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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

For the year ended 31 December 2025, the Group's operating results were as follows:

- Total revenue decreased by approximately 13.7% to approximately RMB464.2 million (2024: approximately RMB538.1 million)
- Gross profit increased by approximately 5.4% to approximately RMB103.8 million (2024: approximately RMB98.5 million)
- Gross profit margin increased by approximately 4.1 percentage point to approximately 22.4% (2024: approximately 18.3%)
- Profit and total comprehensive income for the year attributable to owners of the Company amounted to approximately RMB30.4 million (2024: approximately RMB39.9 million)
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: 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 audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	Year ended 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	464,168	538,097
Cost of sales		<u>(360,336)</u>	<u>(439,624)</u>
Gross profit		103,832	98,473
Other income, gains, expenses and losses, net	5	8,142	19,481
Impairment losses on trade and other receivables under expected credit loss model, net of reversal		(2,395)	(1,372)
Changes in fair value of financial assets at fair value through profit or loss		6,161	7,157
Selling and distribution expenses		(17,405)	(18,313)
Administrative expenses		(43,476)	(34,694)
Research costs		(29,321)	(33,191)
Finance costs	6	(6,203)	(6,002)
Share of profit of an associate		11,072	10,271
Share of profit of a joint venture		<u>3,873</u>	<u>2,146</u>
Profit before income tax	8	34,280	43,956
Income tax expense	7	<u>(3,890)</u>	<u>(4,020)</u>
Profit and total comprehensive income for the year		<u>30,390</u>	<u>39,936</u>
Earnings per share	9	<u>RMB0.019</u>	<u>RMB0.025</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		209,961	208,236
Right-of-use assets		45,092	46,134
Interest in an associate		101,816	107,076
Interest in a joint venture		53,775	49,902
Financial assets at fair value through profit or loss		–	161,278
Restricted bank deposits and balances	11	4,232	4,000
Bank deposits with original maturity more than three months	11	6,300	20,000
Deferred tax assets		14,483	24,488
		435,659	621,114
CURRENT ASSETS			
Inventories		37,357	27,313
Trade and bills receivable	10	347,706	436,221
Prepayments, deposits and other receivables		46,190	43,484
Financial assets at fair value through profit or loss		50,152	–
Tax recoverables		221	–
Restricted bank deposits and balances	11	43,562	169,631
Bank deposits with original maturity more than three months	11	106,189	10,500
Bank deposits, bank balances and cash	11	261,462	201,084
		892,839	888,233

		As at 31 December	
		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
CURRENT LIABILITIES			
Trade and bills payable	<i>12</i>	246,022	278,330
Other payables		27,388	19,644
Contract liabilities		2,407	2,278
Bank borrowings	<i>13</i>	119,205	201,342
Tax payables		–	6,415
		<u>395,022</u>	<u>508,009</u>
NET CURRENT ASSETS		<u>497,817</u>	<u>380,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>933,476</u>	<u>1,001,338</u>
CAPITAL AND RESERVES			
Share capital	<i>14</i>	1,418	1,418
Reserves		<u>846,956</u>	<u>816,566</u>
Equity attributable to owners of the Company		<u>848,374</u>	<u>817,984</u>
NON-CURRENT LIABILITIES			
Bank borrowings	<i>13</i>	60,000	159,000
Deferred tax liabilities		11,301	10,087
Deferred income – government grants		<u>13,801</u>	<u>14,267</u>
		<u>85,102</u>	<u>183,354</u>
		<u>933,476</u>	<u>1,001,338</u>

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 10 May 2016. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is 1 Cencun Road, Luoyang Town, Wujin District, Changzhou City, Jiangsu Province, the People's Republic of China (the "PRC"). The Company is an investment holding company and, through its operating subsidiaries, is principally engaged in the manufacturing and sales of optical fibre cables and optical distribution network devices, as well as processing and sales of prepainted steel sheet.

