Nanfang Communication Holdings Limited
南方通信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1617)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

For the six months ended 30 June 2026 (the "**Reporting Period**"), the Group's operating results were as follows:

- Total revenue increased by approximately 21.9% to approximately RMB226.1 million (six months ended 30 June 2025: approximately RMB185.5 million).

- Gross profit increased by approximately 58.4% to approximately RMB54.3 million (six months ended 30 June 2025: approximately RMB34.3 million).

- Gross profit margin increased from approximately 18.5% for the six months ended 30 June 2025 to approximately 24.0% for the Reporting Period.

- Profit and total comprehensive income was approximately RMB38.1 million (six months ended 30 June 2025: approximately RMB26.1 million).

- The Board did not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2025: nil).

The board (the "**Board**") of directors (the "**Directors**") of Nanfang Communication Holdings Limited 南方通信控股有限公司 (the "**Company**") is pleased to announce the following unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026, together with the comparative unaudited figures for the six months ended 30 June 2025. The unaudited condensed consolidated interim results have not been audited and reviewed by the Company's auditors, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*3, 4*	**226,125**	185,520
Cost of sales		**(171,782)**	(151,207)
Gross profit		**54,343**	34,313
Other income, gains, expenses and losses, net	*5*	**19,787**	7,107
Changes in fair value of financial assets at fair value through profit or loss		**–**	18,222
Selling and distribution expenses		**(10,308)**	(7,948)
Administrative expenses		**(19,583)**	(15,033)
Research costs		**(14,160)**	(13,678)
Finance costs	*6*	**(3,514)**	(4,253)
Share of profit of an associate		**15,243**	5,674
Share of profit of a joint venture		**896**	1,418
Profit before income tax	*8*	**42,704**	25,822
Income tax (expense)/credit	*7*	**(4,638)**	314
Profit and total comprehensive income for the period		**38,066**	26,136
Earnings per share	*9*	**RMB0.023**	RMB0.016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	**As at 30 June 2026** *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**207,870**	209,961
Right-of-use assets		**44,570**	45,092
Interest in an associate		**117,058**	101,816
Interest in a joint venture		**36,421**	53,775
Restricted bank deposits and balances	*12*	**4,268**	4,232
Bank deposits with original maturity more than three months		**6,300**	6,300
Deferred tax assets		**15,281**	14,483
		431,768	435,659
CURRENT ASSETS			
Inventories		**40,513**	37,357
Trade and bills receivables	*11*	**346,718**	347,706
Prepayments, deposits and other receivables		**58,548**	46,190
Financial assets at fair value through profit or loss ("**FVTPL**")		**–**	50,152
Tax recoverables		**–**	221
Restricted bank deposits and balances	*12*	**109,213**	43,562
Bank deposits with original maturity more than three months		**107,599**	106,189
Bank deposits, bank balances and cash		**432,613**	261,462
		1,095,204	892,839
CURRENT LIABILITIES			
Trade and bills payables	*13*	**269,151**	246,022
Other payables		**17,005**	27,388
Contract liabilities		**3,381**	2,407
Bank borrowings	*14*	**311,172**	119,205
Tax payables		**1,771**	–
		602,480	395,022

	Notes	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
NET CURRENT ASSETS		**492,724**	497,817
TOTAL ASSETS LESS CURRENT LIABILITIES		**924,492**	933,476
CAPITAL AND RESERVES			
Share capital	*15*	**1,418**	1,418
Reserves		**885,022**	846,956
Equity attributable to owners of the Company		**886,440**	848,374
NON-CURRENT LIABILITIES			
Bank borrowings	*14*	**11,000**	60,000
Deferred tax liabilities		**13,483**	11,301
Deferred income – government grants		**13,569**	13,801
		38,052	85,102
		924,492	933,476

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as appropriate.

