南方通信
Nanfang Communication

Nanfang Communication Holdings Limited

南方通信控股有限公司

(Incorporated in Cayman Islands with Limited Liability)

Stock Code: 1617

2026
INTERIM REPORT

智慧聯接 啟動未來

SMART LINKS START THE FUTURE

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Shi Ming (Chief executive officer)
Ms. Yu Rumin (Chairman)
Ms. Yu Ruping

Non-Executive Director
Mr. Yu Jinlai

Independent Non-Executive Directors
Mr. Chan Kai Wing
Mr. Liu Cheng Yi
Ms. Ju Hefeng

COMPANY SECRETARY
Ms. Lo Moon Fong

AUTHORISED REPRESENTATIVES
Mr. Shi Ming
Ms. Lo Moon Fong

REGISTERED OFFICE
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 902, 9/F, Capital Centre
151 Gloucester Road
Wan Chai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC
1 Cencun Road, Luoyang Town
Wujin District, Changzhou City
Jiangsu Province, The People's Republic of China

AUDITOR
BDO Limited

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE
www.jsnfgroup.com

STOCK CODE
1617

Financial 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).

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.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

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.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

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%).

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (CONTINUED)

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.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (CONTINUED)

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.

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.

OUTLOOK (CONTINUED)

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 a 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.

Other Information

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).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Interests in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of shares or underlying shares held (1)	Approximate % of shareholding
Ms. Yu Rumin (2)	Founder of a discretionary trust (2)	840,000,000 (L)	51.65
	Interest of spouse (4)	56,184,000 (L)	3.46
	Beneficial owner	14,784,000 (L)	0.91
Mr. Yu Jinlai (3)	Beneficiary of a discretionary trust (3)	840,000,000 (L)	51.65
Ms. Yu Ruping (3)	Beneficiary of a discretionary trust (3)	840,000,000 (L)	51.65
	Beneficial owner	14,784,000 (L)	0.91
Mr. Shi Ming	Interests of spouse (4)	854,784,000 (L)	52.56
	Beneficial owner	56,184,000 (L)	3.46

Notes:

(1) The letter "L" denotes the person's "long position" (as defined under Part XV of the SFO) in the relevant shares.

(2) Pacific Mind Development Limited ("**Pacific Mind**") owned 840,000,000 Shares, representing 51.65% of the total number of the Shares. The issued share capital of Pacific Mind is directly owned by UBS Nominee Limited, a company incorporated in the Island of Jersey, being the nominee, holding the entire issued share capital of Pacific Mind for UBS TC (Jersey) Limited ("**Trustee**"). The Trustee is a trustee of a discretionary trust ("**Family Trust**") set up by Ms. Yu Rumin for which it acts as the trustee and Ms. Yu Rumin, her family members and any persons being approved are the beneficiaries. Ms. Yu Rumin as founder of the Family Trust is taken to be interested in the 840,000,000 Shares held by Pacific Mind by virtue of Part XV of the SFO.

(3) The Shares were held by Pacific Mind in the capacity of a legal beneficial owner. Since each of Mr. Yu Jinlai and Ms. Yu Ruping is a beneficiary of the Family Trust, each of Mr. Yu Jinlai and Ms. Yu Ruping was deemed to be interested in the shares held by Pacific Mind under the SFO.

(4) Mr. Shi Ming and Ms. Yu Rumin are spouse of each other. Therefore, they are deemed under the SFO to be interested in the Shares held by each other.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code; or (c) notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executive of the Company, as at 30 June 2026, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Interests in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares or underlying shares held (1)	Approximate % of shareholding
Pacific Mind Development Limited (2)	Beneficial owner	840,000,000 (L)	51.65
UBS TC (Jersey) Limited (2)	Trustee	840,000,000 (L)	51.65
UBS Nominee Limited (2)	Interested in controlled corporation	840,000,000 (L)	51.65
Mr. Yu Jianguang (3)	Interest of spouse	854,784,000 (L)	52.56

Notes:

(1) The letter "L" denotes the person's "long position" (as defined under Part XV of the SFO) in the relevant shares.

(2) Pacific Mind owned 840,000,000 Shares, representing 51.65% of the total number of the Shares. The issued share capital of Pacific Mind is directly owned by UBS Nominee Limited, a company incorporated in the Island of Jersey, being the nominee holding the entire issued share capital of Pacific Mind for the Trustee in respect of the Family Trust. The Trustee is a trustee of the Family Trust set up by Ms. Yu Rumin for which it acts as the trustee and Ms. Yu Rumin, her family members and any persons being approved are the beneficiaries.

