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**Smart Link Better Life.**

**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 2025**

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 2025 (the “**2025 Annual Results**”) in accordance with China Standards on Auditing for Certified Public Accountants.

### **FINANCIAL HIGHLIGHTS**

- Operating income was RMB14,252.1 million (2024: RMB12,197.4 million), increased by approximately 16.8% (2024: decreased by approximately 8.7%).
- Gross profit and gross profit margin were RMB4,380.3 million (2024: RMB3,330.1 million) and 30.7% (2024: 27.3%), respectively.
- Net profit for the year attributable to equity shareholders of the Company was RMB813.7 million (2024: RMB675.9 million), increased by approximately 20.4% (2024: decreased by approximately 47.9%).
- The Group’s revenue from domestic business increased by approximately 1.0% (2024: decreased by approximately 10.4%). The Group’s overseas revenue increased by approximately 47.8% (2024: decreased by approximately 5.1%).
- The Board recommended the payment of a final dividend of RMB0.295 per share (before tax) for the year ended 31 December 2025 (2024: RMB0.268 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 2025 as follows:

### Consolidated Income Statement

For the year ended 31 December 2025

(Expressed in Renminbi “RMB”)

	<i>Notes</i>	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
<b>I. Operating income</b>	4	<b>14,252,103,033</b>	12,197,409,931
<b>II. Less: Operating costs</b>	4	<b>9,871,784,902</b>	8,867,286,609
Taxes and surcharges		<b>114,892,713</b>	82,783,971
Selling and distribution expenses		<b>586,433,693</b>	489,148,519
General and administrative expenses		<b>1,164,172,377</b>	1,042,381,439
Research and development expenses		<b>894,327,738</b>	787,189,282
Financial expenses	5	<b>263,723,780</b>	191,177,234
Including: Interest expenses		<b>271,771,601</b>	248,559,033
Interest revenue		<b>74,057,349</b>	88,634,073
Add: Other income	6	<b>228,977,802</b>	261,260,764
Investment losses		<b>(218,543,376)</b>	(172,275,751)
Including: losses from investment in associates and joint ventures		<b>(342,485,927)</b>	(302,577,475)
Gains/(losses) from changes in fair value		<b>36,929,368</b>	(138,169,041)
Credit losses		<b>(178,805,679)</b>	(142,255,936)
Impairment losses		<b>(147,102,226)</b>	(144,698,529)
Gains/(losses) from disposal of assets		<b>7,317,565</b>	(8,158,850)
<b>III. Operating profit</b>		<b>1,085,541,284</b>	393,145,534
Add: Non-operating income		<b>95,270,591</b>	227,064,233
Less: Non-operating expenses		<b>35,668,399</b>	27,307,372
<b>IV. Profit before income tax</b>		<b>1,145,143,476</b>	592,902,395
Less: Income tax expenses	7	<b>263,183,653</b>	11,648,284
<b>V. Net profit for the year</b>		<b>881,959,823</b>	581,254,111
Net profit for the year attributable to equity		<b>813,737,266</b>	675,878,799
Non-controlling interests		<b>68,222,557</b>	(94,624,688)

	<i>Notes</i>	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
<b>VI. Other comprehensive income, net of tax</b>			
Other comprehensive income (net of tax) attributable to shareholders of the Company		<b>(51,542,311)</b>	(45,952,163)
1. Items that cannot be reclassified subsequently to profit or loss			
(1) Changes in fair value of investments in other equity instruments		<b>(60,792,706)</b>	(14,117,107)
(2) Remeasurement of defined benefit plan obligations		<b>11,428,140</b>	(11,416,016)
(3) Other comprehensive income recognised under the equity method which can not be transferred to profit or loss		<b>9,727,443</b>	–
2. Items that may be reclassified subsequently to profit or loss			
(1) Translation differences arising from translation of foreign currency financial statements		<b>(19,615,330)</b>	(20,419,040)
(2) Other comprehensive income recognised under the equity method which can be transferred to profit or loss		<b>726,215</b>	–
(3) Cash flow hedge reserve		<b>6,983,927</b>	–
Other comprehensive income (net of tax) attributable to non-controlling		<b>7,825,511</b>	946,904
<b>VII. Total comprehensive income for the year</b>		<b><u>838,243,023</u></b>	<b><u>536,248,852</u></b>
Total comprehensive income attributable to equity shareholders of the Company		<b>762,194,955</b>	629,926,636
Total comprehensive income attributable to non-controlling interests		<b>76,048,068</b>	(93,677,784)
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share	8	<b><u>1.07</u></b>	<u>0.89</u>
(2) Diluted earnings per share	8	<b><u>1.07</u></b>	<u>0.89</u>

**Consolidated Balance Sheet**  
*At 31 December 2025*  
*(Expressed in Renminbi “RMB”)*

	<i>Notes</i>	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash at bank and on hand		5,763,700,058	3,292,561,410
Financial assets held for trading		1,683,204,456	1,437,470,518
Bills receivable	<i>10</i>	547,790,805	698,669,573
Accounts receivable	<i>11</i>	5,950,495,217	5,261,588,627
Receivables under financing	<i>12</i>	196,678,311	136,084,824
Prepayments		170,489,434	128,663,832
Other receivables		133,620,936	117,413,239
Inventories		3,153,427,347	3,175,767,390
Other current assets		597,727,612	368,907,962
<b>Total current assets</b>		<b>18,197,134,176</b>	<b>14,617,127,375</b>
<b>Non-current assets:</b>			
Long-term receivables		1,215,044	2,034,634
Long-term equity investments		2,256,227,332	2,793,658,026
Investments in other equity instruments		570,600,660	55,221,345
Other non-current financial assets		22,979,135	53,754,103
Fixed assets		9,801,445,413	8,457,953,448
Construction in progress		1,557,227,040	2,082,556,415
Right-of-use assets		191,110,628	77,928,103
Intangible assets		1,766,626,937	1,707,185,779
Goodwill		952,021,634	931,214,501
Long-term deferred expenses		78,637,765	76,997,949
Deferred tax assets		620,056,849	528,382,387
Other non-current assets		347,572,074	342,705,860
<b>Total non-current assets</b>		<b>18,165,720,511</b>	<b>17,109,592,550</b>
<b>Total assets</b>		<b>36,362,854,687</b>	<b>31,726,719,925</b>

	<i>Notes</i>	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term loans	<i>13</i>	2,282,456,991	2,000,409,684
Bills payable	<i>14</i>	1,468,364,462	1,173,208,011
Accounts payable	<i>15</i>	2,300,960,437	1,960,566,791
Contract liabilities		631,591,920	270,205,028
Employee benefits payable		389,633,420	360,036,136
Taxes payable		393,412,788	277,024,243
Other payables		1,168,353,005	1,727,644,743
Non-current liabilities due within one year		1,950,565,438	2,551,031,336
Other current liabilities		43,352,344	24,920,005
<b>Total current liabilities</b>		<b>10,628,690,805</b>	<b>10,345,045,977</b>
<b>Non-current liabilities:</b>			
Long-term loans	<i>16</i>	4,218,750,282	4,790,701,086
Debenture payables		499,544,479	–
Lease liabilities		222,527,789	108,610,402
Deferred income		763,269,129	432,186,877
Deferred tax liabilities		294,053,362	273,272,050
Long-term payables		974,882,195	–
Accrued liabilities		22,690,138	–
Other non-current liabilities		965,454,062	195,611,644
<b>Total non-current liabilities</b>		<b>7,961,171,436</b>	<b>5,800,382,059</b>
<b>Total liabilities</b>		<b>18,589,862,241</b>	<b>16,145,428,036</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital		827,905,108	757,905,108
Capital reserve		4,889,907,202	3,147,307,600
Less: Treasury stock		195,773,914	–
Other comprehensive income		(25,268,442)	26,273,869
Special reserve		1,006,780	250,841
Surplus reserve		768,331,572	733,422,825
Retained earnings		7,539,531,848	6,963,821,898
<b>Total equity attributable to shareholders of the Company</b>		<b>13,805,640,154</b>	<b>11,628,982,141</b>
<b>Non-controlling interests</b>		<b>3,967,352,292</b>	<b>3,952,309,748</b>
<b>Total shareholders' equity</b>		<b>17,772,992,446</b>	<b>15,581,291,889</b>
<b>Total liabilities and shareholders' equity</b>		<b>36,362,854,687</b>	<b>31,726,719,925</b>

## 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.

On December 17, 2025, the Company issued 70,000,000 additional H Shares at a placing price of HK\$32.26 per share as authorized by the general meeting of the Company, and such shares were listed on the same date. The gross proceeds from the placing amounted to approximately HK\$2,258.20 million and net proceeds from the placing amounted to approximately HK\$2,229.46 million (after deduction of the fees, commissions and expenses).