Other than changes in accounting policies resulting from application of new International Financial Reporting Standards ("**IFRS Accounting Standards**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity

The application of the new and amendments to IFRS Accounting Standards in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

The Group's revenue represents amounts received and receivable from the sales of optical fibre cables, optical distribution network devices and prepainted steel sheet, net of discounts, customers' returns and sales related tax that are recognised at a point in time.

Sales of the Group's optical fibre cables, optical distribution network devices and prepainted steel sheet are principally made to customers located in the People's Republic of China (the "**PRC**").

(ii) Performance obligations for contracts with customers

The Group sells optical fibre cables and optical distribution network devices to the four state-owned telecommunications network operators in the PRC (the "**Major PRC Telecommunications Network Operators**") and other companies according to the relevant sales agreements. Revenue is recognised when control of optical fibre cables and optical distribution network devices has been transferred, being when they have been delivered to the customers' specific locations based on the quantity of optical fibre cables and optical distribution network devices received by the customers. A receivable is recognised by the Group as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No provision for returns of optical fibre cables and optical distribution network devices is set out in the relevant sales agreements, unless they could be replaced if quality problems are found. The customers have neither rights of return nor rights to defer or avoid payment for the goods once the goods are received by the customers. The Group usually issues invoices in six months after completion of delivery of goods. According to the relevant sales agreements entered into between the Group and the Major PRC Telecommunications Network Operators, 70% to 90% of invoiced amounts is receivable upon issue of invoices. The Group allows credit period within six months to the Major PRC Telecommunications Network Operators for the receipt of the remaining balances. In addition, the Group granted credit periods of not more than one year after completion of delivery of goods to other customers with good repayment history. The Group does not obtain collateral from customers.

4. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company (also general manager of the Group), being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on revenue from the sales of optical fibre cables, optical distribution network devices and prepainted steel sheet.

As the Group is principally engaged in the manufacturing and sales of optical fibre cables, optical distribution network devices and prepainted steel sheet, the Directors consider that the Group has one reportable and operating segment. As such, no segment information is presented other than the entity-wide disclosures.

Geographical information

The Group's operation is principally in the PRC and all its non-current assets (other than deferred tax assets (six months ended 30 June 2025: other than financial assets at FVTPL and deferred tax assets)) are situated in the PRC.

5. OTHER INCOME, GAINS, EXPENSES AND LOSSES, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**1,983**	1,551
Foreign exchange losses, net	**(790)**	(35)
Sales of electricity and gain on sales of other materials	**15,964**	2,759
Government grants recognised	**1,883**	2,187
Loss on disposal of property, plant and equipment	**(117)**	(191)
Others	**864**	836
Other income, gains, expenses and losses, net	**19,787**	7,107

6. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on borrowings	**3,514**	4,253
Finance costs	**3,514**	4,253

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("**EIT**")		
– Current tax	**3,254**	627
– Deferred tax	**1,384**	(941)
Income tax expense/(credit)	**4,638**	(314)

No provision for income taxes of the Company and its certain subsidiaries was made as they did not earn assessable income during the Reporting Period (six months ended 30 June 2025: nil).

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, Jiangsu Nanfang Communication Technology Company Limited ("**Nanfang Communication**") and Jiangsu Yingke Communication Technology Company Limited ("**Yingke**"), subsidiaries of the Company, are continuously recognised as "High and New Technology Enterprise" for a three-year-period starting in 2025. Accordingly, Nanfang Communication and Yingke are entitled to a reduced EIT rate of 15% for the Reporting Period (six months ended 30 June 2025: 15%).

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories recognised as cost of sales	**171,782**	151,207
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,706**	2,884
Less: Depreciation capitalised in inventories	**(2,930)**	(1,887)
Depreciation recognised as cost of sales	**3,776**	997
Depreciation of right-of-use assets	**552**	474
Staff costs (including the Directors' remuneration):		
– Salaries, wages and allowances	**14,826**	13,879
– Retirement benefit scheme contributions	**1,610**	1,545
Total staff costs	**16,436**	15,424

9. EARNINGS PER SHARE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the Reporting Period attributable to owners of the Company)	**38,066**	26,136

	Six months ended 30 June	
	2026	2025
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,626,240**	1,626,240

No diluted earnings per share is presented as there was no potential ordinary shares outstanding for both periods.