The Company's immediate and ultimate holding company is Pacific Mind Development Limited, a company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements of the Group are presented in Renminbi ("RMB"). In the opinion of the directors of the Company, the functional currency of companies comprising the Group is RMB.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, 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 financial year beginning on or after 1 January 2025 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on IFRS7, IFRS18, IAS1, IAS8, IAS36 and IAS37	Disclosure about Uncertainties in the Financial Statements

The application of the above amended to IFRS Accounting Standards in the current year 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 consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The following new and amended IFRS Accounting Standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvement to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

The Group is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

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

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

The Group's revenue represents amounts received and receivable from the sale of optical fibre cables and 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 as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Optical fibre cables	427,833	486,620
Optical distribution network devices	26,094	31,724
Prepainted steel sheet	10,241	19,753
	<u>464,168</u>	<u>538,097</u>

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 telecommunication 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% – 90% of invoiced amounts is receivable upon issue of invoices. The Group allows credit period within six months to the Major PRC Telecommunication 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.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All performance obligations in relation to sale of optical fibre cables and optical distribution network devices are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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 financial assets at FVTPL and certain deferred tax assets) are situated in the PRC.

Major customers

Revenue from customers of the corresponding years contributing over 10% of total revenue of the Group are as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A*	265,481	339,619
Customer B*	<u>111,382</u>	<u>146,899</u>

* Revenue from sales of optical fibre cables.

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

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	2,454	6,616
Foreign exchange losses, net	(1,153)	(742)
Sale of electricity and gain on sales of other materials	1,610	7,091
Government grants recognised (<i>Note</i>)	3,902	7,875
Loss on disposal of property, plant and equipment	(105)	(289)
Rental income	1,697	–
Others	<u>(263)</u>	<u>(1,070)</u>
Other income, gains, expenses and losses, net	<u>8,142</u>	<u>19,481</u>

Note: The government grants recognised included the release of deferred income of approximately RMB466,000 (2024: approximately RMB466,000) during the year ended 31 December 2025.

At 31 December 2025 and 2024, there were no unfulfilled conditions or other contingencies attaching to the government grant that had been recognised by the Group.

6. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings	8,109	10,067
Interest on lease liabilities	–	1
	<u>8,109</u>	<u>10,068</u>
Less: amounts capitalised as construction in progress	<u>(1,906)</u>	<u>(4,066)</u>
Finance costs, net	<u><u>6,203</u></u>	<u><u>6,002</u></u>

The capitalisation rate used to determine capitalised amounts of interests incurred in 2025 was approximately 3.99% (2024: approximately 3.73%).

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)	8,653	8,262
Deferred tax	(11,219)	(7,542)
Over provision in respect of prior year, net	<u>(1,324)</u>	<u>(4,740)</u>
Income tax expense	<u><u>(3,890)</u></u>	<u><u>(4,020)</u></u>

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 year (2024: 15%).

8. PROFIT BEFORE INCOME TAX

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of inventories recognised as cost of sales	<u>360,336</u>	<u>439,624</u>
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	11,783	6,553
Less: Depreciation capitalised in inventories	<u>(4,203)</u>	<u>(4,398)</u>
Depreciation recognised as cost of sales	<u>7,580</u>	<u>2,155</u>
Depreciation of right-of-use assets	1,042	1,246
Auditor's remuneration	890	1,080
Staff costs:		
–Salaries, wages, allowances and discretionary bonuses	31,495	30,313
–Retirement benefit scheme contributions	<u>3,805</u>	<u>1,991</u>
Total staff costs	<u>35,300</u>	<u>32,304</u>

9. EARNINGS PER SHARE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit		
Profit for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	<u>30,390</u>	<u>39,936</u>

	Year ended 31 December	
	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic profit per share	<u>1,626,240</u>	<u>1,626,240</u>

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

10. TRADE AND BILLS RECEIVABLE

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	348,757	441,339
Less: Allowance of credit losses	(11,809)	(9,423)
	<hr/>	<hr/>
Trade receivables, net	336,948	431,916
Bills receivables (<i>Note</i>)	10,758	4,305
	<hr/>	<hr/>
Trade and bills receivable	347,706	436,221
	<hr/> <hr/>	<hr/> <hr/>

Note: At 31 December 2025, the Group's bills receivables were issued by banks and customers with maturity within six months.

