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長飛光纖光纜股份有限公司

Yangtze Optical Fibre and Cable Joint Stock Limited Company*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6869)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Total revenue was approximately RMB5,348.1 million, decreased by approximately RMB1,567.1 million, representing an approximately 22.7% decrease as compared to the same period of last year.
- Gross profit was approximately RMB1,492.1 million, decreased by approximately RMB312.3 million, representing an approximately 17.3% decrease as compared to the same period of last year.
- Profit attributable to equity shareholders of the Company was approximately RMB377.7 million, decreased by approximately RMB229.3 million, representing an approximately 37.8% decrease as compared to the same period of last year.
- The Group's revenue from domestic customers decreased by approximately 20.0%, as compared with the same period of last year. The Group's revenue from overseas customers decreased by approximately 27.6%, as compared with the same period of last year.
- The Board did not recommend any interim dividend for the Period.

The board of directors (the “**Board**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company* 長飛光纖光纜股份有限公司 (the “**Company**” or “**YOFC**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures of the same period of last year as follows:

* For identification purposes only

Consolidated Income Statement
For the six months ended 30 June 2024
(Expressed in Renminbi (“RMB”))

		For the six months ended 30 June	
	<i>Notes</i>	2024	2023
		(Unaudited)	(Unaudited)
I. Revenue	4	5,348,087,711	6,915,183,145
II. Less: Cost of sales	4	3,856,020,124	5,110,786,663
Taxes and surcharges		44,172,442	57,515,017
Selling expenses		219,835,419	229,452,673
Administrative expenses		495,501,174	479,442,255
R&D expenses		347,612,011	367,564,667
Financial expenses	5	88,168,850	21,768,075
Including: Interest expenses		120,260,640	111,197,865
Interest revenue		53,449,610	49,811,050
Add: Other income	6	88,404,855	64,739,975
Investment (losses)/income		(111,660,521)	116,500,604
Including: (losses)/income from investment in associates and joint ventures		(118,388,698)	101,548,035
Gains from changes in fair value		2,706,075	4,827,042
Credit losses		(63,616,097)	(120,019,178)
Impairment losses		(43,116,543)	(28,472,340)
Losses from disposals of assets		(6,293,809)	(1,123,593)
III. Operating profit		163,201,651	685,106,305
Add: Non-operating income		199,854,803	3,228,063
Less: Non-operating expenses		15,949,888	7,299,637
IV. Profit before taxation		347,106,566	681,034,731
Less: Income tax	7	19,155,492	54,673,597
V. Profit for the period		327,951,074	626,361,134
Profit for the period attributable to equity shareholders of the Company		377,748,853	607,014,926
Non-controlling interests		(49,797,779)	19,346,208

		For the six months ended 30 June	
	<i>Notes</i>	2024	2023
		(Unaudited)	(Unaudited)
VI. Other comprehensive income, net of tax			
Other comprehensive income (net of tax) attributable to equity shareholders of the Company		(52,700,655)	94,805,924
(1) Items that cannot be reclassified subsequently to profit or loss			
1. Changes in fair value of investments in other equity instruments		(21,679,843)	29,105,074
(2) Items that may be reclassified subsequently to profit or loss			
1. Translation differences arising from translation of foreign currency financial statements		(31,020,812)	65,700,850
Other comprehensive income (net of tax) attributable to non-controlling interests		(541,196)	5,396,412
		<u><u>274,709,223</u></u>	<u><u>726,563,470</u></u>
VII. Total comprehensive income for the period			
Total comprehensive income attributable to equity shareholders of the Company		325,048,198	701,820,850
Total comprehensive income attributable to non-controlling interests		(50,338,975)	24,742,620
VIII. Earnings per share:			
(1) Basic earnings per share (RMB/share)	8	<u><u>0.50</u></u>	<u><u>0.80</u></u>
(2) Diluted earnings per share (RMB/share)	8	<u><u>0.50</u></u>	<u><u>0.80</u></u>

Consolidated Balance Sheet

As at 30 June 2024

(Expressed in RMB)

	<i>Notes</i>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Current assets:			
Cash at bank and on hand		3,613,623,788	3,895,836,574
Financial assets held for trading		1,530,319,594	1,048,211,393
Bills receivable	<i>10</i>	612,685,196	726,336,662
Accounts receivable	<i>11</i>	5,011,999,594	5,197,048,639
Receivables under financing	<i>12</i>	277,931,561	141,157,180
Prepayments		180,293,871	125,173,815
Other receivables		107,890,840	163,517,268
Inventories		3,278,422,984	2,941,352,651
Other current assets		342,936,118	317,660,688
Total current assets		14,956,103,546	14,556,294,870
Non-current assets:			
Long-term equity investments		3,319,759,381	3,303,333,932
Investments in other equity instruments		46,347,862	70,065,449
Other non-current financial assets		173,367,669	51,655,870
Fixed assets		6,740,077,824	6,731,878,425
Construction in progress		1,262,303,038	965,535,668
Right-of-use assets		105,056,643	82,388,148
Intangible assets		1,540,953,432	1,610,640,981
Goodwill		896,910,942	896,910,942
Long-term deferred expenses		71,474,547	62,809,995
Deferred tax assets		383,887,659	344,103,613
Other non-current assets		383,665,084	466,726,000
Total non-current assets		14,923,804,081	14,586,049,023
Total assets		29,879,907,627	29,142,343,893

	<i>Notes</i>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term loans	<i>13</i>	2,315,084,520	1,749,536,836
Bills payable	<i>14</i>	1,129,614,750	1,368,353,135
Accounts payable	<i>15</i>	1,697,637,157	1,787,840,959
Contract liabilities		493,733,022	498,602,106
Employee benefits payable		373,062,223	538,427,393
Taxes payable		165,301,622	187,029,917
Other payables		1,546,727,961	1,670,745,115
Non-current liabilities due within one year		657,924,912	1,262,096,142
Other current liabilities		21,630,000	19,406,181
Total current liabilities		<u>8,400,716,167</u>	<u>9,082,037,784</u>
Non-current liabilities:			
Long-term loans	<i>16</i>	5,932,956,283	4,855,183,468
Lease Liabilities		133,317,835	60,730,739
Long-term payables for employee benefits		97,736,394	–
Deferred income		457,218,641	430,985,306
Deferred tax liabilities		233,453,097	238,142,674
Other non-current liabilities		76,145,444	77,766,485
Total non-current liabilities		<u>6,930,827,694</u>	<u>5,662,808,672</u>
Total liabilities		<u>15,331,543,861</u>	<u>14,744,846,456</u>
SHAREHOLDERS' EQUITY:			
Share capital		757,905,108	757,905,108
Capital reserve		3,151,499,410	3,066,048,015
Other comprehensive income		19,525,377	72,226,032
Surplus reserve		733,422,825	711,564,222
Retained earnings		6,665,691,952	6,699,364,928
Total equity attributable to shareholders of the Company		11,328,044,672	11,307,108,305
Non-controlling interests		3,220,319,094	3,090,389,132
Total equity		<u>14,548,363,766</u>	<u>14,397,497,437</u>
Total liabilities and shareholders' equity		<u>29,879,907,627</u>	<u>29,142,343,893</u>

NOTES:

1. CORPORATE INFORMATION

Yangtze Optical Fibre and Cable Company Ltd. 長飛光纖光纜有限公司 was established in the People's Republic of China (the "PRC" or "China") on 31 May 1988 as a sino-foreign equity joint venture. On 27 December 2013, it was renamed as Yangtze Optical Fibre and Cable Joint Stock Limited Company* 長飛光纖光纜股份有限公司 and was converted into a foreign invested joint stock limited liability company in the PRC. On the same date, the Company's equity was converted into 479,592,598 ordinary shares with a par value of RMB1.00 each.