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**356,692**	348,757
Less: Allowance of credit losses	**(11,809)**	(11,809)
Trade receivables, net	**344,883**	336,948
Bills receivable *(Note)*	**1,835**	10,758
Trade and bills receivables	**346,718**	347,706

Note: At the end of the Reporting Period, the Group's bills receivable was issued by banks and customers with maturity within six months.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on invoice date:

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Less than 6 months	**316,528**	309,845
More than 6 months, but less than 1 year	**16,529**	18,003
More than 1 year	**11,826**	9,100
Trade receivables, net	**344,883**	336,948

As at 30 June 2026, there was no amount due from an associate included in trade receivables (31 December 2025: approximately RMB266,000). The amount due from the associate is unsecured, interest-free and receivable according to the relevant sales agreement.

According to the relevant sales agreements entered into between the Group and the Major PRC Telecommunications Network Operators, 70% to 90% of invoiced amounts is receivable upon issue of invoices. The Group allows credit period within six months to the Major PRC Telecommunications Network Operators for the receipt of the remaining balances. In addition, the Group granted credit periods of not more than one year after completion of delivery of goods to other customers with good repayment history. The Group does not obtain collateral from customers.

12. RESTRICTED BANK DEPOSITS AND BALANCES

As at 31 December 2025 and 30 June 2026, the Group's restricted bank deposits and balances were pledged to banks for issuing bills payable and bank borrowings.

13. TRADE AND BILLS PAYABLES

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Trade payables	**124,415**	139,702
Bills payable	**144,736**	106,320
Trade and bills payables	**269,151**	246,022

The average credit period on purchases of materials was within four months upon receipts of the materials and the relevant VAT invoices.

The following is an aged analysis of trade payables, presented based on the invoice date:

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Less than 6 months	**116,592**	134,038
More than 6 months, but less than 1 year	**2,248**	706
More than 1 year	**5,575**	4,958
Trade payables	**124,415**	139,702

As at 30 June 2026, included in trade payables, there was an amount due to an associate of approximately RMB48,992,000 (31 December 2025: approximately RMB52,018,000). The amount due to the associate is unsecured, interest-free and payable according to the relevant purchase agreement.

As at 31 December 2025 and 30 June 2026, the Group's bills payable were issued by banks with maturity within six months and were secured by the Group's restricted bank deposits and balances.

14. BANK BORROWINGS

All bank borrowings are denominated in functional currency of the group entities. At 30 June 2026, the Group had interest-bearing bank borrowings amounting to approximately RMB322.2 million (31 December 2025: approximately RMB179.2 million).

As at 30 June 2026, the Group's bank borrowings of approximately RMB322.2 million (31 December 2025: approximately RMB179.2 million) carried interest with variable interest rates ranging from 2.11% to 3.30% (31 December 2025: ranging from 2.11% to 3.65%) per annum.

As at 30 June 2026, the Group's variable-rate bank borrowings of approximately RMB227.1 million were unsecured but guaranteed by group companies (31 December 2025: approximately RMB79.1 million) while an amount of approximately RMB95.1 million was secured by restricted bank deposits and balances and guaranteed by group companies (31 December 2025: approximately RMB100.1 million).

The Group's banking borrowings of approximately RMB11.0 million are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related loans would become payable on demand. The Group did not identify any difficulties in complying with the covenants. At 30 June 2026, none of the covenants relating to drawn down facilities had been breached (31 December 2025: nil).