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 6 months	309,845	411,022
More than 6 months, but less than 1 year	18,003	9,197
More than 1 year	9,100	11,697
	<hr/>	<hr/>
Trade receivables, net	336,948	431,916
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2025, approximately 81.6% (2024: approximately 85.8%) of the Group's sales of optical fibre cables, optical distribution network devices and other materials were made to the Major PRC Telecommunications Network Operators and the remainder was made to other third parties. 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% – 90% of invoiced amounts is receivable upon issue of invoices. The Group allows credit period within six months to the Major PRC Telecommunication 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 customers with good repayment history. The Group does not obtain collateral from customers.

11. BANK DEPOSITS WITH ORIGINAL MATURITY MORE THAN THREE MONTHS, RESTRICTED BANK DEPOSITS AND BALANCES, BANK DEPOSITS, BANK BALANCES AND CASH

Bank deposits with original maturity more than three months, restricted bank deposits and balances, bank deposits and bank balances carry interest at rates ranging from 0.001% to 3.57% per annum (2024: from 0.001% to 3.55% per annum) at the end of the reporting period.

At 31 December 2025, the Group pledged certain of its restricted bank deposits and balances totalling approximately RMB160.3 million (2024: approximately RMB173.6 million) to secure bills payable and bank borrowings.

12. TRADE AND BILLS PAYABLE

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	139,702	156,438
Bills payable	106,320	121,892
	<hr/>	<hr/>
Trade and bills payable	246,022	278,330
	<hr/> <hr/>	<hr/> <hr/>

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 ageing analysis of trade payables, presented based on the invoice date:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 6 months	134,038	145,225
More than 6 months, but less than 1 year	706	3,562
More than 1 year	4,958	7,651
	<hr/>	<hr/>
Trade payables	139,702	156,438
	<hr/> <hr/>	<hr/> <hr/>

Included in trade payables, there is an amount due to an associate of approximately RMB52,018,000 (2024: approximately RMB30,277,000) at 31 December 2025. The amount due to the associate is unsecured, interest-free and payable according to the relevant purchase agreements.

At the end of the reporting period, the Group's bills payable were issued by banks with maturity within six months and were secured by the Group's certain restricted bank deposits.

13. BANK BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Secured and guaranteed bank borrowings	100,065	–
Unsecured and guaranteed bank borrowings	79,140	260,250
Unsecured and unguaranteed bank borrowings	–	100,092
	<u>179,205</u>	<u>360,342</u>

14. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary share of HK\$0.001 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>8,000,000</u>	<u>8,000</u>
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>1,626,240</u>	<u>1,626</u>
Presented in the consolidated financial statements as		
		RMB'000
At 1 January 2024, 31 December 2024 and 31 December 2025		<u>1,418</u>

15. DIVIDENDS

The directors of the Company have resolved not to declare a final dividend for the year ended 31 December 2025 (2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading telecommunication manufacturer in the PRC. For the year ended 31 December 2025, the Group recorded a decrease of total revenue by approximately 13.7% to approximately RMB464.2 million (2024: approximately RMB538.1 million). The gross profit of the Group was approximately RMB103.8 million (2024: approximately RMB98.5 million), representing an increment of approximately 5.4%. The Company reported a profit and total comprehensive income for the year attributable to owners of the Company of approximately RMB30.4 million (2024: approximately RMB39.9 million). The Company's earnings per share was approximately RMB0.019 (2024: approximately RMB0.025).

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

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 year ended 31 December 2025, the Group's total revenue was approximately RMB464.2 million, representing a decrease of approximately 13.7% from approximately RMB538.1 million for the year ended 31 December 2024.

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 year ended 31 December 2025, the cost of sales of the Group amounted to approximately RMB360.3 million, representing a decrease of approximately 18.0% from approximately RMB439.6 million for the year ended 31 December 2024.