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 10 December 2014. On the same date, the Company issued a total number of 159,870,000 H shares with a par value of RMB1.00 each at a price of HK\$7.39 per H share by way of public offering of the Company's H shares to Hong Kong and overseas investors.

On 18 December 2015, the Company completed the issuance of domestic shares and H shares to certain directors and selected employees and the private placement of H shares to four independent professional institutional investors. A total number of 42,652,000 shares (including H shares and domestic shares) with a par value of RMB1.00 each were issued at a subscription price of HK\$7.15 per share.

In June 2018, the China Securities Regulatory Commission approved the initial public offering of A shares by the Company. The Company issued 75,790,510 A shares to the public at the issue price of RMB26.71 per A share and 330,547,804 domestic shares were converted into A shares. The A shares of the Company were listed on the Shanghai Stock Exchange on 20 July 2018. Upon the issue of A shares, the total number of issued shares of the Company became 757,905,108 shares (comprising 351,566,794 H Shares and 406,338,314 A shares). The total proceeds from the issue of the A shares amounted to RMB2,024,364,522 and the net proceeds (after deducting issue expenses) amounted to RMB1,894,337,174.

The Company is a global leading supplier of optical fibre preforms, optical fibres, optical fibre cables and other relevant products in telecommunication industry. The Company primarily manufactures and sells optical fibre preforms, optical fibres, optical fibre cables, optical components and modules and other relevant products with various standard specifications that are widely used in the telecommunications industry. The Company also designs and produces specialty optical fibres and cables, integration systems, engineering design and service that are customised to customers' specifications. The Company has comprehensive product portfolios and provides a wide range of products and relevant solutions for the global telecommunications industry and other sectors, including utilities, transportation, petrochemical and healthcare. The Company provides high-quality products and services in more than 100 countries and regions.

2. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance of the People's Republic of China and the specific accounting standards and application guidelines, interpretations and other relevant regulations promulgated and subsequently promulgated by the Ministry of Finance of the People's Republic of China and "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission.

The Company prepares the financial statements based on the going-concern basis.

3. REVENUE

The Group is principally engaged in the manufacturing and sales of optical fibre preforms, optical fibres, optical fibre cables and other related products and services.. Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

4. REVENUE AND COST OF SALES

Item	For the six months ended 30 June			
	2024 (Unaudited)		2023 (Unaudited)	
	Revenue	Costs	Revenue	Costs
Principal activities	5,232,365,238	3,757,956,805	6,864,637,349	5,066,225,365
Other operating activities	115,722,473	98,063,319	50,545,796	44,561,298
Total	<u>5,348,087,711</u>	<u>3,856,020,124</u>	<u>6,915,183,145</u>	<u>5,110,786,663</u>

Details of revenue:

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Revenue from principal activities		
– Optical fibres and optical fibre preforms	1,279,090,877	1,863,652,124
– Optical fibre cables	1,929,959,316	2,722,473,438
– Optical components and modules	539,671,108	897,914,086
– Others	1,483,643,937	1,380,597,701
Sub-total	<u>5,232,365,238</u>	<u>6,864,637,349</u>
Revenue from other operating activities		
– Materials	86,224,832	40,901,403
– Others	29,497,641	9,644,393
Total	<u>5,348,087,711</u>	<u>6,915,183,145</u>

5. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest expenses on loans and payables	121,517,746	120,892,166
Interest expenses on lease liabilities	1,988,586	2,149,648
Less: Borrowing costs capitalised*	(3,245,692)	(11,843,949)
Interest income on deposits and receivables	(53,449,610)	(49,811,050)
Net exchange losses/(gains)	14,107,047	(47,288,489)
Other financial expenses	7,250,773	7,669,749
Total	<u>88,168,850</u>	<u>21,768,075</u>

* The capitalisation rate of the Group's capitalised amounts of borrowing costs in the first half of 2024 was 0.244% (the first half of 2023: 0.20%)

6. OTHER INCOME

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Government grants related to assets	22,361,955	32,581,378
Government grants related to income	66,042,900	32,158,597
Total	<u>88,404,855</u>	<u>64,739,975</u>

7. INCOME TAX

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Income tax for the period based on tax law and regulations	56,423,134	109,508,105
Changes in deferred income tax	(44,998,474)	(55,667,596)
Tax filling differences	7,730,832	833,088
Total	<u>19,155,492</u>	<u>54,673,597</u>

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

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Origination and reversal of temporary differences	<u>(44,998,474)</u>	<u>(55,667,596)</u>

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

Item	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit before taxation	347,106,566	681,034,731
Expected income tax calculated at tax rate of 25%	86,776,642	170,258,683
Effect of tax rate differences	(77,446,012)	(35,292,340)
Effect of adjustment to income tax of previous years	7,730,832	833,088
Effect of non-taxable income	27,993,122	(1,746,615)
Effect of non-deductible cost, expense and loss	3,404,672	3,055,286
Effect attributable to the additional qualified tax deduction relating to research and development costs	(56,508,426)	(91,992,079)
Effect of deductible losses unrecognized deferred income tax assets in the prior period	(24,374,601)	(4,817,497)
Effect of temporary differences or deductible losses for which no deferred tax asset was recognized this period	51,579,263	14,375,071
Income tax for the period	<u>19,155,492</u>	<u>54,673,597</u>

The Company and its subsidiaries in the PRC are subject to PRC enterprise income tax at the statutory tax rate of 25%.

According to the High-tech Enterprise Certificate No. GR202342002827 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, the Company was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 14 November 2023 to 14 November 2026.

According to the High-tech Enterprise Certificate No. GR202142001875 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, EverPro Technologies Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 15 November 2021 to 15 November 2024.

According to the High-tech Enterprise Certificate No. GR202162000094 issued by Gansu Provincial Department of Science and Technology, Gansu Provincial Department of Finance, and Gansu Provincial Tax Service, State Taxation Administration, Yangtze Optical Fibre and Cable Lanzhou Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 16 September 2021 to 16 September 2024.

According to the High-tech Enterprise Certificate No. GR202342002604 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Yangtze Optical Fibre (Qianjiang) Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 26 October 2023 to 26 October 2026.

According to the High-tech Enterprise Certificate No. GR202342000569 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Hubei Flying Optical Fibre Material Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 16 October 2023 to 16 October 2026.

According to the High-tech Enterprise Certificate No. GR202142003106 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Yangtze Gas Qianjiang Company Limited., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 1 December 2021 to 1 December 2024.

According to the High-tech Enterprise Certificate No. GR202242000976 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration, Polytech Qianjiang Company Limited., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 1 December 2022 to 1 December 2025.

According to the High-tech Enterprise Certificate No. GR202133007123 issued by Zhejiang Science and Technology Department, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service and State Taxation Administration, Ally First Optical Fibre and Cable Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 16 December 2021 to 16 December 2024.

According to the High-tech Enterprise Certificate No. GR202351001128 issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, Sichuan Provincial Tax Service, State Taxation Administration, Sunstar Communication Technology Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 16 October 2023 to 16 October 2026.

According to the High-tech Enterprise Certificate No. GR202251003732 issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, Sichuan Provincial Tax Service, State Taxation Administration from 2 November 2022 to 2 November 2025, a subsidiary of the Company, Finetop Science & Technology Company Limited, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15%.