15. SHARE CAPITAL

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Authorised		
8,000,000,000 ordinary shares of HK$0.001 each	**8,000**	8,000

	HK$'000 (Unaudited)	*HK$'000* (Audited)
Issued and fully paid		
1,626,240,000 (as at 31 December 2025: 1,626,240,000) ordinary shares of HK$0.001 each	**1,626**	1,626

	HK$'000 (Unaudited)	*HK$'000* (Audited)
Presented in the condensed consolidated statement of financial position	**1,418**	1,418

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a leading telecommunications manufacturer in the People's Republic of China (the "**PRC**"), the Group recorded revenue of approximately RMB226.1 million for the Reporting Period (six months ended 30 June 2025: approximately RMB185.5 million), representing an increase of approximately 21.9% as compared to the same period in 2025. The gross profit of the Group was approximately RMB54.3 million (six months ended 30 June 2025: approximately RMB34.3 million), representing an increase of approximately 58.4% as compared to the same period in 2025. The Company recorded the profit and total comprehensive income of approximately RMB38.1 million (six months ended 30 June 2025: approximately RMB26.1 million). During the Reporting Period, the basic earnings per share was approximately RMB0.023 (six months ended 30 June 2025: approximately RMB0.016).

FINANCIAL REVIEW

Revenue

Revenue of the Group represents revenue derived from manufacturing and sales of optical fibre cables and optical distribution network devices as well as processing and sales of prepainted steel sheet. During the Reporting Period, the Group recorded a total revenue of approximately RMB226.1 million, representing an increase of approximately 21.9% from approximately RMB185.5 million for the six months ended 30 June 2025.

As the Group is principally engaged in the manufacturing and sales of optical fibre cables, optical distribution network devices and prepainted steel sheet, the Directors consider that the Group has one reportable and operating segment. As such, no segment information is presented other than the entity-wide disclosures.

Cost of sales

For the Reporting Period, cost of sales of the Group was approximately RMB171.8 million (six months ended 30 June 2025: approximately RMB151.2 million), representing an increase of approximately 13.6% as compared to the same period in 2025.

Gross profit and gross profit margin

For the Reporting Period, the Group's gross profit was approximately RMB54.3 million (six months ended 30 June 2025: approximately RMB34.3 million), representing an increase of approximately 58.4% as compared to the same period in 2025. During the Reporting Period, the Group's gross profit margin was approximately 24.0% as compared to a gross profit margin of approximately 18.5% for the six months ended 30 June 2025. The Group's gross profit and gross profit margin were improved in the Reporting Period owing to the adjustment of the Company's product mix in response to the expansion of computing power infrastructure and the steady growth of the optical fibre cable industry.

Other income, gains, expenses and losses, net

The net other income of approximately RMB7.1 million for the six months ended 30 June 2025 increased to approximately RMB19.8 million for the Reporting Period. The increase was mainly attributable to the increase in sales of electricity and gain on sales of other materials during the Reporting Period.

Selling and distribution expenses

For the Reporting Period, the Group's selling and distribution expenses were approximately RMB10.3 million (six months ended 30 June 2025: approximately RMB7.9 million), representing an increase of approximately 29.7% as compared to the same period in 2025. The increase was mainly due to the increase in the Group's overall operations.

Administrative expenses

For the Reporting Period, the Group's administrative expenses were approximately RMB19.6 million (six months ended 30 June 2025: approximately RMB15.0 million), representing an increase of approximately 30.3% as compared to the same period in 2025. The increase was mainly due to the recognition of additional depreciation of property of approximately RMB4.1 million after the Group's completion of a construction site.

Research costs

The Group's research costs were approximately RMB14.2 million for the Reporting Period (six months ended 30 June 2025: approximately RMB13.7 million), representing a slight increase of approximately 3.5% as compared to the same period in 2025.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB3.5 million (six months ended 30 June 2025: approximately RMB4.3 million), representing a decrease of approximately 17.4% as compared to the same period in 2025. The decrease in finance costs was mainly due to the reduction in overall borrowing interest rates during the Reporting Period.

Share of profit of an associate

During the Reporting Period, the Group recorded a share of profit of an associate of approximately RMB15.2 million, representing an increase of approximately 168.6% from approximately RMB5.7 million for the six months ended 30 June 2025. The associate is mainly engaged in the manufacturing and sales of optical fibre.

