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Putian Communication Group Limited
普天通信集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1720)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024, the Group's operating results were summarised as follows:

- Total revenue increased by approximately 7.9% to approximately RMB663.9 million (2023: approximately RMB615.5 million).
- Gross profit increased by approximately 4.5% to approximately RMB141.4 million (2023: approximately RMB135.3 million).
- Gross profit margin decreased by approximately 0.7% to approximately 21.3% (2023: approximately 22.0%).
- Profit for the year attributable to the owners of the Company increased by approximately 141.6% to approximately RMB18.5 million (2023: approximately RMB7.6 million).
- Revenue from sale of optical fibers and optical fiber cables recorded an increase of approximately 41.7% to approximately RMB159.7 million (2023: approximately RMB112.7 million); revenue from sale of data and communications cables increased by approximately 0.3% to approximately RMB342.7 million (2023: approximately RMB341.6 million); revenue from sale of structured cabling system products increased by approximately 0.2% to approximately RMB161.5 million (2023: approximately RMB161.2 million).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Putian Communication Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the year ended 31 December 2023 (the "**Last Year**"). The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**663,865**	615,504
Cost of sales		**(522,461)**	(480,193)
Gross profit		**141,404**	135,311
Other income and gains		**5,957**	4,463
Selling and distribution expenses		**(45,530)**	(40,708)
Administrative expenses		**(57,828)**	(59,183)
Provision for expected credit losses on financial assets		**(10,179)**	(12,126)
Gain on disposal of a subsidiary		**643**	–
Share of loss of an associate		**(56)**	–
Finance costs	*5*	**(19,447)**	(19,704)
Profit before income tax	*6*	**14,964**	8,053
Income tax credit/(expense)	*7*	**3,511**	(405)
Profit for the year attributable to the owners of the Company		**18,475**	7,648
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(1,638)**	(1,061)
Other comprehensive loss for the year, net of tax		**(1,638)**	(1,061)
Total comprehensive income for the year attributable to the owners of the Company		**16,837**	6,587
Earnings per share	*8*		
– Basic and diluted (RMB)		**RMB0.017**	RMB0.007

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*9*	**401,613**	418,765
Intangible assets	*10*	**8,019**	9,151
Investment in an associate		**2,213**	–
Prepayments for property, plant and equipment	*12*	**2,854**	15,051
Deferred tax assets		**9,108**	7,946
		423,807	450,913
Current assets			
Inventories		**65,129**	60,818
Trade and bills receivables	*11*	**506,329**	445,710
Deposits, prepayments and other receivables	*12*	**95,994**	153,747
Current tax recoverable		**6,663**	2,991
Restricted cash	*13*	**21,662**	23,782
Cash and cash equivalents		**29,239**	27,281
		725,016	714,329
Current liabilities			
Trade and bills payables	*14*	**141,462**	136,367
Contract liabilities		**19,715**	34,262
Accruals and other payables		**53,166**	49,505
Lease liabilities		**1,068**	708
Bank and other borrowings	*15*	**215,363**	248,196
		430,774	469,038
Net current assets		**294,242**	245,291
Total assets less current liabilities		**718,049**	696,204

	Notes	**2024** **RMB'000**	2023 RMB'000
Non-current liabilities			
Lease liabilities		**1,182**	48
Bank and other borrowings	*15*	**96,580**	93,000
Deferred tax liabilities		**26,451**	26,157
		124,213	119,205
NET ASSETS		**593,836**	576,999
EQUITY			
Share capital		**9,361**	9,361
Reserves		**584,475**	567,638
TOTAL EQUITY		**593,836**	576,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands as an exempted company under the Companies Law. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 November 2017. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's headquarters and principal place of business is located at the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The principal activities of the Group are production and sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products in the PRC.

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

The principal accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2024 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2023, except for the adoption of the amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") as explained in Note 2.1 below.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

2.1 Adoption of amendments to HKFRSs

In the preparation of the consolidated financial statements for the year ended 31 December 2024, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements

The Group has applied the amendments to HKAS 7 for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Cash Flow Statements* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the Group is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7.44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in Note 14.

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the primary financial statements and the notes. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit of loss and other comprehensive income and disclosures in the future financial statements. The Group is currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and the applicable disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

4. REVENUE

The principal activities of the Group are the production and sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products.

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**663,865**	615,504

(i) Segment reporting

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

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

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

(a) Data and communications cables

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

(b) Optical fibers and optical fiber cables

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

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

(c) Structured cabling system products

Structured cabling system products primarily include optical and copper jumper wires and connection and distribution components such as distribution frames, wiring closets, as well as data and audio modules and faceplates. Commercial buildings and residential units are built in modern style nowadays, especially in developed cities, such as Beijing, Shanghai and etc. Structured cabling system products are widely used to meet the requirement of interior electronic applicable products and towards a more 'intelligent' way.