Gross profit and gross profit margin

Gross profit of the Group increased by approximately 5.4% to approximately RMB103.8 million for the year ended 31 December 2025 from approximately RMB98.5 million for the same period in 2024. During the Reporting Period, the Group's gross profit margin was approximately 22.4% as compared to a gross profit margin of approximately 18.3% for the year ended 31 December 2024. There was an overall drop in the tender prices for optical fibre cables in the industry. The Group's awarded tender prices and thus sales decreased. The Group's gross profit and gross profit margin were improved in the Reporting Period owing to a severe reduction in the cost of raw materials.

Other income, gains, expenses and losses, net

The Group recorded a net gain of approximately RMB8.1 million for the year ended 31 December 2025 as compared to approximately RMB19.5 million for the same period in 2024. The decrease was mainly attributable to less bank interest income was received due to decrease in the bank interest rate and less government grants were recognised due to the change in the government subsidy policies during the Reporting Period.

Selling and distribution expenses

The Group incurred selling and distribution expenses of approximately RMB17.4 million for the year ended 31 December 2025 which has dropped by approximately 5.0% compared to approximately RMB18.3 million for the same period in 2024. The slight decrease was mainly due to a moderate drop in the total freight charges.

Administrative expenses

The Group's administrative expenses was increased by approximately 25.3% to approximately RMB43.5 million for the year ended 31 December 2025 from approximately RMB34.7 million for the year ended 31 December 2024. The increase was mainly due to the recognition of additional depreciation of property of approximately RMB4.1 million after the completion of construction site in the Reporting Period. Other management cost has recorded a moderate rise.

Research costs

The Group's research costs was dropped by approximately 11.7% to approximately RMB29.3 million for the year ended 31 December 2025 from approximately RMB33.2 million for the year ended 31 December 2024. The change was mainly due to the adjustment of some product development projects during the Reporting Period.

Finance costs

During the year ended 31 December 2025, the Group's finance costs slightly increased by approximately 3.3% to approximately RMB6.2 million from approximately RMB6.0 million for the year ended 31 December 2024. The overall interest expenses remained stable during the year ended 31 December 2025.

Share of profit of an associate

During the year ended 31 December 2025, the Group recorded a share of profit of an associate of approximately RMB11.1 million, representing an increase of approximately 7.8% from approximately RMB10.3 million for the year ended 31 December 2024. The associate is engaged in the manufacturing and sales of optical fibre.

Share of profit of a joint venture

During the year ended 31 December 2025, the Group recorded a share of profit of a joint venture of approximately RMB3.9 million, representing an increase of approximately 80.5% from approximately RMB2.1 million for the year ended 31 December 2024. The joint venture is engaged in the manufacturing and sale of optical fibre preforms.

Income tax expense

During the year ended 31 December 2025, the Group incurred an income tax expense of approximately RMB3.9 million as compared to approximately RMB4.0 million incurred for the year ended 31 December 2024. The overall income tax expense remained stable during the year ended 31 December 2025.

Profit and total comprehensive income attributable to owners of the Company

As a result of the foregoing, the Company recorded a profit and total comprehensive income attributable to owners of approximately RMB30.4 million for the year ended 31 December 2025 as compared to approximately RMB39.9 million for the year ended 31 December 2024.

Liquidity, financial and capital resources

During the year ended 31 December 2025, the Group's operational and capital requirements were financed principally through share capital, reserves and bank borrowings.

Cash and loan position

At 31 December 2025, 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 RMB421.7 million (2024: approximately RMB405.2 million), representing an increase of approximately 4.1% as compared to that as at 31 December 2024.

All bank borrowings are denominated in the functional currency of the group entities. At 31 December 2025, the Group had interest-bearing bank borrowings amounting to approximately RMB179.2 million (2024: approximately RMB360.3 million).

At 31 December 2025, the Group's bank borrowings of approximately RMB179.2 million (2024: approximately RMB230.2 million) carry interest with variable interest rates ranging from 2.11% to 3.65% (2024: ranging from 2.15% to 3.65%) per annum. Variable-rate bank borrowings of approximately RMB79.1 million is unsecured but guaranteed by group companies (2024: approximately RMB230.2 million) while an amount of approximately RMB100.1 million was secured by restricted bank deposits and balances and guaranteed by group companies (2024: nil).