Share of profit of a joint venture

During the Reporting Period, the Group recorded a share of profit of a joint venture of approximately RMB0.9 million, representing a decrease of approximately 36.8% from approximately RMB1.4 million for the six months ended 30 June 2025. The joint venture is engaged in the manufacturing and sales of optical fibre preforms.

Income tax expense/credit

During the Reporting Period, the Group recorded income tax expense of approximately RMB4.6 million (six months ended 30 June 2025: income tax credit of approximately RMB0.3 million), mainly represented by the recognition of current year income tax by the Group.

Profit and total comprehensive income attributable to owners of the Company

As a result of the foregoing, the Group recorded the profit and total comprehensive income of approximately RMB38.1 million during the Reporting Period (six months ended 30 June 2025: approximately RMB26.1 million).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

During the Reporting Period, the Group's operational and capital requirements were financed principally through share capital, reserves, bank borrowings and an amount due to a Director.

Cash and loan position

As at 30 June 2026, the Group had an aggregate of restricted bank deposits and balances, bank deposits with original maturity of more than three months, bank deposits, bank balances and cash of approximately RMB660.0 million (31 December 2025: approximately RMB421.7 million), representing an increase of approximately 56.5% as compared to that as at 31 December 2025.

All bank borrowings are denominated in functional currency of the group entities. As at 30 June 2026, the Group had interest-bearing bank borrowings amounting to approximately RMB322.2 million (31 December 2025: approximately RMB179.2 million).

As at 30 June 2026, the Group's bank borrowings of approximately RMB322.2 million (31 December 2025: approximately RMB179.2 million) carried interest with variable interest rates ranging from 2.11% to 3.30% (31 December 2025: ranging from 2.11% to 3.65%) per annum.

As at 30 June 2026, the Group's variable-rate bank borrowings of approximately RMB227.1 million were unsecured but guaranteed by group companies (31 December 2025: approximately RMB79.1 million) while an amount of approximately RMB95.1 million was secured by restricted bank deposits and balances and guaranteed by group companies (31 December 2025: approximately RMB100.1 million).

Charges on the Group's assets

As at 30 June 2026, the Group pledged certain of its bank deposits with original maturity more than three months and restricted bank deposits totalling approximately RMB227.4 million (31 December 2025: approximately RMB160.3 million) to secure bills payable and bank borrowings.

Gearing ratio

As at 30 June 2026, the gearing ratio of the Group, which was calculated by dividing the total liabilities by the total equity, was approximately 72.3% (31 December 2025: approximately 56.6%).

Currency risk

While the Group's operations were principally in the PRC during the Reporting Period and it mainly made sales and incurred production costs and expenses in RMB, the Group has certain bank deposits and balances denominated in foreign currencies other than RMB. The Group may use any contracts to hedge against its exposure to currency risk, as appropriate, and the Directors manage its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed rate bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on variable interest bearing financial instruments, mainly, restricted bank balances, bank balances and variable rate bank borrowings which carried at prevailing market interest rates. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk.

Credit risk

As at 30 June 2026, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arose from the carrying amounts of the respective recognised financial assets as stated in the condensed consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and bills receivables arising from contracts with customers and other receivables. In order to minimise the credit risk, the Directors have delegated a team of staff responsible for determining credit limits and monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. Besides, the management of the Group performs impairment assessment on individual debtor basis to estimate the amount of expected credit loss ("**ECL**") of trade, bills and other receivables based on internal credit ratings, ageing, collateral, repayment history and/or past due status of respective other receivables and adjusted for forward-looking information.

For bank deposits and balances, the management of the Group assessed that the Group's bank deposits with original maturity more than three months, restricted bank deposits and balances, bank deposits and bank balances are at low credit risk because they are placed with reputable banks with higher internal credit ratings with reference to either international or PRC credit-rating agencies, and ECL is insignificant.