According to the High-tech Enterprise Certificate No. GR202242003230 issued by the Hubei Provincial Department of Science and Technology, the Hubei Provincial Department of Finance and the Hubei Provincial Taxation Bureau of the State Administration of Taxation, from 9 November 2022 to 9 November 2025, the Company's subsidiary, Yangtze (Wuhan) Optical Systems Co., Ltd., enjoys the qualification of high-tech enterprise and enjoys a preferential tax rate of 15%.

According to the High-tech Enterprise Certificate No. GR202121000452 issued by the Department of Science and Technology of Liaoning Province, the Department of Finance of Liaoning Province and the Liaoning Provincial Taxation Bureau of the State Administration of Taxation, from 24 September 2021 to 24 September 2024, the Company's subsidiary, Yangtze Optical Fibre and Cable Shenyang Co., Ltd., enjoys the qualification of high-tech enterprise and enjoys a preferential tax rate of 15%.

According to the High-tech Enterprise Certificate No. GR202112002942 issued by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and the Tianjin Municipal Tax Service, State Taxation Administration from 3 December 2021 to 3 December 2024, a subsidiary of the Company, Yangtze Optical Fibre and Cable (Tianjin) Company Limited, enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15%.

According to the High-tech Enterprise Certificate No. GR202332001816 issued by Jiangsu Municipal Science and Technology Bureau, Jiangsu Finance Bureau and the Jiangsu Municipal Tax Service, State Taxation Administration, Yangtze Optical Cable (Suzhou) Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs from 6 November 2023 to 6 November 2026.

According to the High-tech Enterprise Certificate No. GR202333009634 issued by Zhejiang Municipal Science and Technology Bureau, Zhejiang Finance Bureau and the Anhui Municipal Tax Service, State Taxation Administration, Broadex Technologies Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed a preferential tax rate of 15% from 8 December 2023 to 8 December 2026.

According to Issues Concerning Tax Policies on Further Implementing the Strategy of Western Development issued by the Ministry of Finance, General Administration of Customs and State Administration of Taxation [Cai Shui (2011) No. 58], Chengdu Rongbo Communication Technology Company Limited, a subsidiary of the Company, is an enterprise under the preferred industry set up in the western region, which was entitled to preferential tax rate of 15% for the year.

According to the High-tech Enterprise Certificate No. GR202342008441 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau from 8 December 2023 to 8 December 2026, Everfoton Technologies Corporation Limited, a subsidiary of the Company, enjoys the qualification of high-tech enterprise and enjoys a preferential tax of 15%.

Taxes on overseas subsidiaries were calculated according to the prevailing appropriate tax rates in the relevant countries and regions.

8. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share was calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

Item	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	<u>377,748,853</u>	<u>607,014,926</u>
Less: Forfeitable cash dividends declared to restricted shareholders in employee share ownership plan this period whose shares are expected to unlock in the future	-	-
Adjusted consolidated net profit attributable to ordinary shareholders of the Company	<u>377,748,853</u>	<u>607,014,926</u>
Weighted average number of ordinary shares outstanding	<u>757,905,108</u>	<u>757,571,775</u>
Basic earnings per share (RMB/share)	<u>0.50</u>	<u>0.80</u>

The weighted average number of ordinary shares is calculated as follows:

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Number of issued ordinary shares at the beginning of the period	<u>757,905,108</u>	757,905,108
Redeemed shares for employee stock ownership scheme (note)	-	(333,333)
Weighted average number of ordinary shares at the end of the period	<u>757,905,108</u>	<u>757,571,775</u>

Note: The Company has phase I employee share ownership plan following the approval by the 19th Meeting of the Second Board of Directors, the 12th Meeting of the Second Board of Supervisors and the First Extraordinary General Meeting in 2019. In accordance with the plan, the Company purchased 2,000,000 H shares of issued shares of the Company in the secondary market through the Shanghai-Hong Kong Stock Connect and granted to 100 employees participating in the plan.

(2) Diluted earnings per share

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted):

Item	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	(a) <u>377,748,853</u>	<u>607,014,926</u>
Weighted average number of ordinary shares outstanding (diluted)	(b) <u>757,905,108</u>	<u>757,905,108</u>
Diluted earnings per share (RMB/share)	<u>0.50</u>	<u>0.80</u>

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

Item	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Consolidated net profit attributable to ordinary shareholders (Basic earnings per share)	<u>377,748,853</u>	<u>607,014,926</u>
Diluted adjustments:		
Forfeitable cash dividends declared to restricted shareholders in employee share ownership plan this period whose shares are expected to unlock in the future (<i>note</i>)	<u>-</u>	<u>-</u>
Consolidated net profit attributable to ordinary shareholders (diluted)	<u>377,748,853</u>	<u>607,014,926</u>

Note: When calculating diluted earnings per share during the lock-in period of restricted shares, consolidated net profit attributable to ordinary shareholders of the Company (diluted) shall add the cash dividends (with dilution) distributed to the shareholders of the expected unlocking restricted shares in the future that have been deducted when calculating the consolidated net profit (dilution) attributable to ordinary shareholders of the Company.

(b) Weighted average number of the Company's ordinary shares (diluted) is calculated as follows:

Item	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Number of issued ordinary shares at the beginning of the period	<u>757,905,108</u>	<u>757,571,775</u>
Diluted adjustments:		
Redeemed shares for employee stock ownership scheme	–	333,333
Weighted average number of ordinary shares at the end of the period (diluted)	<u>757,905,108</u>	<u>757,905,108</u>

9. SEGMENT REPORTING

The Group determines the three reporting segments, optical fibres and optical fibre preforms segment, optical fibre cables segment and optical components and modules segment, based on the internal organizational structure, management requirements and internal reporting system. Each reporting segment is a separate business segment that provides different products. The management of the Group will regularly review the financial information of different segments to determine the allocation of resources and to evaluate their sales performance.

- Optical fibres and optical fibre preforms segment-mainly responsible for the production and sales of optical fibres and optical fibre preforms.
- Optical fibre cables segment-mainly responsible for the production and sales of optical fibre cables.
- Optical components and modules segment-mainly responsible for the production and sales of optical components and modules

(1) Information of profit or loss and assets of reporting segments

In order to evaluate the performance of each segment and allocate resources, the management of the Group will regularly review the assets, income, expenses and operating results attributable to each segment. The preparation of such information is based on the followings:

Segment assets include all tangible assets, other non-current assets and receivables and other current assets attributable to each segment, but exclude deferred income tax assets, long-term equity investments, intangible assets and other unallocated assets.

Segment operating results refer to the revenue from external customers generated by each segment, less the operating costs incurred by each segment. The Group did not allocate other expenses such as selling and management expenses and financial expenses to each segment.