At 31 December 2025, the Group do not have fixed interest rates borrowing (2024: approximately RMB130.1 million, carried interest with fixed interest rates ranging from 2.65% to 3.00% per annum). At 31 December 2024, fixed-rate bank borrowings of approximately RMB30.0 million is unsecured but guaranteed by group companies while an amount of approximately RMB100.1 million was unsecured and unguaranteed.

Charges on the Group's assets

At 31 December 2025, the Group pledged certain of its restricted bank deposits and balances totalling approximately RMB160.3 million (2024: approximately RMB173.6 million) to secure bills payable and bank borrowings.

Gearing ratio

At 31 December 2025, the gearing ratio of the Group, which was calculated by dividing the total liabilities by the total equity, was approximately 56.6% (2024: approximately 84.5%).

Currency risk

While the Group's operations were principally in the PRC during the year ended 31 December 2025 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, lease liabilities and fixed rate bank borrowings. 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

At 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the 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.

The Group has concentration of credit risk because approximately 81.6% (2024: approximately 85.8%) of trade receivables as at 31 December 2025 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 positions 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

At 31 December 2025, the Group did not have capital commitments of capital expenditure contracted but not provided in respect of acquisition of property, plant and equipment (2024: approximately RMB20.1 million).

Future plans for material investments

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

Employees, remuneration policies and Share Option Scheme

At 31 December 2025, the Group had approximately 330 employees (2024: approximately 300). For the Reporting Period, the Group incurred staff costs of approximately RMB35.3 million (2024: approximately RMB32.3 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 then prevailing market employment practices and legislation.

During the Reporting Period, no share options and/or awards have been cancelled or lapsed. As the scheme mandate limit to grant 147,840,000 shares under the share option scheme was fully utilised in 2022 and the scheme mandate limit was not refreshed, no share options and/or awards may be granted during the Reporting Period. Hence, no share options and/or awards have been granted pursuant to the share option scheme during the Reporting Period.

At 31 December 2025, there is no outstanding share options to be exercised for shares.

No equity-settled share-based payment expenses were recognised during the Reporting Period (2024: nil).

DISPOSAL OF THE SALE SHARES

On 13 June 2025, Pacific Smart Development Limited (“**Pacific Smart**”) (an indirect wholly-owned subsidiary of the Company) as vendor, Multek Group (Hong Kong) Limited* (超毅集團(香港)有限公司) (the “**Purchaser**”) and Suzhou Dongshan Precision Manufacturing Co., Ltd.* (蘇州東山精密製造股份有限公司) (“**Dongshan Precision**”) (collectively referred to as the “**Purchaser Group**”) entered into a formal sale and purchase agreement (“**Formal Sale and Purchase Agreement**”), pursuant to which Pacific Smart conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 8,235,293 class A preferred shares (representing approximately 4.00% shareholding as at the date of the Formal Sale and Purchase Agreement) (the “**Sales Shares**”) of Source Photonics Holdings (Cayman) Limited (the “**Target Company**”) at the consideration of US\$25,181,055.41 (equivalent to approximately RMB180.8 million, converted at the exchange rate of US\$1 to RMB7.18 as at the announcement of the Company dated 23 June 2025) (the “**Disposal**”).

The Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is subject to the approval of the shareholders of the Company. An extraordinary general meeting was convened on 15 September 2025 and an ordinary resolution for the Disposal was passed to that effect.

As disclosed in the announcements of the Company dated 29 September 2025, 30 September 2025, 15 October 2025 and 23 October 2025, Pacific Smart and the Purchaser Group further entered into a supplemental agreement, 2nd supplemental agreement, 3rd supplemental agreement and 4th supplemental agreement respectively for the amendment of the Formal Sale and Purchase Agreement (collectively, “**Supplemental Agreements**”).

The completion of the Disposal took place on 24 October 2025 (the “**Completion**”) in accordance with the terms of the Sale and Purchase Agreement as amended by the Supplemental Agreements. As a result, the Group ceases to have any shareholding in the Target Company.