As at 30 June 2026, the Group had concentration of credit risk because approximately 83.0% (31 December 2025: approximately 81.6%) of trade receivables were due from the Major PRC Telecommunications Network Operators with good repayment history and strong financial background.

Other than the above, the Group does not have significant concentration of credit risk.

Liquidity risk

The Group's management monitors the Group's cash flow position on a regular basis to ensure the cash flows of the Group are closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available and issue of new ordinary shares.

Capital commitments

As at 30 June 2026, the Group had capital commitments of capital expenditure contracted but not provided in respect of acquisition of property, plant and equipment amounting to approximately RMB26.8 million (31 December 2025: nil).

Employees and remuneration policies

As at 30 June 2026, the Group had approximately 320 employees (six months ended 30 June 2025: approximately 310). During the Reporting Period, the Group incurred staff costs of approximately RMB16.4 million (six months ended 30 June 2025: approximately RMB15.4 million). As required by applicable laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed periodically with reference to the prevailing market employment practices and legislation.

DISCLOSABLE TRANSACTION – REDEVELOPMENT PROJECT

As disclosed in the voluntary announcement of the Company dated 15 October 2025, the Company would establish a Nanfang Science and Technology Ecological Industrial Park* (南方科技生態產業園) by renovating and redeveloping the Company's former factory sites in Changzhou City, Jiangsu Province, the PRC (the "**Redevelopment Project**"). As disclosed in the announcement of the Company dated 13 February 2026, Nanfang Communication (an indirect wholly owned subsidiary of the Company) entered into a construction contract with Jiangsu Xinxia Construction Limited* (江蘇鑫廈建設有限公司) for the provision of construction work and construction labour for the Redevelopment Project at the construction fee of RMB38.25 million. Based on the construction schedule of the Redevelopment Project, Nanfang Communication would pay approximately RMB2.1 million as the infrastructure facilities fee in relation to the Redevelopment Project levied by the Housing and Urban-Rural Development Bureau of Wujin District* (武進區住房和城鄉建設局) by the end of February 2026. The transaction contemplated under the construction contract and payment of the infrastructure facilities fee were aggregated transactions and constituted a disclosable transaction under the Listing Rules upon aggregation.

For details of the Redevelopment Project, please refer to the Company's announcements dated 15 October 2025 and 13 February 2026.

* *For identification purpose only*

OUTLOOK

In the first half of 2026, China's optical fibre cables industry reached a historic turning point, with the industry's operating dynamics undergoing a fundamental shift, moving away from the oversupply and low-price competition of recent years toward a new cycle characterized by "tight supply and increases in both volume and price". Data from the Commodity Research Unit shows that total global demand for optical fibre cables in 2026 is projected to reach 577 million fkm while global effective supply will be only approximately 397 million fkm, resulting in an annual supply-demand gap of 180 million fkm and representing a shortage rate of approximately 16.4%, which far exceeds the peak shortage rate of approximately 4.8% during the previous upward cycle in 2017 to 2018. On the supply side, the capacity expansion cycle for optical fibre preforms usually takes 18 to 24 months, and the barriers to process certification are extremely high, making it difficult to effectively release new production capacity in the short term.

The structure of domestic market demand continues to improve, and telecommunications network operators are accelerating the upgrade of their backbone networks. The Ministry of Industry and Information Technology has explicitly called for the accelerated construction of backbone transmission networks with speeds of 400 Gbps and 800 Gbps, as well as the optimization of network transmission channels between national hub nodes in the eastern, central and western regions. Meanwhile, AI computing infrastructure has become the strongest source of incremental demand in the optical fibre cables industry. In 2025, global demand for optical fibre cables in data centers reached approximately 69.6 million fkm, representing a year-on-year increase of 75.9%, and is expected to exceed 100 million fkm by 2026. The number of optical fibres consumed within and between individual 10,000-card-level GPU clusters is five to ten times that of traditional data centers or telecommunications networks. Market demand for high-end products, including high-fibre-count ribbon cables, pre-terminated data center cables and MPO cables, continues to expand.