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

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

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

The following table set outs the breakdown of the revenue and segment profit/(loss) by reportable segments:

	Data and communications cables *RMB'000*	**Optical fibers and optical fiber cables** *RMB'000*	**Structured cabling system products** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2024				
Revenue from external customers and reportable segment revenue – Point in time revenue recognition	**342,706**	**159,668**	**161,491**	**663,865**
Reportable segment profit	**30,307**	**6,056**	**44,331**	**80,694**
Year ended 31 December 2023				
Revenue from external customers and reportable segment revenue – Point in time revenue recognition	341,608	112,671	161,225	615,504
Reportable segment profit/(loss)	35,419	(748)	45,849	80,520

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

(ii) Geographic information

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

	2024	2023
	RMB'000	*RMB'000*
The PRC	**639,790**	605,242
Overseas	**24,075**	10,262
	663,865	615,504

(iii) Information about major customers

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

	2024	2023
	RMB'000	*RMB'000*
Customer A *(Note (i))*	**161,201**	70,873
Customer B *(Notes (ii) and (iii))*	**N/A**	96,868

Notes:

(i) Revenue from optical fibers and optical fiber cables, data and communications cables and structure cabling system products segments.

(ii) Revenue from data and communications cables segment.

(iii) Revenue from relevant customer was less than 10% of the Group's total revenue for the year ended 31 December 2024.

5. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interests and finance charges on bank and other borrowings	**19,399**	19,631
Interests on lease liabilities	**48**	73
	19,447	19,704

6. PROFIT BEFORE INCOME TAX

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

	2024	2023
	RMB'000	*RMB'000*
Auditor's remuneration	**923**	907
Cost of inventories recognised as expenses *(Note (i))*	**522,461**	480,193
Transportation expenses (included in selling and distribution expenses)	**15,001**	9,050
Research expenditures (included in administrative expenses)		
– Employee benefit expenses	**1,941**	2,928
– Materials consumed	**13,133**	8,730
– Others	**107**	2,425
	15,181	14,083
Depreciation of property, plant and equipment and right-of-use assets *(Note (ii) and Note 9)*	**42,639**	42,145
Amortisation of intangible assets (included in cost of sales) *(Note 10)*	**1,132**	1,132
Write down/(reversal of) inventories to net realisable value (included in cost of sales)	**1,878**	(1,962)
Provision for ECLs on financial assets	**10,179**	12,126
Short-term lease expenses *(Note (iii))*	**1,746**	2,596
Employee benefit expenses (including Directors' emoluments) *(Note (iv)):*		
– Salaries and wages, allowances and discretionary bonuses	**46,765**	52,568
– Contribution to defined contribution schemes *(Note (v))*	**5,606**	6,054
	52,371	58,622

Notes:

(i) Amounts included cost of materials of approximately RMB462,398,000 (2023: RMB432,534,000). During the year ended 31 December 2023, an amount of approximately RMB9,750,000 which related to the costs of the optical fibers production department during the period when production was suspended for installation and testing of newly constructed machineries, was included in administrative expenses.

(ii) Depreciation of property, plant and equipment and right-of-use assets of approximately RMB32,841,000 (2023: RMB24,721,000), RMB184,000 (2023: RMB217,000) and RMB9,614,000 (2023: RMB17,207,000) are included in cost of sales, selling and distribution expenses and administrative expenses, respectively.

(iii) These expenses relate to short-term leases of office premises. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16. As at 31 December 2024, the amount of lease commitments for short-term leases was approximately RMB732,000 (2023: RMB907,000).

(iv) Employee benefit expenses (including Directors' emoluments) of approximately RMB9,761,000 (2023: RMB12,959,000), RMB24,248,000 (2023: RMB26,242,000) and RMB18,362,000 (2023: RMB19,421,000) were included in cost of sales, selling and distribution expenses and administrative expenses, respectively.

(v) The Group participates in a central pension scheme (the "**Scheme**") whereby subsidiaries of the Group in the PRC are required to contribute a certain percentage of the basic salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

7. INCOME TAX (CREDIT)/EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax – the PRC Enterprise Income Tax ("EIT")		
Charge for the year	**–**	2,768
Over-provision in respect of prior year	**(2,643)**	(2,365)
Deferred tax		
(Credit)/Charge for the year	**(868)**	2
Income tax (credit)/expense	**(3,511)**	405

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2023: Nil).

No provision for income tax in the Cayman Islands and the BVI has been made as the Group had no assessable income in these jurisdictions during the year (2023: Nil).