For details of the Disposal and the Completion, please also refer to the Company’s announcements dated 23 June 2025, 15 July 2025, 5 August 2025 and 24 October 2025 and the Company’s circular dated 25 August 2025.

EVENTS AFTER THE REPORTING PERIOD

Redevelopment Project

As disclosed in the voluntary announcement of the Company dated 15 October 2025, the Company will 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 will 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 are aggregated transactions and constitute 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.

Save as disclosed in this announcement, after the Reporting Period and up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors.

OUTLOOK

Starting in the second half of 2025, the global optical fiber cables market has seen a fundamental reversal of its supply surplus, with demand driven by two key factors: domestic and international markets, as well as traditional telecommunications and emerging computing power. Among these, AI computing infrastructure will emerge as the core driving force. Forecasts from major global institutions indicate that total global demand for optical cables will rise further in 2026, while the supply-demand gap in overseas markets will continue to widen. The U.S. “Broadband Equity Access and Deployment” (BEAD) initiative is making substantial progress, with the first batch of funding – amounting to tens of billions of dollars – being gradually disbursed. The demand effect is expected to fully materialize in 2026, further driving the growth of market demand in North America; the EU’s “Digital Europe Plan” continues to increase investment in fiber-optic network construction, propelling the European market toward high-end and intelligent development.

According to CRU’s latest forecast, global demand for optical fiber cables is expected to reach 577 million core kilometers in 2026, representing a year-over-year increase of 5%. The supply side faces significant constraints, as the expansion cycle for optical fiber pre-forms is lengthy and technical barriers are high. Following the price wars of recent years, companies remain cautious about expanding production, making it difficult for the companies to increase productivity in the short term. CRU estimates that the growth rate of global effective supply in 2026 will be less than 3%, resulting in a supply-demand gap of 180 million core kilometers for the year. AI-related demand has become the core driver of growth, with its share expected to rise from less than 5% in 2024 to 35% in 2027. The amount of fiber used for internal interconnections within a single 10,000-GPU cluster is 3 to 10 times that of a traditional data center, driving explosive growth in demand for high-end products such as high-speed interconnects and low-loss solutions. The market size for products like pre-terminated data center cables and MPO cables continue to expand.

By 2026, China's optical fiber cables industry will shift from a recovery in scale to a focus on value enhancement. The demand structure will continue to optimize, and the industry will gradually return to a healthy growth trajectory after enduring prolonged price competition. The scope of applications will expand from traditional operator access networks to high-value-added scenarios such as internal interconnections within data centers, upgrades to backbone transmission networks, and all-optical industrial parks. As a result, the price floor for optical fiber cables will steadily rise, and the industry's overall profit flexibility will continue to be realized.

The state has placed the construction of new information infrastructure as a strategic priority, driving high-quality development in the optical fiber cables industry. The Ministry of Industry and Information Technology (MIIT) is comprehensively advancing the construction of 10-gigabit optical network pilot projects, guiding the evolution of F5G-A toward 10-gigabit optical networks, and significantly increasing demand for high-speed, low-loss optical fibers and specialty optical cables. The in-depth implementation of the "AI+" initiative and the accelerated construction of computing power network systems are driving sustained growth in demand for optical cables used in backbone networks, metropolitan area networks, and internal data center interconnections. Simultaneously, this is promoting the deep integration of AI computing centers with traditional telecommunications networks, giving rise to new application scenarios for optical cables. The "East Data, West Computing" initiative has entered a phase of large-scale construction. The eight national computing hub nodes and data center clusters are accelerating their interconnection, creating sustained demand for long-distance, high-capacity, low-loss backbone optical cables. It is projected that the share of demand for such backbone optical cables will further increase by 2026. As the requirements for green and low-carbon development are further advanced, all-optical networks are receiving policy support due to their low energy consumption and high reliability. The industry is accelerating its transition toward energy efficiency, environmental protection, and high-end development, with green specialty optical cables and eco-friendly optical cables emerging as new market hotspots. The national "15th Five-Year" development plan proposes "moderately advancing the construction of new infrastructure" and "strengthening the efficient supply of computing power, algorithms, and data." The National Conference on Industry and Information Technology emphasized the launch of the "Broadband Upgrade" initiative, the implementation of a new round of 10-gigabit optical network pilots, and the strengthening of computing power network systems. The implementation of these policies provides a solid foundation for industry development and clarifies the direction for enterprises in product upgrades and market expansion.