The information disclosed in each of the following reporting segments of the Group is that the management of the Group used the following data in measuring profit/(loss) and assets of the reporting segments, or did not use the following data but provided it regularly to the management of the Group:

For the six months ended 30 June 2024 (Unaudited)

Items	Optical fibres and optical fibre preforms segment	Optical fibre cables segment	Optical components and modules segment	Others	Offset between segments	Unallocated Amounts	Total
Revenue from external transactions	1,279,090,877	1,929,959,316	539,671,108	1,599,366,410	-	-	5,348,087,711
Inter-segment revenue	446,240,995	5,754,085	-	305,137,944	(757,133,024)	-	-
Segment profit	779,342,754	483,640,106	45,410,905	365,294,160	(181,620,338)	-	1,492,067,587
Including: Depreciation and amortisation expenses	(140,130,211)	(25,257,872)	(96,661,257)	(196,893,294)	377,358	-	(458,565,276)
Taxes and surcharges	-	-	-	-	-	(44,172,442)	(44,172,442)
Selling and distribution expenses	-	-	-	-	-	(219,835,419)	(219,835,419)
General and administration expenses	-	-	-	-	-	(495,501,174)	(495,501,174)
Research and development expenses	-	-	-	-	-	(347,612,011)	(347,612,011)
Financial expenses	-	-	-	-	-	(88,168,850)	(88,168,850)
Impairment losses	-	-	-	-	-	(43,116,543)	(43,116,543)
Credit losses	-	-	-	-	-	(63,616,097)	(63,616,097)
Gains from changes in fair value	-	-	-	-	-	2,706,075	2,706,075
Investment (losses)	-	-	-	-	-	(111,660,521)	(111,660,521)
Including: (losses) from investment in associates and joint ventures	-	-	-	-	-	(118,388,698)	(118,388,698)
Losses from asset disposals	-	-	-	-	-	(6,293,809)	(6,293,809)
Other income	-	-	-	-	-	88,404,855	88,404,855
Operating profit/(loss)	779,342,754	483,640,106	45,410,905	365,294,160	(181,620,338)	(1,328,865,936)	163,201,651
Non-operating income	-	-	-	-	-	199,854,803	199,854,803
Non-operating expenses	-	-	-	-	-	(15,949,888)	(15,949,888)
Profit/(loss) before income tax	779,342,754	483,640,106	45,410,905	365,294,160	(181,620,338)	(1,144,961,021)	347,106,566
Income tax expenses	-	-	-	-	-	(19,155,492)	(19,155,492)
Net profit/(loss) for the period	779,342,754	483,640,106	45,410,905	365,294,160	(181,620,338)	(1,164,116,513)	327,951,074

For the six months ended 30 June 2023 (Unaudited)

Items	Optical fibres and optical fibre preforms segment	Optical fibre cables segment	Optical components and modules segment	Others	Offset between segments	Unallocated Amounts	Total
Revenue from external transactions	1,863,652,124	2,722,473,438	897,914,086	1,431,143,497	-	-	6,915,183,145
Inter-segment revenue	766,798,195	3,504,607	-	195,262,878	(965,565,680)	-	-
Segment profit	1,164,056,687	548,698,117	132,810,351	147,206,133	(188,374,806)	-	1,804,396,482
Including: Depreciation and amortisation expenses	(169,241,648)	(48,765,043)	(105,838,182)	(136,148,791)	377,358	-	(459,616,306)
Taxes and surcharges	-	-	-	-	-	(57,515,017)	(57,515,017)
Selling and distribution expenses	-	-	-	-	-	(229,452,673)	(229,452,673)
General and administration expenses	-	-	-	-	-	(479,442,255)	(479,442,255)
Research and development expenses	-	-	-	-	-	(367,564,667)	(367,564,667)
Financial expenses	-	-	-	-	-	(21,768,075)	(21,768,075)
Impairment losses	-	-	-	-	-	(28,472,340)	(28,472,340)
Credit losses	-	-	-	-	-	(120,019,178)	(120,019,178)
Gains from changes in fair value	-	-	-	-	-	4,827,042	4,827,042
Investment income	-	-	-	-	-	116,500,604	116,500,604
Including: income from investment in associates and joint ventures	-	-	-	-	-	101,548,035	101,548,035
Losses from asset disposals	-	-	-	-	-	(1,123,593)	(1,123,593)
Other income	-	-	-	-	-	64,739,975	64,739,975
Operating profit/(loss)	1,164,056,687	548,698,117	132,810,351	147,206,133	(188,374,806)	(1,119,290,177)	685,106,305
Non-operating income	-	-	-	-	-	3,228,063	3,228,063
Non-operating expenses	-	-	-	-	-	(7,299,637)	(7,299,637)
Profit/(loss) before income tax	1,164,056,687	548,698,117	132,810,351	147,206,133	(188,374,806)	(1,123,361,751)	681,034,731
Income tax expenses	-	-	-	-	-	(54,673,597)	(54,673,597)
Net profit/(loss) for the period	1,164,056,687	548,698,117	132,810,351	147,206,133	(188,374,806)	(1,178,035,348)	626,361,134

As at 30 June 2024 (Unaudited)

Items	Optical fibres and optical fibre preforms segment	Optical fibre cables segment	Optical components and modules segment	Others	Offset between segments	Unallocated Amounts	Total
Total assets	5,923,251,408	3,819,263,647	1,904,618,523	20,891,766,282	(2,658,992,233)	-	29,879,907,627
Other items:							
– Long-term equity investment in associates and joint ventures	-	-	-	3,319,759,381	-	-	3,319,759,381
– Increase in other non-current assets other than long-term equity investment	77,077,203	105,004,723	25,267,945	809,163,629	(46,462,786)	-	970,050,714

As at 31 December 2023 (Audited)

Items	Optical fibres and optical fibre preforms segment	Optical fibre cables segment	Optical components and modules segment	Others	Offset between segments	Unallocated Amounts	Total
Total assets	5,698,322,415	4,336,410,224	2,034,876,437	19,385,477,760	(2,312,742,943)	-	29,142,343,893
Other items:							
– Long-term equity investment in associates and joint ventures	-	-	-	3,303,333,932	-	-	3,303,333,932
– Increase in other non-current assets other than long-term equity investment	358,838,703	237,604,498	153,366,294	1,973,589,183	(186,922,820)	-	2,536,473,858

10. BILLS RECEIVABLE

(1) Bills receivable by category

Type	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bank acceptance bills	367,875,298	584,932,712
Commercial acceptance bills	244,809,898	141,403,950
Total	<u>612,685,196</u>	<u>726,336,662</u>

The aforementioned bills receivable are due within one year.

(2) **Outstanding endorsed or discounted bills that have not matured at the end of the period**

Type	Amount derecognized at 30 June 2024 (Unaudited)	Amount not yet derecognized at 30 June 2024 (Unaudited)
Bank acceptance bills	–	71,037,768
Commercial acceptance bills	–	9,695,978
Total	–	80,733,746

As at 30 June 2024, the Group continued to recognize discounted bills and endorsed bills of RMB37,215,718 and RMB43,518,028, respectively (31 December 2023: RMB32,444,036 and RMB93,353,421). With respect to this portion of discounted bills or endorsed bills, the Board believed that the Group still retains virtually all its risks and rewards, including the risk of default on discounted and endorsed bills. Therefore, the Group continued to fully recognised this portion of the discounted and endorsed instruments. The bills, at the same time, confirmed the related payment due to the bank borrowings generated by discounting and the settlement of the endorsed bills. After discounts and endorsements were transferred, the Group no longer retained any right to use discounted and endorsed bills, including the sale, transfer or pledge of discounted and endorsed bills to the third party. As at 30 June 2024, the carrying amounts of the bills settled by the discounted and endorsed bills that continue to be recognized were RMB37,215,718 and RMB43,518,028, respectively (31 December 2023: RMB32,444,036 and RMB93,353,421). The Board believed that there is no significant difference in the fair value of the transferred assets and related liabilities.