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 fibre preforms, optical fibres, optical fibre cables, optical components and modules 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	2025 (Audited)		2024 (Audited)	
	Income	Cost	Income	Cost
Principal activities	13,986,658,615	9,640,275,011	11,916,754,655	8,605,904,725
Other operating activities	265,444,418	231,509,891	280,655,276	261,381,884
Total	<u>14,252,103,033</u>	<u>9,871,784,902</u>	<u>12,197,409,931</u>	<u>8,867,286,609</u>
Including: Operating income generated from contract	14,252,103,033	9,871,784,902	12,197,409,931	8,867,286,609

#### Details of operating income

	2025 (Audited)		2024 (Audited)	
	Income	Cost	Income	Cost
<b>Revenue from principal activities:</b>				
– Optical communication products	8,346,356,236	5,350,049,952	7,867,135,458	5,375,107,000
– Optical transmission component	3,143,858,396	1,894,942,238	2,115,989,922	1,496,608,527
– Others	2,496,443,983	2,395,282,821	1,933,629,275	1,734,189,198
Sub-total	13,986,658,615	9,640,275,011	11,916,754,655	8,605,904,725
<b>Revenue from other operating activities:</b>				
– Materials	226,875,385	210,332,080	266,158,838	249,671,977
– Others	38,569,033	21,177,811	14,496,438	11,709,907
Sub-total	265,444,418	231,509,891	280,655,276	261,381,884
Total	<u>14,252,103,033</u>	<u>9,871,784,902</u>	<u>12,197,409,931</u>	<u>8,867,286,609</u>

## 5. FINANCIAL EXPENSES

Items	2025 (Audited)	2024 (Audited)
Interest expenses on loans and payables	255,676,025	244,233,247
Interest on lease liabilities	13,947,711	6,044,496
Less: Borrowing costs capitalised*	11,402,800	1,718,710
Inevitable repurchase of minority interests	(11,042,546)	–
Interest income from deposits	(49,464,138)	(88,634,073)
Net exchange losses	45,209,003	11,664,203
Other financial expenses	20,800,525	19,588,071
Total	<u>263,723,780</u>	<u>191,177,234</u>

\* The interest rate per annum, at which the borrowing costs were capitalized for the year by the Group was 0.23% (2024: 0.22%).

## 6. OTHER INCOME

Item	2025 (Audited)	2024 (Audited)
Government grants related to assets	79,081,740	46,885,378
Government grants related to income	149,896,062	214,375,386
Total	<u>228,977,802</u>	<u>261,260,764</u>

## 7. INCOME TAX EXPENSES

Item	2025 (Audited)	2024 (Audited)
Income tax expenses for the year based on tax laws and regulations	331,675,915	182,334,299
Changes in deferred income tax	(63,341,503)	(180,365,895)
Tax filling differences	(5,150,759)	9,679,880
Total	<u>263,183,653</u>	<u>11,648,284</u>

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

<b>Item</b>	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
Originations and reversals of temporary differences	<u><b>(63,341,503)</b></u>	<u>(180,365,895)</u>

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

<b>Item</b>	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
Profit before income tax	<b>1,145,143,476</b>	592,902,395
Income tax expenses calculated at tax rate of 25%	<b>286,285,869</b>	148,225,599
Effect of tax rate differences	<b>(71,681,862)</b>	(30,729,241)
Effect of tax filling difference	<b>(5,150,759)</b>	9,679,880
Effect of non-taxable income	<b>(32,609,320)</b>	(110,671,092)
Effect of non-deductible cost, expense and loss	<b>84,697,602</b>	88,400,010
Effect of temporary differences from using the former unrecognised deferred tax assets or deductible losses	<b>(24,396,140)</b>	(61,272,940)
Additional qualified tax deduction relating to research and development costs	<b>(184,761,132)</b>	(149,297,810)
Effect of deductible temporary differences or deductible tax losses for which no deferred tax asset was recognized this year	<u><b>210,799,395</b></u>	<u>117,313,878</u>
Income tax expenses for the year	<u><b>263,183,653</b></u>	<u>11,648,284</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. GR202442005848 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 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. GR202442000265 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 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 newly issued High-tech Enterprise Certificate No. GR202542001512, 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 19 December 2025 to 19 December 2028.

According to the High-tech Enterprise Certificate No. GR202433000263 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 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 newly issued High-tech Enterprise Certificate No. GR202551002069, Finetop Science & Technology Company Limited, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 8 December 2025 to 8 December 2028.

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 Tax Service, State Taxation Administration, 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 newly issued High-tech Enterprise Certificate No. GR202542001734, Yangtze (Wuhan) Optical Systems Co., Ltd., was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 19 December 2025 to 19 December 2028.

According to the High-tech Enterprise Certificate No. GR202412003276 issued by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and the Tianjin Municipal Tax Service, State Taxation Administration from 3 December 2024 to 3 December 2027, 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 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 newly High-tech Enterprise Certificate No. GR202532011912, Yangtze (Jiangsu) Marine Technology Company Limited enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15% from 19 December 2025 to 19 December 2028.

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 Tax Service, State Taxation Administration, 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 Province Tax Service, State Taxation Administration, Everpro 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 the High-tech Enterprise Certificate No. GR202342008441 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial Tax Service, State Taxation Administration 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%.

According to the High-tech Enterprise Certificate No. GR202533010572 issued by Zhejiang Municipal Science and Technology Bureau, Zhejiang Finance Bureau and the Zhejiang Province Tax Service, State Taxation Administration, Penta Laser (Zhejiang) Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% from 19 December 2025 to 19 December 2028,

According to the High-tech Enterprise Certificate No. GR202437001839 issued by Shandong Provincial Department of Science and Technology, Shandong Provincial Department of Finance, Shandong Provincial Tax Service, State Taxation Administration from 7 December 2024 to 7 December 2027, Penta Laser Technology (Shandong) Co., Ltd., a subsidiary of the Company, enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15%.

According to the High-tech Enterprise Certificate No. GR202442009235 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial Tax Service, State Taxation Administration from 24 December 2024 to 24 December 2027, Penta-Chutian Laser (Wuhan) Co., Ltd., a subsidiary of the Company, enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15%.