The Group seized opportunities presented by the industry's recovery, focused on core business development, continuously optimized production layouts and product portfolios, and steadily improved operational efficiency. The Company will optimize the product portfolio, moderately increase R&D investment and establish a dedicated R&D fund. We will focus on developing high-end optical cable products tailored for computing centers, high-speed interconnects, and long-distance transmission. By increasing the proportion of high-value-added products, and concurrently accelerating the R&D and mass production of eco-friendly optical cables, specialty optical cables, and pre-terminated optical cables for data centers, thereby enriching our product matrix. On the user front, the Company will consolidate its cooperative foundation with core domestic clients, deepen long-term partnerships with telecom operators. Meanwhile, the Company will actively seize growth opportunities in the non-telecom operator market and the data center sector, and expand its client base to include new types of customers such as intelligent computing centers and supercomputing centers. At the same time, it will steadily expand into overseas markets to promote market structure diversification. On the operational front, the Company will continue to optimize production capacity and improve efficiency, expand the scale of intelligent manufacturing, strengthen the supply management of upstream raw materials, in order to strengthen supply chain management and cost control, and further enhance the synergistic R&D of upstream and downstream, promote the innovation of advanced optic fiber cables materials and production processes, strengthen the quality control system, and enhance sustainable development capabilities.

In the face of potential risks such as intensifying industry competition, market volatility, and changes in the external environment, the Company will adopt a long-term perspective to ensure prudent operations, create sustainable returns for shareholders, and achieve high-quality development amid the global upgrade of the optical communications industry.

CORPORATE GOVERNANCE PRACTICES

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 year ended 31 December 2025, save and except for the deviation from the provision B.2.3 of the CG Code which is explained below.

Under the CG Code provision B.2.3, if an independent non-executive director serves more than nine years on the Board, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. Mr. Chan Kai Wing, the independent non-executive Director of the Company, has served more than nine years on the Board. Mr. Chan was appointed as an independent non-executive Director on 24 November 2016 and the length of tenure of Mr. Chan up to the date of this announcement was over 9 years. In accordance with the articles of association of the Company, Mr. Chan retired from office by rotation at the annual general meeting of the Company held on 18 June 2024 (the “**2024 AGM**”) and was re-elected by an ordinary resolution of the shareholders of the Company at the 2024 AGM. Mr. Chan had served as a member of the audit committee (the “**Audit Committee**”) for more than 6 years, has been serving as the chairman of the Audit Committee for more than 3 years, and possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules. Equipped with his extensive understanding and knowledge of the Company’s operations and business, Mr. Chan has expressed balanced and objective views at the Board meetings over the past years. He actively attended Board meetings and general meetings of shareholders and has demonstrated a firm commitment to his role. The nomination committee (the “**Nomination Committee**”) (other than Mr. Chan) and the Board (other than Mr. Chan) consider that the long service of Mr. Chan would not affect his exercise of independent judgement and are satisfied that Mr. Chan has the ability to contribute to the Board objectively as an independent non-executive Director. In view of the above, the Board (other than Mr. Chan) considers Mr. Chan to have the character, integrity, independence and experience to continue fulfilling his role as an independent non-executive Director effectively. Mr. Chan has offered himself for re-election and a separate resolution will be proposed for his re-election at the AGM to be held on 24 June 2026.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

As disclosed in announcements of the Company dated 20 February 2025 and 22 May 2025, following the passing away of the late Mr. Wu Wing Kuen on 17 February 2025, (i) the number of independent non-executive Directors fell short of the minimum number required under Rule 3.10(1) of the Listing Rules; (ii) the number of members in the Audit Committee fell short of the minimum number of members as required under Rule 3.21 of the Listing Rules; and (iii) the remuneration committee of the Company (“**Remuneration Committee**”) was not chaired by an independent non-executive Director and the composition of the Remuneration Committee fell below the requirement for majority of independent non-executive Directors under Rule 3.25 of the Listing Rules.