11. ACCOUNTS RECEIVABLE

(1) **Accounts receivable by customer type are as follows:**

Type	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Due from related parties	266,175,155	255,628,005
Due from third parties	5,327,564,877	5,451,281,614
Sub-total	5,593,740,032	5,706,909,619
Less: allowance for doubtful debts	581,740,438	509,860,980
Total	5,011,999,594	5,197,048,639

(2) **The ageing analysis of accounts receivable is as follows:**

Ageing	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year (1 year inclusive)	4,517,260,786	4,910,383,313
1 to 2 years (2 years inclusive)	653,996,566	420,842,972
2 to 3 years (3 years inclusive)	143,508,569	152,341,503
Over 3 years	278,974,111	223,341,831
Sub-total	5,593,740,032	5,706,909,619
Less: allowance for doubtful debts	581,740,438	509,860,980
Total	<u>5,011,999,594</u>	<u>5,197,048,639</u>

The ageing analysis is counted starting from the date when accounts receivable are recognized.

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

Category	30 June 2024 (Unaudited)				Carrying amount
	Book value		Allowance for doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually assessed for impairment customers which credit losses incurred	70,765,259	1.27	70,765,259	100.00	–
Collectively assessed for impairment by groups					
Group 1	266,175,155	4.76	2,854,610	1.07	263,320,545
Group 2	1,760,179,374	31.47	187,203,701	10.64	1,572,975,673
Group 3	3,496,620,244	62.50	320,916,868	9.18	3,175,703,376
Total	<u>5,593,740,032</u>	/	<u>581,740,438</u>	/	<u>5,011,999,594</u>

31 December 2023 (Audited)

Category	Book value		Allowance for doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually assessed for impairment customers which credit losses incurred	57,843,060	1.01	57,843,060	100.00	–
Collectively assessed for impairment by groups					
Group 1	255,628,005	4.48	1,134,073	0.44	254,493,932
Group 2	1,958,040,076	34.31	148,509,425	7.58	1,809,530,651
Group 3	3,435,398,478	60.20	302,374,422	8.80	3,133,024,056
Total	<u>5,706,909,619</u>	<u>/</u>	<u>509,860,980</u>	<u>/</u>	<u>5,197,048,639</u>

(a) Reasons for making doubtful debts provisions with single accounts receivable in the first half of 2024:

For accounts receivable, the Group usually measure loss provisions based on a combination of credit risk characteristics. If the credit risk characteristics of a certain customer are significantly different from those of other customers in the portfolio, or if there is a significant change in the credit risk characteristics of that customer, a provision for losses shall be made for the receivables from that customer on a single basis.

(b) Standard and explanation of making doubtful debts provisions by group in the first half of 2024:

According to the historical experience of the Group, there are differences in the losses of different segmented customer groups. Therefore, the Group divided our customers into the following groups:

- Group 1: Related parties;
- Group 2: Telecom Operators in China and other companies with good credit records;
- Group 3: Other customers outside of the above groups.

(c) Expected credit loss assessment for accounts receivable:

The management measures loss allowances for accounts receivable at an amount equal to lifetime expected credit loss, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

30 June 2024 (Unaudited)

Group 1	Expected credit loss rate (%)	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	0.30	259,268,991	777,808
Overdue 1 to 2 years (2 years inclusive)	5.64	2,844,857	160,450
Overdue 2 to 3 years (3 years inclusive)	37.12	3,411,188	1,266,233
Overdue over 3 years	100.00	650,119	650,119
Total		<u>266,175,155</u>	<u>2,854,610</u>

Group 2	Expected credit loss rate (%)	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	1.34	1,313,862,037	17,605,751
Overdue 1 to 2 years (2 years inclusive)	17.06	308,298,747	52,607,766
Overdue 2 to 3 years (3 years inclusive)	55.85	47,628,685	26,600,279
Overdue over 3 years	100.00	90,389,905	90,389,905
Total		<u>1,760,179,374</u>	<u>187,203,701</u>

Group 3	Expected credit loss rate (%)	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	2.13	2,936,573,215	62,548,768
Overdue 1 to 2 years (2 years inclusive)	20.32	330,080,395	67,061,179
Overdue 2 to 3 years (3 years inclusive)	51.20	79,220,724	40,561,011
Overdue over 3 years	100.00	150,745,910	150,745,910
Total		<u>3,496,620,244</u>	<u>320,916,868</u>

31 December 2023 (Audited)

Group 1	Expected credit loss rate (%)	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	0.29	249,392,422	723,242
Overdue 1 to 2 years (2 years inclusive)	5.64	6,143,113	346,472
Overdue 2 to 3 years (3 years inclusive)	37.12	44,706	16,595
Overdue Over 3 years	100.00	47,764	47,764
Total		<u>255,628,005</u>	<u>1,134,073</u>

Group 2	Expected credit loss rate (%)	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	1.07	1,695,231,304	18,068,127
Overdue 1 to 2 years (2 years inclusive)	17.06	141,739,946	24,180,835
Overdue 2 to 3 years (3 years inclusive)	55.84	33,533,430	18,725,067
Overdue Over 3 years	100.00	87,535,396	87,535,396
Total		<u>1,958,040,076</u>	<u>148,509,425</u>

Group 3	Expected credit loss rate (%)	Book value	Allowance for doubtful debts
No overdue and overdue within 1 year (1 year inclusive)	2.52	2,951,647,370	74,278,145
Overdue 1 to 2 years (2 years inclusive)	20.40	253,603,074	51,735,027
Overdue 2 to 3 years (3 years inclusive)	52.40	112,997,446	59,210,662
Overdue Over 3 years	100.00	<u>117,150,588</u>	<u>117,150,588</u>
Total		<u><u>3,435,398,478</u></u>	<u><u>302,374,422</u></u>

(4) Additions, recoveries or reversals of allowance for doubtful debts during the reporting period:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period	509,860,980	434,011,425
Addition during the reporting period	78,951,587	124,704,793
Recoveries during the reporting period	(15,281,172)	(15,086,801)
Written-off during the reporting period	(832,311)	(32,916,533)
Other changes during the reporting period	<u>9,041,354</u>	<u>(851,904)</u>
Balance at the end of the reporting period	<u><u>581,740,438</u></u>	<u><u>509,860,980</u></u>

(a) At the end of each reporting period/year, the Group assesses and calculates the balance of allowance for doubtful debt according to the accounting policies and accounting estimates of the Group's allowance for doubtful debts for accounts receivable. The impairment amount were accrued or reversed after comparing with the balance of allowance for doubtful debts of the previous fiscal year.

During the reporting period, the Group did not have significant recoveries or reversals for accounts receivable that had been fully impaired or provided with a relatively large proportion of allowance for doubtful debts collected or reversed.

(b) During the reporting period, the Group did not write-off accounts receivable with significant individual amount.

(5) Five largest accounts receivable, by debtors at the end of the Period/year

As at 30 June 2024, the subtotal of five largest accounts receivable of the Group is RMB1,391,614,180 (31 December 2023: RMB1,683,169,408) representing 24.9% of the total balance of accounts receivable (31 December 2023: 29.5%). The corresponding allowance for doubtful debt is RMB119,840,755 (31 December 2023: RMB89,179,950).

12. RECEIVABLES UNDER FINANCING

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Bills receivable measured at fair value through other comprehensive income	<u>277,931,561</u>	<u>141,157,180</u>

There is no change in fair value of receivables under financing of the Group in the first half year of 2024. The accumulated impairment losses recognized in other comprehensive income is nil.