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of the Company's PRC subsidiaries is 25% (2023: 25%) except as described below. Provision for the EIT for the year was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Putian Cable Group Co., Ltd., one of the subsidiaries of the Company, was approved to be a high and new technology enterprise ("**HNTE"**) and is entitled to a preferential income tax rate of 15% (2023: 15%) for the year according to the PRC tax law, as it was awarded high-technology status by tax authority with a validity period of three years expiring in 2025. The HNTE certificate needs to be renewed every three years so as to enable Putian Cable to enjoy the reduced tax rate and additional 100% (2023: 100%) tax deduction ("**Tax Deduction**") based on the eligible research and development expenses.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB18,475,000 (2023: RMB7,648,000) and the weighted average of 1,100,000,000 shares (2023: 1,100,000,000 shares) in issue during the year.

There were no potential ordinary shares in issue during the years ended 31 December 2024 and 2023 and, therefore, diluted earnings per share are the same as the basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and office equipment *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2023	1,660	255,821	308,420	2,966	21,963	590,830
Additions	26,410	1,348	198	396	773	29,125
Transferred from/(to)	(21,129)	–	21,129	–	–	–
Disposals	–	(1,194)	(245)	–	(38)	(1,477)
At 31 December 2023 and 1 January 2024	6,941	255,975	329,502	3,362	22,698	618,478
Additions	20,157	3,362	3,586	–	1,873	28,978
Transferred from/(to)	(21,080)	–	20,068	–	1,012	–
Disposal of a subsidiary	–	–	(1,219)	(3)	(428)	(1,650)
Disposals	–	(2,356)	(5,044)	(208)	(4,014)	(11,622)
At 31 December 2024	**6,018**	**256,981**	**346,893**	**3,151**	**21,141**	**634,184**
Accumulated depreciation						
At 1 January 2023	–	40,607	99,102	2,399	16,937	159,045
Depreciation	–	15,017	24,929	268	1,931	42,145
Disposals	–	(1,194)	(245)	–	(38)	(1,477)
At 31 December 2023 and 1 January 2024	–	54,430	123,786	2,667	18,830	199,713
Depreciation	–	16,611	23,698	242	2,088	42,639
Disposal of a subsidiary	–	–	(799)	(3)	(403)	(1,205)
Disposals	–	(2,356)	(2,497)	(198)	(3,525)	(8,576)
At 31 December 2024	**–**	**68,685**	**144,188**	**2,708**	**16,990**	**232,571**
Net carrying amount						
At 31 December 2024	**6,018**	**188,296**	**202,705**	**443**	**4,151**	**401,613**
At 31 December 2023	6,941	201,545	205,716	695	3,868	418,765

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

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

At 31 December 2024, property, plant and equipment with net carrying amount of approximately RMB208,016,000 (2023: RMB244,038,000) were pledged as collateral for the Group's bank and other borrowings (Note 15).

As at 31 December 2023, certain items of buildings with an aggregate net carrying amount of RMB152,737,000 are under title certificate application. The Directors are of the opinion that the Group is entitled to lawfully and validly occupy and use the above-mentioned properties for the purposes for which the properties are being used by the Group for the remaining useful lives of the properties and therefore the aforesaid matter does not affect the ownership rights of the Group over these assets and hence did not have any significant impact on the Group's consolidated financial position as at 31 December 2023. During the year ended 31 December 2024, the Group successfully applied and obtained these title certificates.

Right-of-use assets

The Group leases a number of properties for the purpose of office use in the PRC and Hong Kong and has the ownership interest in the prepaid land lease in the PRC. The land use right has an estimated useful life of 50 years and lease of office premises has lease term of two to three years (2023: two to three years). The Group's interests in these right-of-use assets, which are included in "Land and buildings" class of property, plant and equipment, is set out below:

	Land and buildings *RMB'000*
At 1 January 2023	12,977
Addition	113
Depreciation	(1,765)
Exchange realignment	3
At 31 December 2023 and 1 January 2024	11,328
Addition	2,592
Depreciation	(1,401)
At 31 December 2024	**12,519**

	Net carrying amount at 31 December		Depreciation for the year ended 31 December	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Ownership interests in prepaid land lease, carried with remaining lease term of 10 and 50 years	**10,255**	10,544	**289**	289
Office premises leased for own use	**2,264**	784	**1,112**	1,476
	12,519	11,328	**1,401**	1,765

	2024	2023
	RMB'000	*RMB'000*
Short-term lease expenses	**1,746**	2,596
Interests on lease liabilities	**48**	73

During the year, the total cash outflows for the leases including short-term leases are approximately RMB2,892,000 (2023: RMB4,169,000).

The Group has several lease contracts that include extension options. In the opinion of the directors of the Company, these options would provide the Group with flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2024, there is no such triggering event (2023: Nil).