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 Announcement of the Hainan Provincial Tax Service, State Taxation Administration, on Continuing to Implement the Corporate Income Tax Preferential Policies for Hainan Free Trade Port, the Company's subsidiaries, Hainan EverProX Technologies Co., Ltd. is encouraged industrial enterprises registered in Hainan Free Trade Port (hereinafter referred to as the 'Free Trade Port') with substantial operations. They are eligible for a reduced corporate income tax rate 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	2025 (Audited)	2024 (Audited)
Consolidated net profit attributable to ordinary shareholders of the Company	<u>813,737,266</u>	<u>675,878,799</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	1,608,000	–
Adjusted consolidated net profit attributable to ordinary shareholders of the Company	<u>812,129,266</u>	675,878,799
Weighted average number of ordinary shares outstanding	<u>756,821,775</u>	<u>757,905,108</u>
Basic earnings per share (RMB/share)	<u>1.07</u>	<u>0.89</u>

Weighted average number of ordinary shares is calculated as follows:

	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
Issued ordinary shares at the end of the year	<b>757,905,108</b>	757,905,108
Effect from newly issued ordinary shares	<b>2,916,667</b>	–
Effect from restricted shares in employee share ownership plan	<b>(4,000,000)</b>	–
Weighted average number of ordinary shares at the end of the year	<b><u>756,821,775</u></b>	<b><u>757,905,108</u></b>

**(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):

<b>Item</b>		<b>2025</b> <b>(Audited)</b>	2024 (Audited)
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	<i>(a)</i>	<b><u>813,737,266</u></b>	<b><u>675,878,799</u></b>
Weighted average number of ordinary shares outstanding (diluted)	<i>(b)</i>	<b><u>760,340,766</u></b>	<b><u>757,905,108</u></b>
Diluted earnings per share (RMB/share)		<b><u>1.07</u></b>	<b><u>0.89</u></b>

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

<b>Item</b>	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
Adjusted consolidated net profit attributable to ordinary shareholders (Basic earnings per share)	<b>812,129,266</b>	675,878,799
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 ( <i>note</i> )	<b><u>1,608,000</u></b>	<u>–</u>
Adjusted consolidated net profit attributable to ordinary shareholders (diluted)	<b><u>813,737,266</u></b>	<b><u>675,878,799</u></b>

*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:

<b>Item</b>	<b>2025</b> <b>(Audited)</b>	2024 (Audited)
Weighted average number of ordinary shares at the end of the year	<u><u>756,821,775</u></u>	<u><u>757,905,108</u></u>
Diluted adjustments:		
Effect from restricted shares in employee share ownership plan	<b>3,518,991</b>	–
The Company has issued weighted average number of ordinary shares (diluted)	<u><u>760,340,766</u></u>	<u><u>757,905,108</u></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, intangible assets, other long-term assets and accounts receivables 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.

Items	For the year ended 31 December 2025 (Audited)					
	Optical communication products segment	Optical transmission components segment	Others	Offset between segments	Unallocated Amounts	Total
Operating income from external transactions	8,346,356,236	3,143,858,396	2,761,888,401	-	-	14,252,103,033
Inter-segment revenue	367,158,949	57,945,883	635,374,927	(1,060,479,759)	-	-
Segment profit	3,113,559,004	1,257,692,852	337,200,431	(328,134,156)	-	4,380,318,131
Including: Depreciation and amortisation expenses	(557,742,992)	(253,319,710)	(381,955,892)	-	-	(1,193,018,594)
Taxes and surcharges	-	-	-	-	(114,892,713)	(114,892,713)
Selling and distribution expenses	-	-	-	-	(586,433,693)	(586,433,693)
General and administration expenses	-	-	-	-	(1,164,172,377)	(1,164,172,377)
Research and development expenses	-	-	-	-	(894,327,738)	(894,327,738)
Financial expenses	-	-	-	-	(263,723,780)	(263,723,780)
Impairment losses	-	-	-	-	(147,102,226)	(147,102,226)
Credit losses	-	-	-	-	(178,805,679)	(178,805,679)
Gains from changes in fair value	-	-	-	-	36,929,368	36,929,368
Investment losses	-	-	-	-	(218,543,376)	(218,543,376)
Including: Losses from investment in associates and joint ventures	-	-	-	-	(342,485,927)	(342,485,927)
Gains from asset disposals	-	-	-	-	7,317,565	7,317,565
Other income	-	-	-	-	228,977,802	228,977,802
Operating profit/(loss)	3,113,559,004	1,257,692,852	337,200,431	(328,134,156)	(3,294,776,847)	1,085,541,284
Non-operating income	-	-	-	-	95,270,591	95,270,591
Non-operating expenses	-	-	-	-	(35,668,399)	(35,668,399)
Profit/(loss) before income tax	3,113,559,004	1,257,692,852	337,200,431	(328,134,156)	(3,235,174,655)	1,145,143,476
Income tax expenses	-	-	-	-	(263,183,653)	(263,183,653)
Net profit/(loss) for the year	<u>3,113,559,004</u>	<u>1,257,692,852</u>	<u>337,200,431</u>	<u>(328,134,156)</u>	<u>(3,498,358,308)</u>	<u>881,959,823</u>

For the year ended 31 December 2024 (Audited)

Items	Optical communication products segment	Optical transmission components segment	Others	Offset between segments	Unallocated Amounts	Total
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)
Impairment losses	-	-	-	-	(144,698,529)	(144,698,529)
Credit losses	-	-	-	-	(142,255,936)	(142,255,936)
Losses from changes in fair value	-	-	-	-	(138,169,041)	(138,169,041)
Investment losses	-	-	-	-	(172,275,751)	(172,275,751)
Including: losses from investment in associates and joint ventures	-	-	-	-	(302,577,475)	(302,577,475)
Losses from asset disposals	-	-	-	-	(8,158,850)	(8,158,850)
Other income	-	-	-	-	261,260,764	261,260,764
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>

Items	31 December 2025 (Audited)					Unallocated Amounts	Total
	Optical communication products segment	Optical transmission components segment	Others	Offset between segments			
Total assets	14,925,892,778	3,339,085,528	21,662,658,654	(3,564,782,273)		-	36,362,854,687
Other items:							
- Long-term equity investment in associates and joint ventures	629,379,522	-	1,626,847,810	-		-	2,256,227,332
- Increase in other non-current assets other than long-term equity investment	815,179,745	263,639,738	2,084,447,191	-		-	3,163,266,674
Items	31 December 2024 (Audited)					Unallocated Amounts	Total
	Optical communication products segment	Optical transmission components segment	Others	Offset between segments			
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

## 10. BILLS RECEIVABLE

### (1) Bills receivable by category

Type	31 December 2025 (Audited)	31 December 2024 (Audited)
Bank acceptance bills	372,716,944	568,777,361
Commercial acceptance bills	175,073,861	129,892,212
Total	<u>547,790,805</u>	<u>698,669,573</u>

As at 31 December 2025, the aforementioned bills receivable were due within one year.

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

As at 31 December 2025, the Group's bills receivables pledged was RMB4,253,537 (31 December 2024: 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 2025 (Audited)	Amount not derecognized at the end of 2025 (Audited)
Bank acceptance bills	–	117,721,093
Commercial acceptance bills	–	16,953,355
Total	<u>–</u>	<u>134,674,448</u>

## 11. ACCOUNTS RECEIVABLE

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

Type	31 December 2025 (Audited)	31 December 2024 (Audited)
Due from related parties	534,266,545	398,581,809
Due from third parties	6,216,739,038	5,506,681,891
Sub-total	6,751,005,583	5,905,263,700
Less: allowance for doubtful debts	800,510,366	643,675,073
Total	<u>5,950,495,217</u>	<u>5,261,588,627</u>

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

Ageing	31 December 2025 (Audited)	31 December 2024 (Audited)
Within 1 year (1 year inclusive)	5,255,299,837	4,220,388,945
1 to 2 years (2 years inclusive)	547,012,822	800,246,695
2 to 3 years (3 years inclusive)	411,590,679	445,926,961
Over 3 years	537,102,245	438,701,099
Sub-total	6,751,005,583	5,905,263,700
Less: allowance for doubtful debts	800,510,366	643,675,073
Total	<u>5,950,495,217</u>	<u>5,261,588,627</u>

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

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

Category	31 December 2025 (Audited)				Carrying amount
	Book value		Allowance for doubtful debts		
	Amount	Proportion	Amount	Proportion	
Individually assessed for impairment customers					
– credit losses incurred	224,210,575	3.32%	175,964,238	78.48%	48,246,337
Collectively assessed for impairment by group					
– Group 1	534,266,545	7.91%	1,415,634	0.26%	532,850,911
– Group 2	1,787,467,828	26.48%	293,416,592	16.42%	1,494,051,236
– Group 3	4,205,060,635	62.29%	329,713,902	7.84%	3,875,346,733
Total	<u>6,751,005,583</u>	<u>100.00%</u>	<u>800,510,366</u>	<u>11.86%</u>	<u>5,950,495,217</u>

Category	31 December 2024 (Audited)				Carrying amount
	Book value		Allowance for doubtful debts		
	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	<u>5,905,263,700</u>	<u>100.00%</u>	<u>643,675,073</u>	<u>10.90%</u>	<u>5,261,588,627</u>