(3) Mr. Yu Jianguang is the spouse of Ms. Yu Ruping and is therefore deemed under the SFO to be interested in the Shares held by Ms. Yu Ruping.

Save as disclosed above, as at 30 June 2026, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Other Information

SHARE OPTION SCHEME

Pursuant to written resolutions passed on 24 November 2016, the Company adopted a share option scheme (the "**Share Option Scheme**"). The Share Option Scheme is valid for a period of 10 years commencing on 24 November 2016. At the annual general meeting (the "**AGM**") of the Company held on 29 June 2022, the scheme mandate limit of the Share Option Scheme has been refreshed which was fully utilized as at 31 December 2022. As such, no share option was available for grant under the Share Option Scheme during the Reporting Period. As at 30 June 2026, there are no outstanding share options to be exercised for Shares.

Please refer to 2025 Annual Report of the Company and the prospectus of the Company dated 30 November 2016 for a summary of the key terms of the Share Option Scheme.

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 report.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining a high standard of corporate governance and believes that a good corporate governance can (i) enhance management effectiveness and efficiency; (ii) increase the 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 report. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Other Information

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 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 report.

AUDIT COMMITTEE

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.

CONTINGENT LIABILITIES AND LITIGATION

The Group did not have any contingent liabilities and litigation as at the date of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to reducing its impacts on the environment from its factories and offices through mitigating the environmental pollutions and utilising resource efficiently. The Group strives to comply with relevant environmental laws and legislations, and continual improvement on its performance. For details, please refer to the Environmental, Social and Governance Report issued by the Company on 29 April 2026 (the "**ESG Report**").

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group strives to maintain a good relationship with its employees, customers and suppliers. For more details on how it creates a motivated workplace for its employees, produces quality products to satisfy its customers' expectations and, establishes long-term relationships with its suppliers, please refer to the ESG Report.

Other Information

COMPLIANCE WITH LAWS AND REGULATIONS

During the six months period ended 30 June 2026, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

SIGNIFICANT INVESTMENTS

As at 30 June 2026, the Group held the following significant investments:

1. Jiangsu Nanfang Communication Technology Company Limited* (江蘇南方通信科技有限公司) ("**Nanfang Communication**"), holds 49% of the shareholding in Jiangsu Nanfang Optic Electric Technology Company Limited* (江蘇南方光纖科技有限公司) ("**Nanfang Optic**"), and made a total investment of approximately RMB73.5 million up to 30 June 2026. Nanfang Optic is a company incorporated in the PRC which is principally engaged in the manufacturing and sales of optical fibre. No market fair value was available as at 30 June 2026 as this is a private company. The investment is intended to be held for long term. During the Reporting Period, the Group (i) shared an associated profit of approximately RMB15.2 million; and (ii) did not receive any dividend in respect of its investment in Nanfang Optic.

2. Nanfang Communication also holds 51% of the shareholding in Jiangsu Yingke Optical Material Technology Company Limited* (江蘇盈科光導科技有限公司) ("**Yingke Optical Material**"), and made a total investment of approximately RMB20.0 million as at 30 June 2026. Yingke Optical Material is principally engaged in the manufacturing and sales of optical fibre preforms. No market fair value was available as at 30 June 2026 as this is a private company. The investment is intended to be held for long term. During the Reporting Period, the Group (i) shared a profit of approximately RMB0.9 million; and (ii) did not receive any dividend in respect of its investment in Yingke Optical Material.

Save as aforesaid, the Company did not hold any other significant investments during the Reporting Period.

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*

Other Information

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to invest in its development projects and acquire suitable plant and machinery, if it thinks fit. These investments will be funded by internal resources, external equity financing and/or borrowings. Save as disclosed in this interim report, the Group did not have any future plans for material investments or capital assets as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period and up to the date of this report, 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 report, 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 report.

PUBLICATION OF THE INTERIM REPORT

This interim report is published on the websites of each of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the Company (www.jsnfgroup.com).

For and on behalf of the Board
Nanfang Communication Holdings Limited

Yu Rumin
Chairman

Hong Kong, 27 August 2026

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	*11*	**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	*13*	**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	*12*	**346,718**	347,706
Prepayments, deposits and other receivables		**58,548**	46,190
Financial assets at fair value through profit or loss ("**FVTPL**")	*17*	**–**	50,152
Tax recoverables		**–**	221
Restricted bank deposits and balances	*13*	**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	*14*	**269,151**	246,022
Other payables		**17,005**	27,388
Contract liabilities		**3,381**	2,407
Bank borrowings	*15*	**311,172**	119,205
Tax payables		**1,771**	–
		602,480	395,022
NET CURRENT ASSETS		**492,724**	497,817
TOTAL ASSETS LESS CURRENT LIABILITIES		**924,492**	933,476

