information technology meeting held in December 2024, it was suggested that the layout of computing power should be optimized in an orderly manner, and the network should be upgraded to integrate computing and transmission capabilities. Benefiting from market demand and policy guidelines, relevant products such as high-end multi-mode optical fibre used internally in data centers and G.654.E optical fibre used for interconnection between data centers will be applied on large scale. Meanwhile, the experimental deployment of hollow-core optical fibre has been accelerating. In terms of overseas market, the capital expenditure of main internet vendors has also been increasing. The global datacom market is expected to record continuous growth.

In 2024, the global demand for optical fibres and optical cables was under continued pressure, and the industry and the Company faced both opportunities and challenges. In the domestic market, as the coverage of 5G base stations and FTTH penetration have reached a satisfactory and globally leading level, the effective demand for traditional optical fibre and cable products became insufficient and its growth continued to slow down. According to the data release by the National Bureau of Statistics of China, the total output of optical cables decreased year-on-year by approximately 18.2% in 2024. On the other hand, as the development of digital economy and network entered into a new era of high-quality development, large-capacity, long-distance and low-latency optical transmission technology has been widely used, while the development of generative artificial intelligence computing power network infrastructure requires the support by new types of optical fibres. The market demand for G.654.E optical fibre, which combines large effective area and low attenuation coefficient and is used for telecom backbone network upgrade and long-distance interconnection of data centers, and space division multiplexing optical fibre, such as multi-core and few-modes optical fibre, which can further enhance the transmission capacity, continued to grow. In addition, the demand for high-end multi-mode optical fibre, which is used within data centers outpaced the supply, and the research and development and industrialization of hollow-core optical fibre, which is capable of realizing ultra-high-speed optical transmission in the future, have been accelerating. While in terms of overseas markets, there are huge potentials for the development of telecom infrastructure, the demand for optical fibres and optical cables is expected to head start in the recovery, and the demand for new optical fibre related to computing power network will continue to rise. According to the report issued by CRU, the global demand for optical fibres and optical cables will resume growth in 2025 and realize a stable annual growth rate of approximately 4% from 2025 to 2029.

During the reporting period, the Company's revenue was approximately RMB12,197 million, representing a decrease of approximately 8.7% as compared with approximately RMB13,353 million in 2023. Benefiting from the optimization of production efficiency and the improvement of product mix, the Company's gross profit margin increased to approximately 27.3% in 2024 from approximately 24.5% in 2023. The Company's net profit attributable to shareholders of the Company decreased from approximately RMB1,297 million in 2023 to approximately RMB676 million in 2024, representing a decrease of approximately 47.9%. The net cash generated from the Company's operating activities was approximately RMB1,783 million in 2024 as compared with approximately RMB1,514 million in 2023, representing an increase of approximately 17.8%.

## **1. CONSOLIDATING ADVANTAGES OF OUR MAIN BUSINESS AND OPTIMIZING PRODUCT MIX**

In 2024, against severe challenges of insufficient effective global demand for traditional optical fibre and cable products, and a price level that was under continued pressure, the Company leveraged its advantages in terms of market and efficiency, maintained its leading delivery share to domestic customers, stabilized revenue from its main businesses and gained high recognition from core customers. As of the end of 2024, the Company was awarded the Grade A Supplier of optical fibre products from China Mobile for four consecutive years and Grade A Supplier of feeder line products for China Mobile for two consecutive years. In January 2025, the Company was awarded the title of strategic supplier from China Telecom.

In light of the new demand and market opportunities arising from the high-quality development era of the telecommunications industry in China, the Company achieved rapid expansion of the business of new types of optical fibres. The Company has maintained its leading position in terms of bidding and delivery share of G.654.E in the domestic operator market, and extend its application to power grids. To meet the demand for long-distance direct fibre linkage, the Company worked with China Mobile to complete the deployment of the first air blown G.654.E cable in the world, in December 2024. With smaller diameters, higher density and lighter in weight, these fibre cables can effectively reduce the deployment time and conserve channel resources, thereby potentially promote the large-scale deployment of the G.654.E optical fibre and cable products. For space division multiplexing optical fibre, the Company completed the first pilot project of the multi-core optical fibre for data center transmission in China. The project would help explore solutions of ultra-large capacity and high-density deployment for data centers. In the meantime, with accelerated development of the computing power data centers, medium to high-end multi-mode optical fibre that is used internally in data centers is in shortage of supply.

The Company has been improving its technology and production efficiency, and continuous increasing the proportion of revenue from new optical fibre products through market expansion of the relevant businesses, so as to optimize product mix and strengthen profitability. In 2024, the gross profit margin of the Company's optical communication products segment increased to 31.7% from 29.7% in 2023. Looking ahead, the Company will consolidate its leading position in the market within the industry where it operates its main business, and achieve the sustainable development of its main business through its advantages in terms of technology research and development and industrialization, which foster differentiated competitive strengths with new optical fibre product as the core.