(a) Reasons for making doubtful debts provisions with single accounts receivable in 2025:

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 2025:

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 2025 (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)	0.05%	517,176,729	259,479
Overdue 1 to 2 years (2 years inclusive)	1.27%	12,610,724	160,156
Overdue 2 to 3 years (3 years inclusive)	5.39%	3,681,527	198,434
Overdue over 3 years	100.00%	797,565	797,565
Total		<u>534,266,545</u>	<u>1,415,634</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)	1.54%	1,286,327,078	19,849,272
Overdue 1 to 2 years (2 years inclusive)	25.89%	146,931,003	38,040,437
Overdue 2 to 3 years (3 years inclusive)	48.84%	231,983,708	113,300,844
Overdue over 3 years	100.00%	122,226,039	122,226,039
Total		<u>1,787,467,828</u>	<u>293,416,592</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)	2.00%	3,635,442,350	72,679,499
Overdue 1 to 2 years (2 years inclusive)	21.43%	304,216,261	65,181,879
Overdue 2 to 3 years (3 years inclusive)	45.96%	136,104,893	62,555,393
Overdue over 3 years	100.00%	129,297,131	129,297,131
Total		<u>4,205,060,635</u>	<u>329,713,902</u>

**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>

Customers group 2	Expected credit loss rate	Book value	Allowance for doubtful debts
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%	<u>93,241,656</u>	<u>93,241,656</u>
Total		<u><u>2,106,440,155</u></u>	<u><u>220,648,961</u></u>

  

Customers group 3	Expected credit loss rate	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	2.19%	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%	<u>134,403,407</u>	<u>134,403,407</u>
Total		<u><u>3,251,386,988</u></u>	<u><u>313,262,624</u></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:**

	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
Balance at the beginning of the year	<b>643,675,073</b>	509,860,980
Addition during the year	<b>191,256,720</b>	154,403,226
Reversal during the year	<b>(14,152,329)</b>	(17,590,472)
Written-off during the year	<b>(6,554,752)</b>	(2,998,661)
Other decrease	<b>(13,714,346)</b>	—
Balance at the end of the year	<u><u><b>800,510,366</b></u></u>	<u><u>643,675,073</u></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 2025, the subtotal of five largest accounts receivable of the Group is RMB1,517,781,325 (31 December 2024: RMB1,606,143,555), representing 22.48% of the total balance of accounts receivable (31 December 2024: 27.20%). The corresponding allowance for doubtful debts is RMB174,799,969 (31 December 2024: RMB136,701,906).

**12. RECEIVABLES UNDER FINANCING**

<b>Item</b>	<b>31 December 2025 (Audited)</b>	<b>31 December 2024 (Audited)</b>
Bills receivable	<b><u>196,678,311</u></b>	<b><u>136,084,824</u></b>

There is no change in fair value of receivables under financing of the Group in 2025. 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:

<b>Type</b>	<b>Amount derecognized at 31 December 2025 (Audited)</b>	<b>Amount not yet derecognized at 31 December 2025 (Audited)</b>
Bank acceptance bills	<b><u>619,013,621</u></b>	<b><u>–</u></b>

### 13. SHORT-TERM LOANS

<b>Item</b>	<b>31 December 2025 (Audited)</b>	<b>31 December 2024 (Audited)</b>
Unsecured loans	<u>2,282,456,991</u>	<u>2,000,409,684</u>
Total	<u><b>2,282,456,991</b></u>	<u><b>2,000,409,684</b></u>

As at 31 December 2025, the Group did not have any overdue loans not yet repaid.

### 14. BILLS PAYABLE

<b>Item</b>	<b>31 December 2025 (Audited)</b>	<b>31 December 2024 (Audited)</b>
Commercial acceptance bills	<u>334,600,965</u>	<u>582,549,594</u>
Bank acceptance bills	<u>1,133,763,497</u>	<u>590,658,417</u>
Total	<u><b>1,468,364,462</b></u>	<u><b>1,173,208,011</b></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

<b>Items</b>	<b>31 December 2025 (Audited)</b>	<b>31 December 2024 (Audited)</b>
Due to related parties	<u>297,815,643</u>	<u>225,111,246</u>
Due to third parties	<u>2,003,144,794</u>	<u>1,735,455,545</u>
Total	<u><b>2,300,960,437</b></u>	<u><b>1,960,566,791</b></u>

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

<b>Items</b>	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
Within 1 year (1 year inclusive)	<b>2,096,040,222</b>	1,689,044,081
1 to 2 years (2 years inclusive)	<b>47,844,812</b>	212,136,184
2 to 3 years (3 years inclusive)	<b>98,264,647</b>	16,744,582
Over 3 years	<b>58,810,756</b>	42,641,944
<b>Total</b>	<b><u>2,300,960,437</u></b>	<b><u>1,960,566,791</u></b>

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

<b>Items</b>	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
Unsecured loans	<b>6,135,833,740</b>	7,300,044,880
Less: non-current bank loans due within one year	<b>1,917,083,458</b>	2,509,343,794
<b>Total</b>	<b><u>4,218,750,282</u></b>	<b><u>4,790,701,086</u></b>

As at 31 December 2025, there was no overdue long-term loans. The above bank loans were fixed rate loans of which interest rate was 1.20%-3.30% (2024: 1.20%-3.95%), 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:

<b>Items</b>	<b>31 December 2025 (Audited)</b>	31 December 2024 (Audited)
Within 1 year (1 year inclusive)	<b>4,199,540,449</b>	4,509,753,478
1 to 2 years (2 years inclusive)	<b>1,656,879,142</b>	1,853,795,138
2 to 5 years (5 years inclusive)	<b>2,355,951,140</b>	2,769,364,812
Over 5 years	<b>205,920,000</b>	167,541,136
<b>Total</b>	<b><u>8,418,290,731</u></b>	<b><u>9,300,454,564</u></b>

## 17. DIVIDENDS

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

	2025 (Audited)	2024 (Audited)
Final dividend proposed after the end of the reporting period of RMB0.295 per ordinary share (2024: RMB0.268)	<u>244,232,007</u>	<u>203,118,569</u>

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

	2025 (Audited)	2024 (Audited)
Final dividend paid in respect of the previous financial year	<u>203,118,569</u>	<u>389,563,226</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the year, the Group's operating income was approximately RMB14,252.1 million, increased by approximately 16.8% as compared to 2024 of approximately RMB12,197.4 million. The Group reported a gross profit of approximately RMB4,380.3 million, increased by approximately 31.5% as compared to 2024 of approximately RMB3,330.1 million. The Group's net profit for the year attributable to the equity shareholders of the Company amounted to approximately RMB813.7 million, increased by approximately 20.4% as compared to 2024 of approximately RMB675.9 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 RMB516.2 million, increased by approximately 40.6% as compared to 2024 of approximately RMB367.2 million.

Basic earnings per share for the reporting period was RMB1.07 per share (2024: RMB0.89 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

During the year, the Group's operating income was approximately RMB14,252.1 million, increased by approximately 16.8% as compared to 2024 of approximately RMB12,197.4 million.

For the year ended 31 December 2025, by product segment, a total revenue of approximately RMB8,346.4 million was derived from optical communication products segment, representing an increase of approximately 6.1% as compared to the year of 2024 of approximately RMB7,867.1 million and accounting for approximately 58.6% (2024: 64.5%) of the Group's revenue; and a total revenue of approximately RMB3,143.9 million was contributed by optical transmission components segment, representing an increase of approximately 48.6% as compared to the year of 2024 of approximately RMB2,116.0 million and accounting for approximately 22.1% (2024:17.3%) of the Group's revenue.

A total revenue of approximately RMB2,761.9 million was contributed by other products and services, representing an increase of 24.7% as compared to 2024 of approximately RMB2,214.3 million and accounting for 19.3% (2024: 18.2%) of the Group's revenue.