10. INTANGIBLE ASSETS

	Patents
	RMB'000
Cost	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**11,321**
Accumulated amortisation	
At 1 January 2023	1,038
Amortisation	1,132
At 31 December 2023 and 1 January 2024	2,170
Amortisation	1,132
At 31 December 2024	**3,302**
Net carrying amount	
At 31 December 2024	**8,019**
At 31 December 2023	9,151

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

11. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables, gross *(Note (i))*	**534,662**	457,062
Less: Loss allowance	**(28,904)**	(19,688)
Trade receivables, net	**505,758**	437,374
Bills receivables *(Note (ii))*	**571**	8,336
Trade and bills receivables, net	**506,329**	445,710

Notes:

(i) At 31 December 2024, trade receivables with carrying amount of approximately RMB20,000,000 (2023: RMB7,375,000) were pledged as collateral for the Group's bank and other borrowings (Note 15).

(ii) Bills receivables represented outstanding bank acceptance bills.

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**116,649**	119,744
More than 1 month but within 2 months	**56,114**	38,465
More than 2 months but within 3 months	**44,883**	45,353
More than 3 months but within 6 months	**112,029**	74,293
More than 6 months but within 1 year	**96,997**	63,421
More than 1 year	**79,657**	104,434
	506,329	445,710

The credit term granted by the Group to its trade customers is normally ranged from 90 days to 365 days (2023: 90 days to 365 days).

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Current		
Deposits *(Note (i))*	**28,973**	35,511
Prepayments to suppliers	**39,502**	90,885
Prepayments	**6,295**	2,317
Valued added tax receivables	**9,891**	15,898
Consideration receivables regarding the disposal of a subsidiary	**3,005**	–
Other receivables	**8,328**	9,136
	95,994	153,747
Non-current		
Prepayments for property, plant and equipment *(Note (ii))*	**2,854**	15,051

Notes:

(i) The balance mainly comprises rental deposits, utility deposits and guarantee deposits for product supply projects. In the opinion of the Directors, these deposits would be refunded to the Group within 12 months.

(ii) As at 31 December 2023, the Group had certain prepayments of approximately RMB15,051,000 to certain independent third parties for purchases of equipment and machineries mainly for an optical fiber production line. During the year ended 31 December 2024, these prepayments of approximately RMB14,181,000 were utilised upon the delivery of the items of property, plant and equipment (2023: prepayments of approximately RMB18,670,000 were utilised upon the delivery of the items of property, plant and equipment and prepayments of RMB33,309,000 which were paid to suppliers, which also supplied inventories to the Group were set off against the trade payables due to the same supplier during the year ended 31 December 2023, after both parties agreed to the setting off arrangement).

During the year ended 31 December 2024, the Group has further made certain prepayments of approximately RMB1,984,000 (2023: RMB3,261,000) to certain independent third parties mainly for purchases of equipment and machineries for an optical fiber production line.

13. RESTRICTED CASH

Bank deposits have been pledged as security for letters of guarantee for product supply projects and bills payables (Note 14). The restricted cash will be released upon the expiry of letters of guarantee or the settlement of relevant bills payables. As at 31 December 2023, bank deposits had also been pledged for bank borrowings (Note 15).

Restricted cash carry interests at prevailing market rates ranging from 0.10% to 1.95% (2023: 0.20% to 0.35%) per annum.

14. TRADE AND BILLS PAYABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade payables	**72,977**	92,381
Bills payables	**68,485**	43,986
	141,462	136,367

The credit terms of trade payables vary according to the terms agreed with different suppliers, are normally ranging from 30 days to 90 days (2023: 30 days to 90 days), and bills payables maturity periods are normally ranging from 180 days to 360 days (2023: 180 days to 360 days). Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within 1 month	**34,958**	48,936
More than 1 month but within 2 months	**13,133**	25,693
More than 2 months but within 3 months	**4,248**	32,002
More than 3 months but within 6 months	**41,337**	15,758
More than 6 months but within 1 year	**44,267**	8,896
More than 1 year	**3,519**	5,082
	141,462	136,367

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

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

Supplier finance arrangements

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

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as bills payables and included in trade and bills payables. At 31 December 2024, bills payables of approximately RMB39,990,000 (2023: RMB11,940,000), were secured by pledged bank deposits (Note 13). At 31 December 2024, bills payables of RMB28,495,000 (2023: RMB12,000,000) were also guaranteed by a subsidiary of the Company and the Controlling Shareholders.

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

	At 31 December 2024	At 31 December 2023	At 1 January 2023
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of the financial liabilities that are subject to supplier finance arrangements			
Presented as part of "Trade and bills payables" *(Note (i))*	**68,485**	43,986	N/A *(Note (ii))*
	Days	Days	Days
Range of payment due dates			
For liabilities presented as part of "Trade and bills payables"			
– liabilities that are part of supplier finance arrangements	**180 to 360**	N/A *(Note (ii))*	N/A *(Note (ii))*
– comparable trade and bills payables that are not part of supplier finance arrangements	**30 to 90**	N/A *(Note (ii))*	N/A *(Note (ii))*

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

Notes:

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

(ii) The comparative information that is not required to be presented by the Group in the current year as a result of application of the transition relief is marked as "N/A" in the table.