Following the appointment of Mr. Yu Jinlai as a member of the Audit Committee and the appointment of Mr. Liu Cheng Yi as the chairman of the Remuneration Committee with effect from 21 March 2025, the Company has complied with the requirements under Rules 3.11, 3.21, 3.23 and 3.27 of the Listing Rules as at the date of this announcement.

Following the appointment of Ms. Ju Hefeng as an independent non-executive Director of the Company on 1 August 2025, the Board comprises three independent non-executive Directors, hence the Company has complied with the requirement under Rule 3.10(1) of the Listing Rules as at the date of this announcement.

CHANGE IN THE INFORMATION OF DIRECTORS

The change in directors’ information of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2024 Annual Report of the Company, is set out below:

The late Mr. Wu Wing Kuen, who was an independent non-executive Director of the Company, a member of the Audit Committee and the chairman of the Remuneration Committee, passed away on 17 February 2025;

Mr. Liu Cheng Yi, an existing independent non-executive Director of the Company, was appointed as the chairman of the Remuneration Committee with effect from 21 March 2025;

Mr. Yu Jinlai, an existing non-executive Director of the Company, was appointed as a member of the Audit Committee with effect from 21 March 2025 and ceased to be a member of Audit Committee with effect from 1 August 2025. Mr. Yu ceased to be the chairman of the Board and the chairman of the Nomination Committee with effect from 1 July 2025;

Ms. Yu Rumin, an existing executive Director of the Company, was appointed as the chairman of the Board and the chairman of the Nomination Committee with effect from 1 July 2025; and

Ms. Ju Hefeng was appointed as an independent non-executive Director of the Company and a member of the Audit Committee with effect from 1 August 2025.

For details, please refer to the announcements of the Company dated 20 February 2025, 21 March 2025, 30 June 2025 and 1 August 2025.

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, save for the late Mr. Wu Wing Kuen has not replied to the Company before his passing away, confirmed that all of them have complied with the required standards in the Model Code for the year ended 31 December 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company 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 had, together with the management of the Company and external independent auditor, reviewed the Group’s consolidated financial statements for the year ended 31 December 2025 and this results announcement, and considered that they were prepared in compliance with the relevant accounting standards and that the Company has made appropriate disclosures thereof.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of one executive Director and two independent non-executive Directors, namely Ms. Yu Rumin, Mr. Chan Kai Wing and Mr. Liu Cheng Yi respectively. Mr. Liu Cheng Yi is the chairman of the Remuneration Committee. The Remuneration Committee will meet at least once a year to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive directors and the senior management of the Group and other related matters.

NOMINATION COMMITTEE

The Nomination Committee of the Company consists of one executive Director and two independent non-executive Directors, namely, Ms. Yu Rumin, Mr. Chan Kai Wing and Mr. Liu Cheng Yi respectively. Ms. Yu Rumin is the chairman of the Nomination Committee. The Nomination Committee will meet at least once a year to review the structure, size and diversity of the Board and the independence of the independent non-executive directors and to consider the qualifications of the retiring directors standing for election at annual general meetings.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on 24 June 2026 (Wednesday) and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules.

CLOSURE OF BOOK FOR REGISTER OF MEMBERS

For determining the entitlement of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from 18 June 2026 (Thursday) to 24 June 2026 (Wednesday) (both days inclusive), during which period no transfer of shares of the Company will be effected.

To qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 17 June 2026 (Wednesday). The record date will be on 24 June 2026 (Wednesday).

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 as required under the Listing Rules as at 31 December 2025 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of each of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsnfgroup.com). The Company's 2025 annual report will be available at the websites of each of the Stock Exchange and the Company on or before 29 April 2026 (Wednesday). The printed copy of the Company's 2025 annual report will only be mailed to the Company's shareholders who have made such request. For details of the arrangement, please refer to the "New Arrangements on Dissemination of Corporate Communications" dated 4 March 2024 published by the Company 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, 30 March 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.

* *For identification purpose only*