By geographical segment, a total revenue of approximately RMB8,160.3 million was contributed by domestic customers, representing an increase of 1.0% (2024: decrease of 10.4%) as compared to 2024 of approximately RMB8,075.9 million and accounting for 57.3% of the Group's revenue. For overseas market, a total revenue of approximately RMB6,091.8 million was reported in 2025, representing an increase of 47.8% (2024: decrease of 5.1%) as compared to 2024 of approximately RMB4,121.5 million and accounting for approximately 42.7% of the Group's revenue.

## **Cost of sales**

The Group's cost of sales for the year ended 31 December 2025 was approximately RMB9,871.8 million, representing an increase of 11.3% as compared to 2024 of approximately RMB8,867.3 million and accounting for 69.3% 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 RMB7,419.5 million, representing an increase of 8.3% as compared to approximately RMB6,848.1 million in 2024.

During the year, the Group's manufacturing overheads and direct labour cost amounted to approximately RMB2,452.3 million, representing an increase of 21.4% as compared to approximately RMB2,019.2 million in 2024.

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

For the year ended 31 December 2025, the Group reported a gross profit of approximately RMB4,380.3 million, representing an increase of 31.5% as compared to approximately RMB3,330.1 million in 2024 and the gross profit margin increased to 30.7% in 2025 (2024: 27.3%).

## **Selling and distribution expenses**

For the year ended 31 December 2025, the Group's selling and distribution expenses were approximately RMB586.4 million, representing an increase of approximately 19.9% as compared to approximately RMB489.1 million in 2024.

## **General and administrative expenses**

For the year ended 31 December 2025, the Group's general and administrative expenses were approximately RMB1,164.2 million, representing an increase of approximately 11.7% as compared to approximately RMB1,042.4 million in 2024.

## **Research and development expenses**

For the year ended 31 December 2025, the Group's research and development expenses were approximately RMB894.3 million, representing an increase of approximately 13.6% as compared to approximately RMB787.2 million in 2024.

## **Financial expenses**

For the year ended 31 December 2025, the Group's financial expenses were approximately RMB263.7 million, representing an increase of approximately 37.9% as compared to approximately RMB191.2 million in 2024, which was mainly due to the decrease in financial income and the increase in exchange losses and financial expenses for the reporting period as compared to last year.

The annual effective interest rate of the bank loans for the year ranged from 1.03% to 5.90% per annum (2024: 1.2% to 11.25% per annum).

## **Other income**

For the year ended 31 December 2025, the Group's other income was approximately RMB229.0 million, representing a decrease of approximately RMB32.3 million as compared to approximately RMB261.3 million in 2024, which was mainly because the government grants related to income decreased by approximately RMB64.5 million, while the government grants related to assets increased by approximately RMB32.2 million during the year.

## **Losses from changes in fair value**

For the year ended 31 December 2025, the Group's gains from changes in fair value was approximately RMB36.9 million, while the Group's losses from changes in fair value was approximately RMB138.2 million in 2024.

## **Income tax expenses**

For the year ended 31 December 2025, the Group's income tax expenses were approximately RMB263.2 million, significantly increased as compared to approximately RMB11.6 million in 2024. 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 RMB1,543.8 million (2024: approximately RMB1,350.0 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.

## Use of Proceeds from Placing of H Shares under General Mandate

On 9 December 2025, the Company entered into a placing agreement with China International Capital Corporation Hong Kong Securities Limited (“CICC”) (as the placing agent) (the “**2025 Placing Agreement**”) in relation to the placing of 70,000,000 new H Shares at HK\$32.26 per placing share to not less than six placees who and whose ultimate beneficial owners shall be independent third parties (the “**2025 Placing**”). As all the conditions set out in the 2025 Placing Agreement were fulfilled, the 2025 Placing was completed on 17 December 2025 and an aggregate of 70,000,000 placing shares, representing approximately 9.24% of the total issued share capital of the Company immediately before the completion of the 2025 Placing and 8.46% of the total issued share capital of the Company as enlarged by the issue of the placing shares, were successfully placed by CICC to not less than six placees at the placing price of HK\$32.26 per placing share pursuant to the terms and conditions of the 2025 Placing Agreement. Please see the announcements of the Company dated 12 October and 17 October 2025 for further details.

The Directors consider that the 2025 Placing will facilitate the enhancement of the Company’s liquidity and financial position and the optimization of its capital structure. The Directors consider that the terms of the 2025 Placing Agreement were entered into on normal commercial terms after arm’s length negotiations and the terms therein are fair and reasonable and are beneficial to the operation and long-term development of the Group and in the interests of the Company and its Shareholders as a whole.

The net proceeds from the 2025 Placing, after the deduction of the fees, commissions and expenses, amounted to approximately HK\$2,229.46 million, representing a net issue price of approximately HK\$31.85 per placing share. The Company intends to utilize the net proceeds (i) to develop the Company’s overseas business, primarily for the enhancement the Company’s production capacity of its existing production bases and expansion of the Company’s overseas market, and (ii) for the general working capital of the Group, including for the repayment of the Company’s interest-bearing borrowings or loans in the usual and ordinary course of business, the payment to suppliers of the Company, and for employee compensation and other human resources expenses. The Company expects to fully utilize such proceeds by December 2026. As of 31 December 2025, the net proceeds had not been utilized.

## 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 2025 was 20.8% (2024: 41.4%).

## 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 2025.

	2025 (Audited)	2024 (Audited)
Net cash generated from operating activities	3,652,897,527	1,783,352,440
Net cash used in investing activities	(2,705,374,487)	(2,298,920,695)
Net cash generated/(used in) from financing activities	1,462,002,086	(25,292,400)
Effect of foreign exchange rate changes on cash and the equivalents	(8,233,820)	(4,082,920)
Net increase/(decrease) in cash and cash equivalents	<u>2,401,291,306</u>	<u>(544,943,575)</u>

The net cash generated from the Group's operating activities increased by approximately RMB1,869.5 million, which was mainly due to the increase in financial results and the improvement of working capital efficiency.

Net cash used in the Group's investing activities increased by approximately RMB406.5 million, which was mainly due to the increase in capital expenditures and investments in other equity instruments as compared with last year.

Net cash generated from the Group's financing activities increased by approximately RMB1,487.3 million, which was mainly due to the completion of the H-share placement and the receipt of the related investment funds during the year.

Cash and cash equivalents as at 31 December 2025 were cash at banks and on hand, which were mainly in RMB, US Dollars and HKD.

### **Net current assets**

As at 31 December 2025, the Group's net current assets was approximately RMB7,568.4 million, representing an increase of approximately RMB3,296.4 million as compared to approximately RMB4,272.1 million as at 31 December 2024. The increase in net current assets was mainly because (1) cash on hand and at bank increased by approximately RMB2,471.1 million; (2) accounts receivables increased by approximately RMB688.9 million; (3) short-term loans increased by approximately RMB282.0 million; and (4) non-current liabilities due within one year decreased by approximately RMB600.5 million.

### **Bank loans**

As at 31 December 2025, the Group's bank loans were approximately RMB8,418.3 million, representing a decrease of approximately 9.5% as compared approximately RMB9,300.5 million as at 31 December 2024. As at 31 December 2025, among the Group's bank loans, 0.02% were EUR dollar loans, 1.05% were IDR loans and the remaining 98.93% were mainly RMB loans.

### **Capital commitments and contingent liabilities**

As at 31 December 2025, the Group's outstanding capital commitments on fixed assets were approximately RMB1,834.7 million (31 December 2024: approximately RMB2,067.9 million) and equity investment was nil (31 December 2024: nil). Out of the total amount of unsettled commitments as at 31 December 2025 of approximately RMB1,834.7 million (31 December 2024: approximately RMB2,067.9 million), a total amount of approximately RMB1,088.9 million (31 December 2024: approximately RMB819.6 million) were contracted, and the balance of approximately RMB745.8 million (31 December 2024: approximately RMB1,248.3 million) were authorized by the Board but not yet contracted.

As at 31 December 2025, 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 and USD while some of the Group's sales, purchases and financial liabilities are denominated in USD, Euro, IDR, MXN, NZD, AUD, PEN, PHP, SGD, THB and ZAR. Most of the bank deposits are in RMB, HKD, USD and Euro.