At the policy level, solid support continues to be provided for the industry's development. The "15th Five-Year Plan" Proposal explicitly calls for "strengthening the efficient supply of computing power, algorithms, data and other resources" and "fully implementing the 'AI+' initiative". China will build 500,000 new 5G-A base stations and 1 million high-speed optical network ports. The "15th Five-Year Plan for the Development of China's Optoelectronic Cables and Optical Components Industry" was officially released in July 2026, designating hollow-core and multi-core optical fibres as the top industrialization projects. The target share of optical fibres dedicated to AI computing power has been raised from less than 5% to over 30%. Meanwhile, the National Development and Reform Commission (NDRC) has recently made efforts to study the establishment of a "2+3+N" coordination mechanism, explicitly designating the construction of 10-gigabit optical networks, 5G-A, backbone transmission and low-latency optical transmission networks as the core implementation pillars of the next-generation communication network. In terms of overseas markets, demand in North America has been particularly strong. In 2026, the demand is projected to reach 149 million fkm, representing a year-on-year increase of 17% and accounting for over 25% of global demand. The global optical fibre cables market is approaching strong growth in the coming years.

Looking ahead to the second half of 2026, driven by the continued widening of the global supply-demand gap, the accelerated development of AI computing infrastructure, strong support from China's 15th Five-Year Plan policies as well as robust demand from overseas markets, the optical fibre cables industry is expected to maintain its favorable momentum of rising volumes and prices. The Group will seize this opportunity for the industry, deepening strategic cooperation with China's major telecommunications network operators to consolidate and expand its core market share. Meanwhile, the Group will make every effort to develop high-value-added emerging markets. While steadily advancing its global expansion, the Group will prioritize non-operator sectors such as computing centres, supercomputing centers, the Industrial Internet and corporate private networks, focusing on high-end applications like high-speed data center interconnections and long-distance backbone transmission to precisely meet the new market demand driven by AI computing infrastructure.

Adhering to a long-term strategy, the Group will continue to focus on its core optical communications business, actively invest in R&D resources, concentrate on enhancing its manufacturing capabilities for high-speed transmission optical fibres, accelerate the large-scale production of high-density interconnect products for data centers and actively seek out and deploy products in cutting-edge technology areas such as hollow-core fibres to increase the proportion of high-value-added products in its product mix. The Group will also continue to strengthen supply chain management and cost control, enhance lean production practices, optimize operational efficiency and actively seize opportunities arising from the industry's value reshaping. By doing so, the Group will consolidate its strength and profitability during the industry's upswing and generate better returns for shareholders.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the knowledge of the Directors, the Company has maintained a sufficient public float during the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance practices. The Company has complied with the applicable code provisions as set out in the CG Code during the Reporting Period and up to the date of this announcement. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code during the Reporting Period and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Chan Kai Wing, Mr. Liu Cheng Yi and Ms. Ju Hefeng. Mr. Chan Kai Wing is the chairman of the Audit Committee.

The Audit Committee has, together with the management of the Company, reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Reporting Period and up to the date of this announcement, the Group had no material acquisition or disposal of any subsidiaries, associated companies and joint ventures.

IMPORTANT EVENTS AFTER REPORTING PERIOD

No important events affecting the Group have occurred since the end of the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of each of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsnfgroup.com). The interim report of the Company for the Reporting Period will be despatched to the Company's shareholders on or before 29 September 2026 and will be available on the websites of each of the Stock Exchange and the Company.

For and on behalf of the Board
Nanfang Communication Holdings Limited
Yu Rumin
Chairman

Hong Kong, 27 August 2026

As at the date of this announcement, the executive Directors are Mr. Shi Ming (chief executive officer), Ms. Yu Rumin (chairman) and Ms. Yu Ruping; the non-executive Director is Mr. Yu Jinlai; and the independent non-executive Directors are Mr. Chan Kai Wing, Mr. Liu Cheng Yi and Ms. Ju Hefeng.