As at 30 June 2024, bills receivable endorsed or discounted of the Group at the end of the period and undue at the balance sheet date:

Item	Amount derecognized at the end of the period (Unaudited)	Amount not yet derecognized at the end of the period (Unaudited)
Bank acceptance bills	<u>1,123,746,421</u>	<u>–</u>

During the Period, the Group discounted certain bank bills receivable from certain banks in China or endorsed them to the Group's suppliers ("Derecognized Bills") and derecognized them on 30 June 2024. The carrying amounts of undue bills receivable that have been discounted and derecognized on 30 June 2024 are RMB918,689,577 (31 December 2023: RMB635,675,241). As at 30 June 2024, the carrying amounts of undue bills receivable that have been endorsed and derecognized are RMB205,056,844 (31 December 2023: RMB229,569,275). As at 30 June 2024, the remaining period of the derecognized bills was 1 to 11 months.

According to the Bill Law of the People's Republic of China, if the acceptance bank of bills receivable that is discounted or endorsed by the Group refuses to pay, the holder has recourse to the Group. The Board believed that for the endorsed bills that were derecognized, the Group had substantially transferred almost all the risks and rewards of the bills. Therefore, the Group had derecognized these bills in full.

Due to the recourse rights of the bearer, the Group continued to be involved in the derecognition of the bills and the continued exposure to the maximum risk exposure resulting in the loss of the Group amounted to its full amount.

13. SHORT-TERM LOANS

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Unsecured loans	<u>2,315,084,520</u>	<u>1,749,536,836</u>
Total	<u>2,315,084,520</u>	<u>1,749,536,836</u>

As at 30 June 2024, the guaranteed loans tendered by the intercompany of the Group included in the above unsecured loans were RMB423,271,000 (31 December 2023: RMB34,371,000).

As at 30 June 2024, the Group did not have any overdue loans not yet repaid.

14. BILLS PAYABLE

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Commercial acceptance bills	608,566,259	799,029,013
Bank acceptance bills	521,048,491	569,324,122
Total	<u>1,129,614,750</u>	<u>1,368,353,135</u>

The Group did not have any bills payable due and not yet paid.

The above amounts were bills payable due within one year.

15. ACCOUNTS PAYABLE

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Due to related parties	145,649,025	322,874,669
Due to third parties	1,551,988,132	1,464,966,290
Total	<u>1,697,637,157</u>	<u>1,787,840,959</u>

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year (1 year inclusive)	1,604,181,334	1,689,329,664
Over 1 year but within 2 years (2 years inclusive)	47,246,642	49,744,090
Over 2 years but within 3 years (3 years inclusive)	12,463,726	13,759,904
Over 3 years	33,745,455	35,007,301
	<u>1,697,637,157</u>	<u>1,787,840,959</u>

Accounts payables over 1 year are paid for goods, and the Group continue to trading with the responding parties.

16. LONG-TERM LOANS

Classification of long-term loans

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Unsecured loans	6,539,660,721	6,090,598,259
Less: long-term loans due within one year	(606,704,438)	(1,235,414,791)
Total	<u>5,932,956,283</u>	<u>4,855,183,468</u>

As at 30 June 2024, there was no overdue long-term loans. The above bank loans were fixed rate loans of which interest rate was 1.20%-4.0% (2023: 0.9%-4.0%), the interest rate of floating rate loan is the quoted interest rate of one-year loan market minus 1.20% to the quoted interest rate of one-year loan market minus 0.55%.

The Group's bank loans (including short-term loans and long-term loans) by repayment time were listed as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year (1 year inclusive)	2,921,788,959	2,984,951,627
Over 1 year but within 2 years (2 years inclusive)	2,871,595,320	2,213,663,901
Over 2 years but within 5 years (5 years inclusive)	3,061,360,962	2,641,519,567
	<u>8,854,745,241</u>	<u>7,840,135,095</u>

17. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the previous financial year approved during the reporting period

	For the six months ended 30 June 2024 (Unaudited)	2023 (Unaudited)
The approved final dividend payable for the previous financial year during the reporting period was RMB0.514 per share (For the six months ended 30 June 2023: RMB0.462 per share)	<u>389,563,226</u>	<u>350,152,160</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the first half of 2024, the Group's revenue was approximately RMB5,348.1 million, decreased by approximately 22.7% as compared to the same period of 2023 of approximately RMB6,915.2 million. The Group reported a gross profit of approximately RMB1,492.1 million, decreased by approximately 17.3% as compared to the same period of 2023 of approximately RMB1,804.4 million. The Group's profit for the Period attributable to the equity shareholders of the Company amounted to approximately RMB377.7 million, decreased by approximately 37.8% as compared to the same period of 2023 of approximately RMB607.0 million. The Group's profit for the Period (exclusive of non-operating profit) attributable to the equity shareholders of the Company amounted to approximately RMB119.9 million, decreased by approximately 78.7% as compared to the same period of 2023 of approximately RMB563.7 million.

Basic earnings per share was RMB0.50 (for the six months ended 30 June 2023: RMB0.80 per share), which was calculated based on the weighted average number of shares issued, further details of which are set out in note 8 to the financial information as set out in this announcement.

Revenue

The Group's revenue for the Period was approximately RMB5,348.1 million, decreased by approximately 22.7% as compared to the same period of 2023 of approximately RMB6,915.2 million.

By product segment, a total revenue of approximately RMB1,279.1 million was contributed by our optical fibre preforms and optical fibres segment, representing a decrease of 31.4% as compared to the same period of 2023 of approximately RMB1,863.7 million and accounting for 23.9% of the Group's revenue; a total revenue of approximately RMB1,930.0 million was contributed by our optical fibre cables segment, representing a decrease of 29.1% as compared to the same period of 2023 of approximately RMB2,722.5 million and accounting for 36.1% of the Group's revenue while a total revenue of approximately RMB539.7 million was contributed by our optical components and modules segment, representing a decrease of 39.9% as compared to the same period of 2023 of approximately RMB897.9 million and accounting for 10.1% of the Group's revenue.

A total revenue of approximately RMB1,599.3 million was contributed by other products and services, representing an increase of 11.8% as compared to the same period of 2023 of approximately RMB1,431.1 million and accounting for 29.9% of the Group's revenue.

By geographical segment, a total revenue of approximately RMB3,581.9 million was contributed by domestic customers, representing a decrease of 20.0% as compared to the same period of 2023 of approximately RMB4,476.2 million and accounting for 67.0% of the Group's revenue. For overseas market, a total revenue of approximately RMB1,766.2 million was reported in the first half of 2024, representing a decrease of 27.6% as compared to the same period of 2023 of approximately RMB2,439.0 million and accounting for approximately 33.0% of the Group's revenue.

Cost of sales

The Group's cost of sales for the Period was approximately RMB3,856.0 million, representing a decrease of 24.6% as compared to the same period of 2023 of approximately RMB5,110.8 million and accounting for 72.1% of the Group's revenue.

The Group's cost of sales included (i) raw material costs; (ii) manufacturing overheads (including depreciation on machinery and equipment, consumables, rental expenses, utilities, transportation expenses and other manufacturing overheads); and (iii) direct labour costs.

For the Period, the Group's total raw material costs was approximately RMB3,012.5 million, representing a decrease of 23.5% as compared to the same period of 2023 of approximately RMB3,938.5 million.

For the Period, the Group's manufacturing overheads and direct labour costs amounted to approximately RMB843.5 million, representing a decrease of 27.8% as compared to the same period of 2023 of approximately RMB1,168.4 million.

Gross profit and gross profit margin

For the Period, the Group reported a gross profit of approximately RMB1,492.1 million, representing a decrease of 17.3% as compared to the same period of 2023 of approximately RMB1,804.4 million and the gross profit margin was 27.9% in the first half of 2024 (the first half of 2023: 26.1%).