## **2. ADHERING TO TECHNOLOGY INNOVATION IN CREATING NEW ENGINE FOR HIGH-QUALITY DEVELOPMENT**

Technology innovation and smart manufacturing is one of the major strategies of the Company, and is the foundation of the Company to consolidate the global leading position of its main business. Relying on its research and development platform with state key laboratory for advanced manufacturing and application of optical fibre and cable as the core, which is the only state key laboratory in the industry, the Company adhered to the product development strategy of “one generation of commercial usage – one generation of reserve – one generation of pre-research” and continued the development of cutting-edge optical fibre technology, which ensures its global leading position in the terms of R&D, innovation and industrialization of new products.

Currently, the development of the digital economy is moving towards a new era centered on computing power, while high-quality optical network connections built on new optical fibre is becoming the key in supporting application and development of computing power. While vigorously expanding new products such as G.654.E optical fibre and medium to high-end multi-mode optical fibre that have achieved large-scale commercial use, the Company has demonstrated its advantages in technology R&D, application and testing of cutting-edge products. Hollowcore optical fibre, as a “disruptive technology for the next generation of optical communication”, has the conditions and potential for further pilot, promotion and application in AI data centers and high-frequency financial transactions. With disruptive advantages in terms of ultra-low latency, ultra-low loss, ultra-low and non-linear properties, it has the potential for breaking through the bottleneck of transmission performance of solid-core optical fibre in moving towards next-generation T bit rate, and becomes an option for core technology for the next generation optical network. In 2024, the hollow-core optical fibre products developed by the Company have successfully completed pilot projects with three operators in China of existing network. The Company has worked with a number of equipment vendors and Internet companies in conducting testings, and reached leading performance indicators in the world. Currently, large-scale commercial use of hollow-core optical fibre products also depends on a number of factors, including improvement in the capability of mass manufacturing, optimization of production cost, sophistication of application scenarios and improvement in technical standards. The Company will continue to promote the process of R&D and industrialization for hollow-core optical fibre products, in order to ensure its leading position in the field of cutting-edge optical fibre and cable products.

In February 2025, the Company, as the sole representative of the optical fiber and cable industry, participated in the achievement exhibition "New Vision of Network Development" held at the National Museum of China. The Company's representative R&D achievements such as super-sized optical fiber preforms, hollow-core anti-resonant optical fiber preforms, optical fibers, and submarine optical cables were exhibited, reflecting the Company's long-term commitment to technological innovation, active response to the strategy of strengthening the nation with network development, and the achievement of the strategic initiative of providing a solid support for domestic network infrastructure to accelerate the digitalization process continuously.

### **3. IMPROVING BUSINESS LAYOUT AND CONTINUOUSLY ENHANCING THE LEVEL OF INTERNATIONALIZATION**

In the global market, affected by factors such as weak macroeconomic growth prospects, high uncertainties in interest rate and exchange rate environment and frequent trade protectionist measures, the demand in the optical fibre and cable industry has been in a downward trend since 2023. However, in the medium to long term, room for improvement still exists in 5G deployment and fibre penetration rate in Europe and the United States, while there is huge development potential for communications infrastructure in developing countries, and the construction of overseas AI data centers is flourishing and still rising. According to the report issued by CRU, the global optical fibre and cable market is expected to resume growth in 2025 and realize a stable annual growth rate of approximately 4% from 2025 to 2029.

2024 marks the 10th anniversary of the implementation of the Company's internationalization strategy. The revenue of the Company's overseas business increased from approximately RMB398 million in 2014, representing 7.01% of total revenue for the year, to approximately RMB4,121 million in 2024, representing 33.79% of total revenue. In addition to more than tenfold increase in revenue, the Company's overseas business layout has also been continuously improved. Following the formal commencement of operation of the Mexican plant in August 2024, the Company has deployed 8 overseas manufacturing bases in Indonesia, South Africa, Brazil, Poland, Germany and Mexico, over 20 overseas platform companies and over 50 overseas offices in various countries. The layout already covers major targeted regions, is able to respond quickly to market demand and achieve in-depth cooperation with customers, and can effectively respond to trade protectionist measures. The Company's communication network engineering projects continued to make progress in Indonesia, Peru, the Philippines and other places.