During the year, due to the depreciation of major currencies such as USD against RMB, the Group realized net foreign exchange losses of approximately RMB45.2 million.

## **Employees and remuneration policies**

As at 31 December 2025, the Group had approximately 10,596 full-time employees (31 December 2024: approximately 9,616 full-time employees). During the year, the staff costs of the Group were RMB2,046.0 million (2024: RMB1,562.0 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 2025, the Company discounted and endorsed certain bank bills receivable with a carrying amount of approximately RMB619.0 million (31 December 2024: approximately RMB582.3 million) to certain commercial banks in China and its suppliers.

## **ACQUISITION, DISPOSAL AND FORMATION OF NEW PRESENCES**

### **Yangtze Optical Fiber Material (Hubei) Co., Ltd.**

In January 2025, the Company acquired 51% equity interest of Yangtze Optical Fiber Material (Hubei) Co., Ltd. ("**YOFC Material**"), and upon the completion of the acquisition, YOFC Material has become wholly owned by the Company. The financial results of YOFC Material has been consolidated in the financial statements of the Group since January 2025. Due to the Group's business restructuring, YOFC Materials was absorbed and merged into Yangtze Optical Fibre Qianjiang Co., Ltd., a subsidiary of the Group and was subsequently deregistered in December 2025.

YOFC Material was established on 18 August 2015 and it mainly engages in the the production and sales of optical fibre preforms and related products.

## **Penta Laser (Zhejiang) Co., Ltd.**

On 28 March 2025, the Company (as the purchaser), Ot-las S.r.l. (a controlled subsidiary of El.En. S.p.A., as the vendor) and El.En. S.p.A. (as the guarantor) entered into the share purchase agreement, pursuant to which, the Company has conditionally agreed to purchase and Ot-las S.r.l. has conditionally agreed to sell an aggregate of 28,698,288 shares of Penta Laser (Zhejiang) Co., Ltd. (“**PLZ**”), at a consideration of RMB239,959,832 in cash. After the completion of the acquisition, the PLZ became a controlling subsidiary of the Company and its financial results of PLZ has been consolidated in the financial statements of the Group since July 2025.

PLZ was established on 24 December 2012, mainly engaged in the R&D, production, and sales of highpower laser processing equipment. Its products are widely used in cutting, welding, and new energy vehicle applications, among other fields.

The aforementioned transactions did not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

## **OUTLOOK**

China's telecommunications sector continued its upward trajectory in 2025, marked by further improvements in communications infrastructure and high-quality development across the industry. The country now operates the world's largest, most extensive, and most technologically advanced network infrastructure. Data released by the Ministry of Industry and Information Technology (MIIT) in January 2026 shows that by the end of 2025, China had 4.838 million 5G base stations, representing a year-on-year increase of approximately 13.8%. These now account for 37.6% of all mobile base stations, translating to 34.4 5G base stations per 10,000 people, 8.4 units higher than the target set under the 14th Five-Year Plan. In terms of fixed network, the number of 10G PON ports with gigabit capabilities reached 31.62 million, representing more than 2.6 times the original 14th Five-Year Plan goal. Meanwhile, users with gigabit-plus fixed broadband connections climbed to 238 million, making up 34.5% of total fixed broadband subscribers. As the industry pivots toward higher-quality growth, telecom operators are prioritizing quality and efficiency, with overall capital expenditure trending downward. Their strategic focus has shifted towards intelligent computing networks, presenting both opportunities and challenges for the evolution of the telecommunications industry.

The year 2026 marks the start of the 15th Five-Year Plan period. China's information infrastructure is expected to undergo continuous upgrades, maintaining its global leadership. According to information released by MIIT in January 2026, in the mobile network sector, 5G-A networks and 10-gigabit optical networks will be further deployed in urban areas and key application scenarios, driving the transition from “dual-gigabit” to “dual-10-gigabit” connectivity. In computing networking, the focus will be on strengthening the relevant systems and deeply executing the “millisecond computing access” initiative within metropolitan areas.

The advancement of information and communication technologies and the digital economy is increasingly becoming a key driver of socio-economic prosperity and sustainable development across nations. Global telecommunications infrastructure development has maintained steady growth. In the mobile network space, according to the Ericsson Mobility Report published in November 2025, in the third quarter of 2025, global mobile data traffic grew to 188 EB, up 20% year-on-year, with video traffic accounting for approximately 76% of the total. Looking ahead, continued growth in global smart device penetration, increasing availability of high-definition video content, and rapid adoption of AI applications are expected to leave ample room for further expansion of global telecom infrastructure. On the fixed network front, according to data released by the International Telecommunication Union (ITU), 6 billion people worldwide had access to the internet by the end of 2025, representing 74% of the global population. In low-income countries, however, only 23% of the population had internet access, highlighting a persistent digital divide. At the same time, a range of uncertainties such as shifting macroeconomic conditions, geopolitical tensions, and protectionist trade measures, continue to exert a profound influence on infrastructure development trends across countries, including the telecommunications sector. These factors poised new challenges for international companies operating in this field.

In the data center market, with the rapid iteration of generative artificial intelligence and the increasing prevalence of large models, computing power resources have become a key cornerstone supporting the sustainable development of AI. Consequently, computing power data centers and their data transmission networks, serving as the core platforms for these resources, are experiencing a wave of rapid growth. According to a report released by the China Academy of Information and Communications Technology in March 2026, as of June 2025, the total computing power of global computing devices stood at 4,495 EFlops, representing a substantial year-on-year growth of 117%. Within it, intelligent computing power accounted for approximately 3,846 EFlops, comprising 85% of the overall capacity. It is projected that over the next five years, the global computing power scale will grow at a rate exceeding 60%, reaching 50 ZFlops by 2030, with intelligent computing power's share expected to surpass 95%. In response to this trend in computing power development, major cloud service providers worldwide are making sustained and significant investments in the construction of computing power data centers and related infrastructure. The further advancement of generative AI and the ongoing expansion of computing power data centers will have a profound structural impact on the demand for optical communication products utilized in computing power networks.

In September 2025, China's National Development and Reform Commission, the Ministry of Industry and Information Technology, the National Data Administration, and the Ministry of Finance jointly released the "National Action Plan for High-Quality Development of Computing Power Infrastructure (2025-2027)". The plan outlines the development of a computing power framework integrating four key components: computing hubs, data centers, transmission networks, and computing services. Progress continued on the "East-West Computing" initiative, with upgrades to interconnection networks between data centers across the eight national computing hubs, achieving end-to-end latency of under 20 milliseconds. These policy initiatives are expected to drive the development of next-generation optical fibre networks with ultra-low loss and ultra-low latency.

As computing chips approach the reticle limit, new technologies, including advanced packaging and high-speed network connections within data centers and between clusters, are becoming increasingly critical for the development of computing power. AI infrastructure will comprehensively evolve from “single-card performance computing power” to “system-level massive interconnection.” The approach to enhancing computing power will shift from relying on the computational capabilities of individual chips to upgrading entire rack-level systems. The application scenarios for optical interconnects are expected to extend from outside the rack further into the rack, creating significant growth potential for products related to optical network interconnections within computing power data centers and between clusters. The optical interconnect components business is also being influenced by the development of artificial intelligence, accelerating the commercial adoption of high-speed optical modules.

In the optical fibre and cable market, because of a cyclical downturn in the international telecommunications industry, the total global demand and average prices of standard single-mode fibre products experienced sustained pressure from 2023 to the first three quarters of 2025. The global demand for optical cable in 2025 still did not reach the same level as in 2022. Yet due to a fast growth of Generative Artificial Intelligence and a continues increase of capex for computing datacenters, in the fourth quarter of 2025, the supply-demand structure of the global optical fibre and cable market began to improve. In the overseas markets such as Southeast Asia, Europe, and the Americas, the construction of telecommunications infrastructure experienced a rebound, and the the demands for new types of optical fibre and cable, which are specifically designed for the “Three Ultra” (ultra-large capacity, ultra-low latency, ultra-low loss) network requirements and are deployed as the foundation for computing datacenters, are continuously growing. The trend provided a structural market opportunity. On the other hand, the effective optimization of capacities during the cyclical downturn, accelerated the improvement in demand and supply structural change.