15. BANK AND OTHER BORROWINGS

	2024	2023
	RMB'000	*RMB'000*
Bank borrowings – Secured	**209,400**	224,750
Bank borrowings – Unsecured	**72,000**	93,600
	281,400	318,350
Other borrowings – Secured	**30,543**	22,846
	311,943	341,196
Less: amount classified as non-current liabilities	**(96,580)**	(93,000)
Current liabilities	**215,363**	248,196
Borrowings fall due:		
– Within one year	**215,363**	248,196
– Between one and two years	**17,580**	12,000
– Between two to five years	**46,000**	36,000
– Over five years	**33,000**	45,000
Total bank and other borrowings	**311,943**	341,196

Bank borrowings of approximately RMB108,000,000 (2023: RMB165,750,000) bear variable interests at the bank's loan prime rate plus a premium. The effective interest rates of these borrowings are ranging from 4.35%% to 5.00% (2023: 4.35% to 5.40%) per annum as at 31 December 2024.

Bank borrowings of approximately RMB173,400,000 (2023: RMB152,600,000) bear interest at fixed rates, ranging from 2.60% to 5.50% (2023: 2.60% to 5.66%) per annum as at 31 December 2024.

Other borrowings bear interests at fixed rates, ranging from 5.90% to 6.90% (2023: 0.00% to 6.88%) per annum as at 31 December 2024.

The weighted average effective interest rate on these borrowings is 4.63% (2023: 4.45%) per annum as at 31 December 2024.

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

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment *(Note 9)*		
– Land and buildings	**162,491**	192,774
– Machinery	**45,525**	51,264
Trade receivables *(Note 11)*	**20,000**	7,375
Bank deposits *(Note 13)*	**–**	12,375

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

As at 31 December 2024 and 2023, guarantees were provided by the Company, the subsidiaries of the Company, the Controlling Shareholders and the family members of the Controlling Shareholders for the bank and other borrowings.

Except for certain bank and other borrowings not included in the facilities granted, a summary of facilities granted by banks and other creditors and the amounts utilised by the Group at 31 December 2024 and 2023 is set out as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts granted	**183,000**	193,600
Amounts utilised	**58,800**	173,600

16. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, amid challenges presented by the fluctuating global geopolitics and slowing domestic economic growth, the communications industry in China confronted the dual pressure imposed by demand contraction and intensifying competition. Championing the strategic orientation of "Cementing Foundation, Growing Increment, and Strengthening Coordination", the Group has secured steady growth against headwinds by doubling down efforts in diversified business presence, optimized product structure and moving faster toward its "going global" ambition. During the Year, the Group recorded total revenue of approximately RMB663.9 million, representing an increase of 7.9% year on year. The gross profit recorded a 4.5% year-on-year increase to RMB141.4 million. The profit attributable to the owners of the parent company recorded a 141.6% year-on-year increase to RMB18.5 million. All core financial indicators outperformed the industry average, fully manifesting the operational resilience of the Company.

The increase in revenue was mainly because the sale of optical fibers and optical fiber cables increased by approximately 41.7% to approximately RMB159.7 million (the last year: approximately RMB112.7 million). Sale of data and communications cables increased by approximately 0.3% to approximately RMB342.7 million (the last year: approximately RMB341.6 million). The sale of structured cabling system products increased by approximately 0.2% to approximately RMB161.5 million (the last year: approximately RMB161.2 million).

In 2024, the communications industry in China witnessed steady growth and stayed on track for high-quality development. According to the 2024 Statistical Communique on the Telecommunications Industry released by the Ministry of Industry and Information Technology (MIIT) in January 2025, China in 2024 took further its network infrastructure including 5G and gigabit optical networks and the popularisation of various applications. This has enabled the deep integration between the real economy and the digital economy, injecting great momentum into the ambitions of manufacturing power, cyberpower and Digital China.

During the Year, Putian Cable Group Co., Ltd. ("**Putian Cable**"), a wholly-owned subsidiary of the Company, made great headway amid a complex market landscape. It injected great power into furthering the strategies and sustaining the development of the Group through the coordination and innovation of the three core business segments. In terms of telecommunication operator business, it successfully claimed the 2024 centralised procurement projects of optical fiber cables of China Telecom and China Unicom. This has cemented the strategic value of the "fundamental business" in the operator market. Notably, through involvement in the preparation of technical standards and accumulation of scale-based delivery experience, it has taken the initiative in capturing the right of speech for the construction of 6G fronthaul network and green optical fiber cable technological standards. In terms of data cables, the Group furthered its coordination and innovation with China Mobile and China Unicom to ensure the high-quality delivery of the annual centralised procurement orders. Empowered by its swift technical response and optimized whole-process services, the Group has bettered its operator cooperation ecosystem for its growing share in future centralised procurement programs.