Selling expenses

The Group's selling expenses for the Period were approximately RMB219.8 million, representing a decrease of 4.2% as compared to the same period of 2023 of approximately RMB229.5 million.

Administrative expenses

The Group's administrative expenses for the Period were approximately RMB495.5 million, representing an increase of 3.3% as compared to the same period of 2023 of approximately RMB479.4 million.

Research and development (“R&D”) expenses

The Group's R&D expenses for the Period were approximately RMB347.6 million, representing a decrease of 5.4% as compared to the same period of 2023 of approximately RMB367.6 million.

Financial expenses

The Group's financial expenses for the Period were approximately RMB88.2 million, representing an increase of 305.0% as compared to the same period of 2023 of approximately RMB21.8 million. The increase was mainly due to the increase in exchange losses during the Period.

The interest rates of the bank loans for the Period ranged from 1.03% to 4.00% per annum (for the six months ended 30 June 2023: 0.10% to 4.00% per annum).

Other income

The Group's other income for the Period was approximately RMB88.4 million, representing an increase of approximately RMB23.7 million as compared to the same period of 2023 of approximately RMB64.7 million, which was mainly because the government grants related to assets decreased by approximately RMB10.2 million during the Period, and government grants related to income increased by approximately RMB33.9 million during the Period.

Gains from changes in fair value

The Group's gains from changes in fair value for the Period was approximately RMB2.7 million, representing a decrease of approximately RMB2.1 million as compared to the same period of 2023 of approximately RMB4.8 million.

Non-operating income

The Group's non-operating income of for the Period was approximately RMB199.9 million, representing an increase of approximately RMB196.7 million as compared to the same period of 2023 of approximately RMB3.2 million. The increase was mainly due to the acquisition of the entire equity interests in Radio Frequency Systems GmbH and Radio Frequency Systems (Suzhou) Co., Ltd. during the Period, resulting in a gain of profit of approximately RMB194.3 million, which was recognized as non-operating income and accounted for as the Group's non-recurring gains and losses.

Income tax

The Group's income tax for the Period was approximately RMB19.2 million, representing a decrease of 65.0% as compared to the same period of 2023 of approximately RMB54.7 million. On the other hand, the effective tax rate decreased from 8.0% in the first half of 2023 to 5.5% in the first half of 2024. Details of the preferential tax treatments of the Company and certain subsidiaries were set out in note 7 to the financial information contained in this announcement.

Capital expenditures

During the Period, the Group incurred capital expenditures of approximately RMB559.9 million (the first half of 2023: approximately RMB1,060.5 million) in total, which was mainly due to the Group's overseas localized capacity expansion and diversified strategic layout.

Gearing ratio

The Group monitors its leverage using gearing ratio, which is net debts divided by total equity. Net debts include all bank loans less cash and cash equivalents. The Group's gearing ratio as at 30 June 2024 was 40.0% (31 December 2023: 31.6%).

Cash flow analysis

The following table sets forth the selected cash flow data derived from the consolidated cash flow statement for the six months ended 30 June 2024.

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	213,556,283	343,973,709
Net cash used in investing activities	(1,066,768,947)	(1,020,187,023)
Net cash generated from financing activities	630,281,189	1,496,423,882
Effect of foreign exchange rate changes on cash and the equivalents	(3,436,392)	49,831,003
Net increase in cash and cash equivalents	(226,367,867)	870,041,571

The net cash generated from the Group's operating activities decreased by approximately RMB130.4 million, which was mainly because the Group's revenue decreased during the Period.

The net cash generated from the Group's financing activities decreased by approximately RMB866.1 million, which was mainly due to the capital increase investment of RMB640.0 million received from the minority shareholder of Anhui YOFC Advanced Semiconductor Company Limited ("YOFC Advanced Semiconductor"), (a former subsidiary of the Company) during the same period of 2023.

Cash and cash equivalents as at 30 June 2024 were cash at banks and on hand, which were mainly denominated in RMB, US Dollars and Euro.

Net current assets

As at 30 June 2024, the Group's net current assets was approximately RMB6,555.4 million, increased by approximately RMB1,081.1 million from approximately RMB5,474.3 million as at 31 December 2023. The increase in net current assets was mainly due to (1) long-term loans due within one year decreased, which resulted in an increase in net current assets by approximately RMB628.7 million; (2) inventories increased by approximately RMB337.1 million; and (3) financial assets held for trading increased, which resulted in an increase in net current assets by approximately RMB482.1 million.

Bank loans

As at 30 June 2024, the Group's bank loans were approximately RMB8,854.7 million, representing an increase of approximately RMB1,014.6 million from approximately RMB7,840.1 million as at 31 December 2023. As at 30 June 2024, among the Group's bank loans, 0.1% were loans denominated in Euro and 99.9% were loans denominated in RMB.

Commitments and contingencies

As at 30 June 2024, the Group's outstanding capital commitments on fixed assets were approximately RMB1,803.7 million (31 December 2023: approximately RMB1,610.1 million). Out of the total amount of unsettled commitments as at 30 June 2024 of approximately RMB1,803.7 million (31 December 2023: approximately RMB1,610.1 million), a total of approximately RMB1,060.9 million (as at 31 December 2023: approximately RMB744.6 million) were contracted, and the balance of approximately RMB742.8 million (31 December 2023: approximately RMB865.5 million) were authorized by the Board but not yet contracted.

As at 30 June 2024, the Group did not have any contingent liability.

Funding and treasury policy

The Group adopts a conservative approach on its funding and treasury policy, which aims to maintain an optimal financial position and the most economical finance costs as well as minimise the Group's financial risks. The Group regularly reviews the funding requirements to ensure adequate financial resources to support its business operations and future investments and expansion plans as and when needed.

Exposure to fluctuations in exchange rates

Most of the Group's revenues and expenses are settled in RMB and USD while some of the Group's sales, purchases and financial liabilities are denominated in US Dollars, Euro, AUD, IDR, MXN, NZD, PEN, PHP, SGD, THB, ZAR and PLN. Most of the bank deposits are denominated in RMB, US Dollars and Euro.

During the Period, due to the appreciation of USD against currencies such as IDR and BRL, the Group recorded net foreign exchange losses of approximately RMB14.1 million.

During the Period, the Group entered into several currency structured forward contracts to reduce our foreign currency risks. The Group will closely monitor the ongoing movements on exchange rates and will consider entering into other hedging arrangements.

Employees and remuneration policies

As at 30 June 2024, the Group had approximately 9,382 full-time employees (31 December 2023: approximately 9,176 full-time employees). The Group has designed an annual evaluation system to assess the performance of its employees. Such system forms the basis of determining whether an employee should be entitled to salary increments, bonuses or promotions. The salaries and bonuses that the employees received are competitive with market rates. The Company has been in compliance with the relevant national and local labour and social welfare laws and regulations in China.

The Group arranges external training courses, seminars and technical courses for employees to enhance their professional knowledge and skills, their understanding of market development and management and operational skills.

Off-balance sheet arrangements

As at 30 June 2024, the Company endorsed certain bank bills receivable with a carrying amount of approximately RMB1,123.7 million (31 December 2023: approximately RMB865.2 million) to certain commercial banks in China and its suppliers.