Facing a market characterized by both challenges and opportunities, the company maintained strategic focus. It deeply implemented strategic initiatives such as overall business growth, innovation and digital transformation, internationalization, diversification, and synergistic growth with capital market. These efforts strengthened its core competitiveness, preserved its globally leading industry position, and solidified its advantages in the R&D, innovation, and industrialization processes within the field of new optical fibre products. The Company realized high-quality growth.

During the reporting period, the Company recorded operating revenue of approximately RMB14,252.1 million, representing an increase of approximately 16.8% compared with RMB12,197.4 million in 2024. Continued improvements in production efficiency and product mix enhanced profitability, with gross margin rising to approximately 30.7% in 2025 from approximately 27.3 % in 2024. Net profit attributable to equity shareholders of the Company increased to approximately RMB813.7 million in 2025 from approximately RMB675.9 million in 2024, representing an increase of approximately 20.4%. Net profit attributable to equity shareholders of the Company deducting non-recurring profit and loss in 2025 reached approximately RMB516.2 million, representing a year-on-year increase of approximately 40.6% year-on-year. Net cash generated from operating activities for 2025 amounted to approximately RMB3,652.9 million, representing an increase of approximately 104.8% from approximately RMB1,783.4 million in 2024.

## 1. **Aligning with market trends to improve core business performance and efficiency.**

In an era of rapid AI advancement, computing power has become a core productive force, with all-optical interconnect networks in AI data centers serving as its fundamental infrastructure. In 2025, the accelerated construction of AI data centers drove sustained growth in demand for new types of optical fibre products used in both intra- and inter-data center connectivity, with their share of total fibre demand continuing to rise. According to a CICC report published in December 2025, AI-related optical fibre and cable demand is expected to increase from less than 5% of global demand in 2024 to 35% in 2027, and will account for the majority of volume growth over this period. The global optical fibre and cable market is increasingly characterized by a new “twin-engine” growth model driven by both telecommunications and data center markets. In response, on one hand, the Company continued to optimize manufacturing processes and develop new productive capabilities to strengthen its efficiency as a leading company in standard single-mode optical fibre and cable products sector. On the other, it accelerated the commercial scaling of new fibre products in line with structural shifts in the market, enhancing both the quality and efficiency of its core business.

In November 2025, the Company was named among the first batch of 15 pilot smart factories in China, jointly selected by the MIIT and five other ministries. It was the only company in the telecommunications sector to receive this recognition. As the highest tier in the national smart factory development framework, the pilot smart factory designation represents the forefront of intelligent manufacturing in China, integrating next-generation information technologies, advanced manufacturing techniques, and lean management principles. It carries the important mission of exploring future manufacturing models, validating cutting-edge technology pathways, and setting industry benchmarks. The Company’s inclusion reflects its industry-leading capabilities in smart manufacturing and cost control. Going forward, the Company will leverage its technological, platform, and talent advantages to empower its domestic and international production bases as well as its diversified businesses, achieving comprehensive improvements in production efficiency.

In 2025, the commercial deployment of G.654.E fibre, combining large effective area with low attenuation and used in backbone network upgrades and long-haul data center interconnects, accelerated significantly. In June 2025, China Mobile conducted a centralized procurement of G.654.E optical cable totaling 3.14 million fkm, an increase of approximately 156% from its previous procurement. In October, China Telecom carried out a centralized procurement of trunk line optical cable, which included approximately 2.24 million fkm G.654.E optical cable, its first framework procurement dedicated to this product category. The Company secured the largest share in both procurement tenders. Meanwhile, the medium to high end single-mode and multi-mode fibre products for connectivity within datacenters also delivered strong business growth.

In the fourth quarter of 2025, owing to the improvement of the market supply and demand environment, as well as the Company’s global leading advantage in traditional and new optical fibre fields, the Company’s main business profitability was enhanced, achieving a net profit attributable to equity shareholders of the Company of approximately RMB344.1 million, representing a year-on-year increase of approximately 234.2%. The net profit attributable to equity shareholders of the Company deducting non-recurring profit and loss was approximately RMB233.3 million, an annual growth of approximately 293.6%. The Company's gross profit margin for the year 2025 reached 30.7%, marking the first time that it exceeded 30% since its listing on the Hong Kong Stock Exchange in 2014. The gross profit margin for the fourth quarter was 35.7%, which was also the highest single quarter gross profit margin level since its listing on the Hong Kong Stock Exchange in 2014..

## 2. Driving technological innovation and strengthening R&D leadership

The continuous development of AI is bringing disruptive changes to various industries. The research and development direction of optical network products has also shifted from traditional standardized and universal products designed for telecommunications backbone networks and metropolitan area networks to innovative optical fibre products for interconnection within intelligent computing centers and among high-performance computing clusters. As a leading enterprise in the industry, the Company established its core positioning as a “leader of optical infrastructure in AI era.” It will lead the innovation direction of the industry, provide customized and refined full range products and solutions for intelligent computing scenarios, and fully utilize its research and industrialization advantages in new optical fibre products to expand related businesses and consolidate its leading position.

Hollow-core fibre is expected to push the physical limits of conventional solid-core fibre, representing the key support technology for large-capacity and low-latency communication network and the most disruptive product in the intelligent computing center application scenario. The Company stepped up investment in R&D and continued to improve the technology of hollow-core fibre, characterized by a record-low attenuation of 0.04db/km, a decrease of 31% in latency, increase of 47% in transmission, and near-zero non-linearity effect compared to the solid-core fibre. Meanwhile, the Company has built a complete hollow-core fibre industrial chain ranging from optical fibre preform manufacturing, fibre drawing, coating to cable testing. The drawing length of a single hollow-core preform reached 91.2 fibre kilometers, realizing the large-scale manufacturing of hollow-core fibre, which laid a solid industrial foundation for its larger scale commercial usage. As of now, the Company had successfully deployed more than ten commercial and pilot hollow-core fibre application projects in Asia, Europe, the Americas and other regions. In 2025, it supported three major domestic operators in completing respective world-first commercial hollow-core fibre lines deployment, including the Guangdong-Hong Kong link spanning 100 kilometers, the world’s longest to date. The year 2025 already marked the beginning year of hollow-core fibre commercialization. In February 2026, the Company unveiled its hollow-core fiber brand, HollowBand®. To drive the large-scale global deployment of hollow-core fibre, the Company will partner with global industry participants to form an ecosystem alliance, shape international standards, and collaborate with top telecom operators and cloud service providers worldwide on over 50 commercial and pilot projects.

In addition to hollow-core fibre, the Company also offered comprehensive solutions including multi-core fibres, high quality multi-mode fibres, 800G/1.6T high-speed optical modules, green cabling systems, and other products and services, providing highly reliable, high-performance, and scalable all-optical bases for intelligent computing centers. The Company will persistently invest in R&D, ensuring the continuous leadership of cutting-edge technologies and products, and achieving sustained leadership in the innovation and industrialization of new optical fibre R&D in the era of intelligent computing.

### **3. Strengthening global footprint and enhancing international operations**

The current international landscape remains complex, with global economic growth facing multiple headwinds. Supply chain realignments and rising protectionist measures across various countries present multinational corporations with mounting challenges in customer acquisition, capacity planning, and regulatory compliance. Since launching internationalization strategy in 2014, the Company has taken a disciplined and prudent approach to capacity and business expansion, carefully weighing regional market dynamics, customer concentration, industry maturity, and trade and financial policies, delivering tangible results. Today, the Company operates 8 production bases in 6 countries, such as Indonesia, South Africa, Brazil, Poland, Germany and Mexico, evolving from an exporter to a fully integrated overseas enterprise with businesses spanning customer development, innovation, production and delivery.