Since 2021 up to the current year, the Company's revenue from overseas business has accounted for more than 30% of its total revenue for four consecutive years, which has preliminarily formed and consolidated the global revenue structure. In the future, on one hand, the Company will seize the opportunities in the international market to improve the delivery and operation capabilities of overseas production platforms, increase the breadth and depth of cooperation with key customers, and continue to increase the proportion of overseas business revenue; on the other hand, the Company will make full use of the international layout, accelerate the expansion of diversified products and businesses such as optical transmission components and industrial lasers on the international platforms to strengthen our core competitiveness overseas, and achieve continuous improvement in the level of internationalization.

#### **4. STRENGTHENING DIVERSIFICATION STRATEGY AND ACHIEVING CONTINUOUS EXPANSION IN VARIOUS BUSINESS SEGMENTS**

Based on its core competitive advantages, business synergies and future market development prospects, the Company has preliminarily completed the strategic layout of major diversified segments, such as optical transmission components, third-generation semiconductors, industrial lasers, submarine cables and marine engineering, and high purity synthetic quartz materials.

In the field of third-generation semiconductors, the main building structure of YOFC Advanced Semiconductor's production base in Wuhan had topped out in June 2024, currently it has entered the equipment installation and commissioning stage and is expected to achieve scaled production by the end of April 2025. Once reached full capacity, it can produce 360,000 6-inch silicon carbide wafers per year, which can meet the demand of approximately 1.44 million new energy vehicles, demonstrating its leading production capacity in domestic market. In terms of product development progress, the Company's silicon carbide MOSFET products passed the AEC-Q101 automotive qualification in February 2025, on-state resistance (R<sub>onsp</sub>) and gate charge (Q<sub>g</sub>) have reached domestic advanced level, with extremely low switching loss and conduction loss, which can significantly improve the performance of inverters and other application terminals, and laid a solid foundation for subsequent market expansion for automotive qualification products.

In the field of industrial laser, the business scale of YOFC Everfoton has grown significantly in 2024, and through the layout in laser equipment business, its industrial chain has been further extended.

In the field of submarine cables and offshore engineering, the Company completed the acquisition of Yangtze (Jiangsu) Marine Technology Company Limited, a submarine cable manufacturing platform, in November 2024. The acquisition will promote the synergies between the manufacturing of submarine cables and marine engineering construction businesses such as submarine cable laying and wind turbine installation, and achieve business expansion.

Based on years of experience in chemical vapor deposition and synthetic quartz, the Company has developed various high-end quartz material products through internal business cultivation and incubation. These products have advanced optical properties and geometric precision such as high purity, no air bubbles and high optical uniformity, which can meet the needs of various industries and have sound business growth potentials. In 2024, the factory infrastructure and equipment installation of the optical quartz component R&D and industrialization project have been completed, and it is expected to commence operation in the first half of 2025.

## **5. ENSURING STABLE OPERATION AND BUILDING AN INDUSTRY ECOSYSTEM TOGETHER**

The Company has consistently implemented prudent financial policies. In 2024, under the continuously declining demand in the global telecommunications market, the Company faced operating pressure and ensured a stable operating cash flow of RMB1,783 million and an asset-liability ratio of 50.9%. Such steady financial indicators would help Company to maintain smooth investment and financing channels and further implementing various strategic initiatives to ensure long term sustainable development. According to the "Rating Report of Yangtze Optical Fibre and Cable Joint Stock Limited Company for 2025" issued by China Chengxin International in March 2025, the Company continued to obtain the corporate rating result of AAA/Stable.

Focusing on the industrial chain and diversified strategic layout, the Company participated in the establishment of three investment funds, including Hubei Changjiang Yangtze Laser Intelligent Manufacturing Venture Capital Fund Partnership (Limited Partnership), Wuhan YOFC Sci-Tech Industrial Fund Partnership (Limited Partnership) and Hubei YOFC Angel Venture Capital Fund Partnership (Limited Partnership). The assets under management of these funds reach approximately RMB3 billion. The main investment fields of these funds would have a reasonable synergy with the Company's industrial chain and diversification strategic layout, which can build an industrial ecosystem and promote the coordinated development of the industrial chain.



## PROPOSED FINAL DIVIDEND

The Board proposed the distribution of a final dividend for the year ended 31 December 2024 of RMB0.268 before tax (2023: RMB0.514 before tax) per share totaling RMB203,118,569 (2023: RMB389,563,226). The expected payment date is on or before 15 August 2025. The proposed dividend is subject to approval by shareholders of the Company at the forthcoming 2024 annual general meeting of the Company (the “AGM”). Should the proposal be approved, the dividend for holders of A shares, including holders of A shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect (hereinafter referred to as the “**Northbound Shareholders**”) and holders of H shares through the Southbound Trading Link (including Shanghai and Shenzhen markets, hereinafter referred to as the “**Southbound Shareholders**”) will be declared and paid in RMB.