During the Year, the direct sales business forged ahead with multiple strategies and shaped a more resilient growth driver for the Group. In terms of channel expansion, it has newly set up branches in seven cities including Haerbin, Wuhu, and Dongguan. This marked the establishment of a three-dimensional marketing network covering the core economic belts in eastern, central and western China, which has significantly enhanced the response efficiency and the capacity for serving end customers in the regional market as support for future exploration in the lower-tier market. At the business expansion level, it was deeply involved in the national strategic project of "east data, west computing" and led the construction of the key section for the Qingyang data centre cluster in Gansu. This has not only verified the technological integration capacity of the Group in the new type of infrastructure field but also helped the Group take the initiative in capturing the digital economy magnet through the accumulation of benchmark projects. By leveraging its strategic cooperation with the leading new energy vehicle enterprises, it has become a player in the supporting business for communications of Internet of vehicles and extended the application scenario of products to the new energy industry. Meanwhile, working with the data centre project of head Internet and new media platforms has accelerated the upgrading for a cabling system that features high data rates and high density. This has brought leapfrog growth in the sales of optical fiber and supporting products and expanded the high value-added products matrix, which has further optimized the profitability structure and bolstered the right of speech in the industry. The direct sales business, leveraging the ecological closed loop of "regional penetration – strategic coordination – technological upgrading", has injected great power for the Group to weather periodic fluctuations and ensure its sustainable development.

It recorded leapfrog growth in the international business. Specifically, specialized products like ADSS optical fiber cables and air-blown optical fiber cables have elbowed into the emerging markets in the Middle East and South America. Structured cabling system products like distribution frames and optical splitters have left their footprints in the overseas market, making the Group a whole-link solution service provider from a one of single optical fiber cables with a growing capacity for brand premium. It participated in international telecommunications exhibitions held in eight countries including Dubai and Brazil, where we forged the intention of strategic cooperation with over 30 overseas customers. The global channel network has taken shape as strategic support for the establishment of a regional centre in Europe and the market expansion in the countries along the "Belt and Road" initiative in the future.

It secured coordinated breakthroughs in the three business segments and has enabled the annual revenue and profit of the Group to go up against headwinds, and laid a solid foundation for the middle and long-term high-quality development through technological accumulation, market expansion and ecosystem co-building.

FINANCIAL REVIEW

Revenue

Revenue of the Group is mainly derived from sales of optical fibers and optical fiber cables, data and communications cables and structured cabling system products, which represent three reportable segments of the Group. Total revenue of the Group increased by approximately 7.9% from approximately RMB615.5 million for the Last Year to approximately RMB663.9 million for the Year. Among which, revenue derived from sale of optical fibers and optical fiber cables increased by approximately 41.7% from approximately RMB112.7 million for the Last Year to approximately RMB159.7 million for the Year, revenue derived from sale of communication copper cables increased by approximately 0.3% from approximately RMB341.6 million for the Last Year to approximately RMB342.7 million for the Year; revenue derived from sale of structured cabling system products increased by approximately 0.2% from approximately RMB161.2 million for the Last Year to approximately RMB161.5 million for the Year. The sales growth of optical fibers and optical fiber cables benefited from the China Telecom projects awarded to the Group, which began to deliver goods in batches in 2024.

Gross profit and margin

Gross profit increased by approximately 4.5% from approximately RMB135.3 million for the Last Year to approximately RMB141.4 million for the Year. The Group's gross profit margin decreased from approximately 22.0% for the Last Year to approximately 21.3% for the Year.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 11.8% from approximately RMB40.7 million for the Last Year to approximately RMB45.5 million for the Year, which mainly due to an increase in transportation costs, because of the growth of sales business.

Administrative expenses

Administrative expenses amounted to approximately RMB57.8 million for the Year, which decreased by approximately 2.3% as compared to approximately RMB59.2 million for the Last Year, which mainly due to a decrease in salary payments for administrative staff.

Finance costs

Finance costs decreased by approximately 1.3% from approximately RMB19.7 million for the Last Year to approximately RMB19.4 million for the Year.

Income tax expense

Income tax expense amounted to approximately RMB0.4 million for the year ended 31 December 2023 and an income tax credit amounted to approximately RMB3.5 million for the year ended 31 December 2024 primarily because of utilisation of tax losses previously not recognised and an additional tax reduction arising from the research and development expenses.

Profit for the Year

Profit for the Year increased by approximately 141.6% from approximately RMB7.6 million for the Last Year to approximately RMB18.5 million for the Year.

Cash position

As at 31 December 2024, the Group had restricted cash and cash and cash equivalents of approximately RMB50.9 million (2023: approximately RMB51.1 million) in aggregate, representing a decrease of approximately 0.3% as compared to that as at 31 December 2023. As at 31 December 2024, the Group had restricted cash of approximately RMB21.7 million (2023: approximately RMB23.8 million) that was pledged to banks for as security for letters of guarantee for product supply projects and bills payables. The restricted cash will be released upon the expiry of letters of guarantee or the settlement of relevant bills payables and bank.