The year 2025 marked the tenth anniversary of the Company's Indonesia optical fibre production facility. Since establishing Southeast Asia's first local fibre production capacity in 2015, the Company has built a complete optical fibre and cable ecosystem in the country, followed by the successful rollout of diversified products and operations. Indonesia stands as a testament to our transition from "going global" to "becoming local", from capacity expansion to shared value creation, offering a replicable blueprint for expansion into other regions. Since 2021, overseas operations have consistently contributed over 30% of our revenue. In 2025, revenue from overseas businesses reached approximately RMB6,092 million, up 47.8% year-on-year, with its share of total revenue further increased to 42.7%.

While AI advancements are reshaping the optical communications industry, the digital gap across borders remains significant. In 2025, approximately one-quarter of the global population still lacked internet access, with many low-income countries yet to achieve basic network coverage. This points to substantial headroom for communications infrastructure build-out in overseas markets. According to CRU data, global optical cable demand reached approximately 549 million fkm in 2025, up about 3.9% year-on-year, a modest rebound following two consecutive years of decline, and is expected to continue the growth trend. Looking ahead, the Company will closely monitor regional market developments and structural shifts in product demand. On one hand, it will further strengthen the customer acquisition and production delivery capabilities overseas, capturing growth opportunities as communications network infrastructure spending recovers. On the other, it will accelerate the commercial deployment of next-generation fibre products tailored to AI data center applications, improving the revenue mix of overseas businesses. Through these efforts, the Company aims to achieve high-quality growth, further increase the contribution of overseas revenue, and establish itself as a truly global enterprise.

#### **4. Deepening engagement across diversified businesses and driving operational efficiency**

In 2025, the Company continued to enhance the core competitiveness of various diversified business segments and achieved further development. In the field of optical transmission components, the subsidiary of the Company, EverProX, capitalized on AI-driven opportunities to further deepen internal resource integration and business synergies while advancing its global strategic footprint. During the reporting period, its capacity expansion in Indonesia progressed smoothly, and the "1 plus 3" global collaborative production system, encompassing Indonesia plus Jiaxing, Chengdu, and Hanchuan, has been fully established. This system is capable of matching global market demand trends to achieve business expansion. EverProX consistently adheres to a development strategy driven by technological innovation, continuously increasing its research and development investment to provide solid technical support for product iteration and upgrading, as well as strategic transformation. During the reporting period, R&D investment amounted to RMB127 million, accounting for more than 5% of EverProX's operating revenue. During the reporting period, its PON optical module products underwent iterative upgrades. Its 400G/800G AEC series products, as well as multi-mode 400G SR4 and 800G SR8 products, have achieved mass production capabilities, further refining its product portfolio. Benefited from a strong performance growth from EverProX, the operating revenue of optical transmission components segment reached RMB3.144 billion, representing an annual growth rate of 48.6%, and the gross margin reached 39.7%.

In the field of industrial lasers, the Company quickly completed the business integration of Penta Laser (Zhejiang) Co., Ltd., building a complete industrial chain that includes specialty optical fibres in upstream, industrial lasers in the middle, and laser equipment in downstream, enhancing overall competitiveness and overseas business expansion capabilities. In the field of marine energy and engineering, the Company had built a comprehensive capability of marine energy transmission, submarine optical network system, and marine engineering for large-scale development of offshore wind power. Based on the development trends in the offshore wind power market and its order backlog, the YOFC (Binhai) High-end Submarine Cable Intelligent Manufacturing and Smart Operation & Maintenance Project was signed in Yancheng, Jiangsu Province, in December 2025. This project will further enhance the Company's manufacturing and engineering capabilities in the energy sector, laying a solid foundation for the sustained development of its business in this field. In the field of high-purity quartz materials, the Company had completed the research and industrialization project of YOFC optical quartz components, secured key customers in core markets, and achieved fast revenue growth. In the field of third-generation semiconductors, YOFC Advanced Semiconductor, an associate of the Company, completed the first wafer production at its Wuhan base in May 2025. Through extensive R&D investment and technological innovation, its wafer manufacturing, module development, and chip iteration capabilities have been steadily enhanced, laying a solid foundation for future business growth.

In 2025, the Company's diversified business revenue was approximately RMB5.9 billion, accounting for over 40% of total operating income for the first time. It reflected the ongoing progress of the Company's diversification strategy. In 2026, building on the foundation laid in previous years, each of the Company's diversified business segments will further strengthen synergies, enhance operational efficiency, and drive sustainable growth.

## **5. Maintaining prudent management measures and growing in synergy with the capital market**

In the face of rising external uncertainties and shifting industry cycles, the Company had consistently maintained a prudent financial policy to support the execution of its core strategic initiatives and ensure sustainable business growth. In 2025, the Company achieved a net operating cash flow of approximately RMB3,653 million, a year-on-year increase of over 100%, and maintained a prudent level of debt ratio. Thanks to its healthy financial condition and business development expectations, the Company issued the first Science and Technology Innovation Bond in the domestic optical fibre and cable industry in August 2025 with AAA rating. The bond size was RMB500 million, with a term of 3 years and an issuance interest rate of 1.9%. In December 2025, the Company completed the placement of 70 million H shares, with net proceeds of approximately HKD2,229 billion, which will be used to support its overseas business development. The placing represented the largest H share fundraising in the telecommunications industry since 2025 and the largest in the optical communications sector since 2015, fully demonstrating the market's high confidence in both the industry's growth potential and the Company's leading position.

In 2025, the Company improved its industrial funds layout represented by Wuhan YOFC Sci-Tech Industrial Fund Partnership (Limited Partnership), Hubei Changjiang Yangtze Laser Intelligent Manufacturing Venture Capital Fund Partnership Enterprise (Limited Partnership), and the Hubei YOFC Angel Venture Capital Fund Partnership (Limited Partnership). The Company will continue to leverage the capital markets, working with its partners to incubate early-stage projects in core technology fields and foster the development of related industrial ecosystems.

To give back to investors and improve long-term incentive mechanisms, the Company completed the repurchase of A shares using RMB197,297,993 (excluding transaction costs) from April to May 2025, and has transferred the repurchased shares to the security account of Yangtze Optical Fibre and Cable Joint Stock Limited Company – 2025 Employee Stock Ownership Plan for the implementation of the employee stock ownership plan. By fully mobilizing the enthusiasm and creativity of core employees, the Company promotes long-term sustainable development.

## PROPOSED FINAL DIVIDEND

The Board proposed the distribution of a final dividend for the year ended 31 December 2025 of RMB0.295 before tax (2024: RMB0.268 before tax) per share totaling RMB244,232,007 (2024: RMB203,118,569). The expected payment date is on or before 21 August 2026. The proposed dividend is subject to approval by shareholders of the Company at the forthcoming 2025 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 2025 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

On March 28, 2025, the Board resolved to adopt the repurchase plan of A Shares through centralized bidding for the purpose of implementing the 2025 ESOP. During the year, the Company repurchased 6,000,000 A shares on the Shanghai Stock Exchange for an aggregate consideration of RMB197,297,993 (before transaction expenses). Details of the A Shares repurchased are as follows:

Month of purchase in Period	No. of A Shares purchased	Purchase consideration per share		Aggregate consideration paid RMB
		Highest price paid RMB	Lowest price paid RMB	
April 2025	4,000,000	33.08	29.83	126,546,446
May 2025	2,000,000	36.94	33.47	70,751,547
Total	<u>6,000,000</u>			<u>197,297,993</u>

Save as disclosed above, during the year, there were no purchase, sales or redemption of the Company's listed securities (including the sale of treasury shares) by the Company or its subsidiaries.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group, which occurred after the end of the year 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 2025. 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 2025.

## **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 2025 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 2025 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 2025.

## **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 in writing to 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 2025.

## **ANNUAL REPORT**

The auditing process of the 2025 Annual Results has been completed and the annual report of the Company for the year ended 31 December 2025 will be disseminated to the requesting shareholders of the Company and made available 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 2026.

## 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, 27 March 2026

*As at the date of this announcement, the Board comprises Mr. Zhuang Dan as executive director; Mr. Ma Jie, Mr. Guan Jingzhi, Mr. Pier Francesco Facchini, Mr. Lars Frederick Persson, Mr. Hamavand Rayomand Shroff, Mr. Qiu Xiangping and Mr. Mei Yong as non-executive directors; and 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*