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)
CAPITAL AND RESERVES			
Share capital	*16*	**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	*15*	**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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company					
	Share capital RMB'000	**Share premium** RMB'000	**Other reserve** RMB'000 *(Note (b))*	**Surplus reserve** RMB'000 *(Note (a))*	**Retained profits** RMB'000	**Total** RMB'000
For the six months ended 30 June 2026 (Unaudited)						
As at 1 January 2026 (Audited)	**1,418**	**298,677**	**113,295**	**86,106**	**348,878**	**848,374**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**38,066**	**38,066**
Appropriation for the period	**–**	**–**	**–**	**3,399**	**(3,399)**	**–**
As at 30 June 2026 (Unaudited)	**1,418**	**298,677**	**113,295**	**89,505**	**383,545**	**886,440**
For the six months ended 30 June 2025 (Unaudited)						
As at 1 January 2025 (Audited)	1,418	298,677	113,295	82,974	321,620	817,984
Profit and total comprehensive income for the period	–	–	–	–	26,136	26,136
Appropriation for the period	–	–	–	857	(857)	–
As at 30 June 2025 (Unaudited)	1,418	298,677	113,295	83,831	346,899	844,120

Notes:

(a) As stipulated by the relevant laws and regulations, the Company's subsidiaries in the PRC are required to maintain a statutory surplus reserve which is non-distributable. Appropriations to such reserve is made out of net profit after tax of the financial statements of each subsidiary while the amounts and allocation basis are decided by their boards of directors annually, until the reserve balance reaches 50% of their registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these subsidiaries, provided that such fund is maintained at a minimum of 25% of their registered capital.

(b) Pursuant to deeds dated 29 September 2016, shareholders of the Company's ultimate holding company agreed to waive and release all repayment obligations in respect of the amounts of United States Dollars ("**US$**") 500,000 and Hong Kong Dollars ("**HK$**") 128,200,000 (equivalent to RMB113,295,000 in aggregate) advanced by them to Century Planet Limited, the Company's direct wholly-owned subsidiary, for paying up the registered capital of its indirect wholly-owned subsidiary, MacroSmart Investment Limited.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**33,004**	36,910
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and right-of-use assets	**(4,498)**	(8,414)
Disposal of financial assets at FVTPL	**50,318**	18,080
Withdrawal of investment in a joint venture	**18,250**	–
Placement of restricted bank deposits and balances	**(111,147)**	–
Withdrawal of restricted bank deposits and balances	**45,460**	92,483
Placement of bank deposits with original maturity more than three months	**(1,410)**	–
Withdrawal of bank deposits with original maturity more than three months	**–**	24,200
Interests received	**2,478**	11,396
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(549)**	137,745
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**150,000**	–
Repayments of bank borrowings	**(7,000)**	(101,000)
Proceeds from a director	**–**	600
Payment of interest expense on bank borrowings	**(3,514)**	(4,253)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**139,486**	(104,653)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**171,941**	70,002
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**261,462**	201,084
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(790)**	(14)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**432,613**	271,072

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

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 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

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. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment of approximately RMB4.5 million (six months ended 30 June 2025: approximately RMB8.4 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

12. TRADE AND BILLS RECEIVABLES (CONTINUED)

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.

13. 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.

14. 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.

14. TRADE AND BILLS PAYABLES (CONTINUED)

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.

15. 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).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

16. 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

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

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and input used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement

	As at 31 December 2025 (Audited)		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial asset at FVTPL			
Wealth management products	–	–	50,152

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Opening balance	**50,152**	–
Purchase	**–**	50,000
Changes in fair value of financial assets at FVTPL	**166**	152
Disposal	**(50,318)**	–
Closing Balance	**–**	50,152

There were no transfers between levels for the six months ended 30 June 2026.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

18. CAPITAL COMMITMENTS

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	**26,771**	–

19. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Sales of other materials to an associate	**6,108**	509
Purchases of optical fibre and other materials from an associate	**71,044**	44,646
Purchases of raw materials from the holding company and fellow subsidiaries of the Group's joint venture partner	**2,544**	17,113
Sales of raw materials to the holding company and fellow subsidiaries of the Group's joint venture partner	**682**	–

The above transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and are conducted in accordance with the terms of the relevant agreements.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

Besides, the remuneration of the directors of the Company and other members of key management during the period were as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and allowances	**1,497**	1,641
Retirement benefits scheme contributions	**45**	89
	1,542	1,730

20. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there are no material subsequent events undertaken by the Group after 30 June 2026 and up to the date of this report.