Borrowings and charges on the Group's assets

As at 31 December 2024, the Group had bank and other borrowings of approximately RMB311.9 million (2023: approximately RMB341.2 million), of which approximately RMB239.9 million (2023: approximately RMB247.6 million) were secured by legal charge over the property, plant and equipment and trade receivables of the Group and the properties of the controlling shareholders of the Company and their family members, and the balances of RMB72.0 million (2023: approximately RMB93.6 million) were unsecured. Bank and other borrowings of approximately RMB215.4 million (2023: approximately RMB248.2 million) will be repayable within one year.

Pledge of assets

As at 31 December 2024, the carrying amounts of the Group's pledged assets were approximately RMB249.7 million (2023: approximately RMB275.2 million).

Save as disclosed in this announcement, the Group did not have any charges of assets as at 31 December 2024 (2023: Nil).

Significant investments

The Group did not hold any significant investments during the Year (2023: Nil).

Material acquisitions or disposals

During the Year, the Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures (2023: Nil).

Gearing ratio

As at 31 December 2024, the gearing ratio of the Group, calculated by having the total liabilities divided by the total equity, was approximately 0.93 (2023: approximately 1.02).

Total debt to total asset ratio

As at 31 December 2024, the total debt to total asset ratio of the Group, calculated by having the total liabilities divided by the total assets, was approximately 0.48 (2023: approximately 0.50).

Interest rate risk

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

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

The Group's interest rate risk mainly arises from bank and other borrowings. Bank and other borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. Certain bank and other borrowings of the Group as at 31 December 2024 and 2023 bore interest at floating rates. The interest rate and repayment terms of bank and other borrowings at the end of each reporting period are disclosed in note 15 to the consolidated financial statements.

Credit risk

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

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

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

The credit risk of the Group is concentrated on trade receivables from the Group's two largest customers at 31 December 2024 and 2023 amounted to approximately RMB206.9 million respectively, and accounted for approximately 38.7% of the Group's gross trade receivables. In order to minimise the credit risk, the Directors continuously monitor the level of exposure by frequent review of the public financial information and credit quality of its customers to ensure that prompt actions will be taken to lower exposure. The two largest customers of the Group are listed companies in the PRC and Hong Kong, and both of them have good past credit repayment history and records with the Group.

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk

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

Capital Commitments

As at 31 December 2024, the Group had capital commitments of capital expenditure contracted but not provided in respect of acquisition of property, plant and equipment and intangible assets amounting to approximately RMB36.0 million (2023: approximately RMB42.2 million). The capital commitments incurred at the end of the Year were mainly contracted for the purchase of equipment for an optical fiber production line.

Future plans for material investments

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

Employees and remuneration policies

As at 31 December 2024, the Group had 412 employees (2023: 453 employees). For the Year, the Group incurred staff costs of approximately RMB52.4 million (2023: approximately RMB58.6 million). As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance and medical insurance. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed periodically with reference to the then prevailing market employment practices and legislation.

OUTLOOK

In 2025, the communications industry in China will embrace a board development space for development dually driven by the country's continued policy empowerment and technological iteration and upgrading. According to the Notice on Initiating the Special Operation of "Signal Upgrades" (MIIT Communications [2023] No.256) jointly issued by 11 departments, including the MIIT, which clearly states that, in 2025, the 5G network coverage and quality will be further improved to ensure the realization of "5G reaching 95% of administrative villages" and "the average downlink access rate of the mobile networks shall not be less than 220Mbps under major scenarios". Meanwhile, the 5G-A pilot program will be promoted to provide network support for the Industrial Internet, smart cities and other scenarios that features ultra-low latency and high reliability. Also, the National Development and Reform Commission issued the 14th Five-Year Plan for Digital Economy Development, which clearly states that in 2025 the added value of the core business in the digital economy will account for 10% of the GDP and the comprehensive capacity of computing infrastructure will be significantly improved. The data centres will be intensive for accelerated green development. These aim to create long-term demand for the solutions of optical fiber and optical fiber cables, high-speed interconnection equipment and data centres.

In this context, the Group will deepen the policy coordination to accelerate the production of new non-dispersive singlemode optical fiber in large quantities and the R&D of optical fiber cables for 5G-A base stations. The Group will expand the application scale of the high-speed MPO/MTP pre-terminated system in the "east data, west computing" hub and synchronously expand edge computing miniaturized optical connectivity solution. Furthermore, the Group will, under the "Belt and Road" digital cooperation framework, seek its presence in the Southeast Asia and Middle East markets and participate in the preparation of intentional standards. Following the closed strategic loop of "technology breakthrough – scenario exploration – global excellence", Putian Cable will continue to enhance its core competitiveness in the digital communications and optical communications fields as a highly credible and green infrastructure underpinner for the country's "Cyberpower" and global digital ecosystem drives.