Dividends to holders of H shares, except the Southbound Shareholders, are paid in Hong Kong dollars. The exchange rate will be calculated as per the average exchange rate for converting RMB into Hong Kong dollars published by the People’s Bank of China during the five business days prior to the AGM.

With respect to the Southbound Shareholders, according to the relevant requirements of China Securities Depository and Clearing Corporation Limited, China Securities Depository and Clearing Corporation Limited (“**CSDC**”) Shanghai Branch and Shenzhen Branch shall receive cash dividends distributed by the Company as the nominee of the Southbound Shareholders for Shanghai market and Shenzhen market, respectively and distribute such cash dividends to the relevant Southbound Shareholders through its depository and clearing system.

In accordance with the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise shareholders, i.e. any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H shares registered in the name of other organizations and groups.

In accordance with the requirements of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) 《關於個人所得稅政策若干問題的通知》(財稅字[1994]020號) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual shareholders when the Company distributes the dividends for the year ended 31 December 2024 to overseas individual Shareholders whose names appear on the register of members of H shares of the Company.

For Northbound Shareholders, with regard to the dividends obtained by the investors (including enterprises and individuals) from investment in the A shares of the Company listed on Shanghai Stock Exchange through the Hong Kong Stock Exchange, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the investors through the Northbound Trading Link and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax having been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

For Southbound Shareholders, in accordance with the Notice of Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), effective from 17 November 2014, and the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), effective from 5 December 2016, with regard to the dividends obtained by individual mainland investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of individual mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by mainland securities investment funds from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their income tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

Holders of H shares are advised to consult their own tax advisers about the tax effect in China, Hong Kong and/or other countries (regions) in respect of owning and disposing of H shares if they are in any doubt as to the above arrangements.

## **ANNUAL GENERAL MEETING**

A circular containing among other things, details of the proposed final dividend, together with the notice of AGM, containing details of the AGM as well as the period and arrangement for the closure of register of members will be published on the websites of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yofc.com](http://www.yofc.com)), respectively.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

In 2024, there were no purchase, sales or redemption of the Company's listed securities (including sale of treasury shares) by the Company or its subsidiaries.

As at 31 December 2024, the Company did not hold any treasury shares.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

There were no important events affecting the Group, which occurred after the Period and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established the audit committee of the Company ("**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Hong Kong Listing Rules. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Song Wei, Ms. Li Chang'ai and Mr. TSANG Hin Fun, Anthony, the independent non-executive directors of the Company. Mr. Song Wei is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group with the management and discussed internal control and financial reporting matters including the audit of the consolidated financial statements for the year ended 31 December 2024.

## **SCOPE OF WORK OF THE AUDITOR**

The financial figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2024 as set out in this annual results announcement have been compared by the Group's auditor, KPMG Huazhen LLP, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024 and the amounts were found to be in agreement. The work performed by KPMG Huazhen LLP in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

As a company incorporated in the PRC and dual listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has to comply with the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules and to abide by the PRC Company Law and the applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as the basis for the Company's corporate governance.

The Company has adopted all the code provisions set out in the CG Code and has complied with all the code provisions under the CG Code during the year ended 31 December 2024.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Company Securities Dealing Regulations on Directors, Supervisors and Related Employees (the “**Company’s Code**”) as its own code regarding securities transactions by directors and supervisors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiries of the directors and supervisors of the Company, all directors and supervisors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company’s Code regarding securities transactions during the year ended 31 December 2024.

## ANNUAL REPORT

The auditing process of the 2024 Annual Results has been completed and the annual report of the Company for the year ended 31 December 2024 will be despatched to the requesting shareholders of the Company and published on the websites of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yofc.com](http://www.yofc.com)), respectively before the end of April 2025.

## FORWARD-LOOKING STATEMENTS

The Company would also like to caution readers about the forward-looking nature of certain of the above statements. These forward-looking statements are subject to risks and uncertainties and assumptions, some of which are beyond our control. Potential risks and uncertainties include those concerning the continued growth of the telecommunications industry in China, the development of the regulatory environment and our ability to successfully execute our business strategies. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors.

By order of the Board  
**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***  
長飛光纖光纜股份有限公司  
**Ma Jie**  
Chairman

Wuhan, PRC, 28 March 2025

*As at the date of this announcement, the Board comprises Mr. Zhuang Dan as executive Director; Mr. Ma Jie, Mr. Guo Tao, Mr. Philippe Claude Vanhille, Mr. Pier Francesco Facchini, Mr. Lars Frederick Persson, Mr. Xiong Xiangfeng and Mr. Mei Yong, as non-executive Directors; Mr. Bingsheng Teng, Mr. Song Wei, Ms. Li Chang'ai and Mr. Tsang Hin Fun Anthony, as independent non-executive Directors.*

\* For identification purposes only