BUSINESS PLAN

In 2025, guided by the national strategy of "Cyberpower", Putian Cable Group will focus on breakthroughs in core technologies and deepening their scenario-based application for a "dual-wheel driven" development pattern. In the optical communications field, the Group will increase the production capacity for ultra-low-loss fiber across the board and give top priority to catering to the pressing demand for high-performing optical fiber cables of the construction of 5G-A base stations and the "east data, west computing" project. Meanwhile, the Group will take further the joint R&D efforts with the three major operators in the 6G fronthaul network optical fiber cables and the intelligent ODN cabling system. This aims to promote the scale-based application of high-speed pre-terminated products in ultra-large data centres and consolidate its technological leadership. In response to the Industrial Internet and intelligent manufacturing upgrading trend, the Group will launch the special R&D program of "Industrial Automation Intelligent Control Cable". This aims to develop customized cable products that feature high EMI immunity and ultra-long service life to fill the gap in the high-end industrial control cable market in China and ensure the credible communications connection in such scenarios as intelligent factories and unmanned production lines.

In terms of expansion in international markets and emerging fields, the Group will, based on the efforts in its overseas offices, focus on seeking breakthroughs in smart cities in Southeast Asia and 5G infrastructure construction projects in the Middle East and securing more overseas market shares in ADSS and OPGW optical fiber cables and air-blown optical fiber cables. Meanwhile, we will additionally launch the R&D efforts of "Stealth Optical Guidance Cable for UAVs" to take the initiative in the low-altitude economy and specialized communications equipment market by seeking technological breakthroughs in lightweight, electromagnetic interference resistance and low detectability. On top of that, the Group will further its strategic cooperation with leading new energy enterprises to promote the iteration of automotive-grade communications cable products and dedicate itself to the upgrading of intelligent manufacturing and digital transformation of the supply chain. This aims to shape a whole-chain lean management system that covers R&D, production and delivery, laying a solid efficiency foundation for globalization competition. Guided by the closed strategic loop of "core business strengthening – pioneering sector positioning – operational efficiency upgrading", Putian Cable will continue to empower the digital transformation of all industries and contribute its core power to the high-quality development of the national communications industry.

Through the above strategic initiatives, the Group will continue to consolidate its leadership in optical fiber, optical fiber cables and data centre cabling, and seek high-quality development driven by "technological leadership + scenario exploration + global linkage" to create long-term value for Shareholders and contribute to the efforts in a global communications network.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Year (2023: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained sufficient public float throughout the Year as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities during the Year, (including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules). As at 31 December 2024, the Company did not hold any Treasury Shares.

CORPORATE GOVERNANCE PRACTICES

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

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

Chairman of the Board and Chief Executive Officer

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

Audit committee

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

The Audit Committee consists of three independent non-executive Directors, namely, Ms. Cheng Shing Yan, Mr. Liu Guodong and Mr. Xie Haidong. Ms. Cheng Shing Yan who possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules is the chairlady of the Audit Committee. The quorum of meetings of the Audit Committee shall be any two members.

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

Since 1 January 2024 and up to 31 December 2024, the Audit Committee had held two meetings, together with the management of the Company and external independent auditor, reviewed the Group's consolidated financial statements for the Year and this announcement, and considered that they were prepared in compliance with the relevant accounting standards and that the Company has made appropriate disclosure thereof.

COMPETING BUSINESS

The Company received confirmations from the controlling Shareholders in March 2024 on their compliance of the non-competition undertaking under the deed of non-completion as disclosed in the section headed "Relationship with Controlling Shareholders" in the prospectus of the Company dated 27 October 2017 (the "**Deed of non-competition**") for the Year. The independent non-executive Directors have reviewed the confirmations and evaluated the effectiveness of the implementation of the Deed of non-competition and concluded that none of the controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules and pursuant to the Deed of non-competition during the Year.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Year.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a shareholder written resolution passed on 21 October 2017. From the date of the adoption of the Share Option Scheme and up to the end of the Year, no share option has been granted, or agreed to be granted, under the Share Option Scheme and therefore, there were no outstanding options as at 31 December 2024 (2023: Nil).

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an 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 HKICPA and consequently no assurance has been expressed by Moore CPA Limited on the preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the Year will be made available to the Shareholders and made available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.potel-group.com) in due course.

By order of the Board
Putian Communication Group Limited
Wang Qiuping
Chairlady

The PRC, 31 March 2025

As at the date of this announcement, the Board comprises Ms. Wang Qiuping, Mr. Zhao Xiaobao and Ms. Zhao Moge as executive Directors; and Ms. Cheng Shing Yan, Mr. Liu Guodong and Mr. Xie Haidong as independent non-executive Directors.