Acquisition or Formation of New Presence

Everfoton (Xiangyang) Technologies Corporation Limited

On 5 January 2024, a subsidiary of the Company, Everfoton Technologies Corporation Limited (“**Everfoton Technologies**”) established Everfoton (Xiangyang) Technologies Corporation Limited. (“**Xiangyang Everfoton**”) in Xiangyang, Hubei Province. Its general business scope includes software development, mechanical equipment research and development, new material technology research and development, specialized equipment manufacturing and sales, and optoelectronic device manufacturing and sales. Xiangyang Everfoton is held as to 92.5% by Everfoton Technologies, with a registered capital of RMB100,000,000.

Everfoton (Tangshan) Technologies Corporation Limited

On 10 January 2024, Xiangyang Everfoton established Everfoton (Tangshan) Technologies Corporation Limited. (“**Tangshan Everfoton**”) in Tangshan, Hebei Province. Its general business scope includes technology development and services, metal cutting and welding equipment manufacturing, mechanical equipment sales, electrical equipment sales, and optoelectronic device manufacturing and sales. Tangshan Everfoton is 100% owned by Xiangyang Everfoton, with a registered capital of RMB10,000,000.

Radio Frequency Systems GmbH

In April 2024, a subsidiary of the Company, YOFC International (Germany) GmbH, acquired 100% equity interest of Radio Frequency Systems GmbH and its subsidiaries (RFS Italia S.R.L., RFS (UK) Ltd., Radio Frequency Systems (S) Pte. Ltd.). The financial performance of Radio Frequency Systems GmbH has been included in the consolidated financial statements of the Group since April 2024.

The main business scope of Radio Frequency Systems GmbH and its subsidiaries is the research and development, production, and sales of power cables such as RF cables and leaky cables.

Radio Frequency Systems (Suzhou) Co., Ltd.

In April 2024, the Company acquired 100% equity interest of Radio Frequency Systems (Suzhou) Co., Ltd. (“**RFS Suzhou**”). The financial performance of RFS Suzhou has been included in the consolidated financial statements of the Group since April 2024.

RFS Suzhou mainly engages in the research and development, production, and sales of power cables such as RF cables and leaky cables.

Jiaxing EverBroad Optoelectronics Co., Ltd.

On 28 June 2024, a subsidiary of the Company, Broadex Technologies Company Limited. (“**BDX**”), established Jiaxing EverBroad Optoelectronics Co., Ltd. (“**EverBroad Optoelectronics**”) in Jiaxing, Zhejiang Province. Its general business scope is the manufacturing of optoelectronic devices, electronic components, other electronic devices, integrated circuit chips and products, optical communication equipment, communication equipment, cloud computing devices, network equipment and terminal testing equipment, etc. EverBroad Optoelectronics is 100% owned by BDX, with a registered capital of RMB500,000.

Jiaxing INBroad Technology Co., Ltd.

On 28 June 2024, BDX established Jiaxing INBroad Technology Co., Ltd. (“**INBroad Technology**”) in Jiaxing, Zhejiang Province. Its general business scope includes technical services, technology development, consulting, exchange, transfer; technology import and export; engaging in investment activities with self-owned funds; sales agent; offshore trade operations; import and export agency. INBroad Technology is 100% owned by BDX, with a registered capital of RMB100,000,000.

Saved as disclosed above, the aforementioned transactions did not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”).

OUTLOOK

In the first half of 2024, the telecommunications industry in China operated smoothly. According to the Economic Operation of the Communications Industry in the First Half of 2024 《二零二四年上半年通信業經濟運行情況》 issued by the Ministry of Industry and Information Technology in July 2024, the accumulated mobile Internet traffic in the first half of 2024 reached 160.4 billion GB, a year-on-year increase of 12.6%. In June 2024, the monthly average mobile data flow of usage (DOU) per household reached 18.15GB, representing a year-on-year increase of 8.1%. As of the end of June 2024, the total number of 5G base stations in China has reached 3.917 million, accounting for 33% of the total number of mobile base stations. In terms of fixed networks, as of the end of June 2024, the total number of fixed Internet broadband access users in China reached 654 million, of which 187 million fixed Internet broadband access users had access rates of gigabit or higher, with a net increase of 24.16 million households compared to the end of the previous year, accounting for 28.6% of the total number of users. At present, the total number of 5G base stations in China accounts for over 60% of the total number of 5G base stations around the world. As the domestic telecommunications industry has achieved “gigabit connectivity in cities”, “5G connectivity in counties” and “broadband connectivity in villages”, China has built the world’s largest and most technologically advanced network infrastructure, and the industry has entered a stage of high-quality development.

In respect of the datacom market, in April 2024, the General Office of the National Development and Reform Commission and the National Data Administration clearly stated that the key tasks for digital economy included arranging the layout of digital infrastructure moderately ahead of schedule, deepening the construction of information and communications networks, accelerating the construction of a national integrated computing power network, and comprehensively developing data infrastructure. In the first half of 2024, domestic telecommunications operators shifted their capital expenditures towards computing power networks and digital businesses, and made positive progress in domestic computing power layout, network transmission and other aspects, as such, the domestic total computing power ranked second in the world.

In the international market, benefiting from the accelerated global digital transformation, governments and operators of various countries have taken the acceleration of optical fibre network coverage as a long-term strategic goal. Therefore, communication network infrastructure has great development potential. According to the report issued by *Commodity Research Unit*, the global optical fibre and cable market has been shrinking since 2023, and demand is under pressure in the short term, but is expected to maintain a steady growth rate in mid to long-term. In addition, the construction of data centers in North America, Europe, Southeast Asia and other regions has also promoted the growth of demand in multi-mode optical fibre, optical components and modules, communication network engineering services and other related products and services.

In the first half of 2024, the global macroeconomic situation was severe and complex, and the industry and the Company faced both opportunities and challenges. On the one hand, traditional optical fibre and cable products were faced with the challenges of insufficient effective demand and the conversion of new and old development momentum in the short term, resulting in continued pressure on the global optical fibre and cable industry demand since the second half of 2023. On the other hand, the development of the domestic digital economy moved towards a new era centered on computing power. Large-capacity, long-distance, low-latency optical transmission technology has been widely used. The market demand for G.654.E optical fibre, which combines large effective area and low attenuation coefficient and is used for communication backbone network upgrade and long-distance interconnection of data centers, and space division multiplexing optical fibre, such as multi-core and few-modes optical fibre, which can further enhance the transmission capacity, continued to grow. In addition, owing to the development of generative artificial intelligence, the research and development and industrialization of high-end multi-mode optical fibre, which is used in data centers, and hollow-core optical fibre, which is capable of realizing ultra-high-speed optical transmission in the future, have been accelerating. Looking ahead, with the evolution of the 5G and 5G-A industry chain, the increasing penetration rate of gigabit broadband, the gradual maturity of low-altitude economy and driverless application scenarios, and the vigorous development of computing power data centers, artificial intelligence and related applications, there is a great potential in domestic and overseas demand for new optical fibre and cable products.

During the Period, the Company's revenue was approximately RMB5,348.1 million, representing a decrease of approximately 22.7% as compared with approximately RMB6,915.2 million in the first half of 2023. Benefiting from the optimization of production efficiency and the improvement of product mix, the Company's gross profit margin increased to approximately 27.9% in the first half of 2024 from approximately 24.5% of 2023. The Company's net profit attributable to shareholders of the Company decreased from approximately RMB607.0 million in the first half of 2023 to approximately RMB377.8 million in the first half of 2024, representing a decrease of approximately 37.8%. In the second quarter of 2024, the net profit attributable to shareholders of the Company after deducting non-recurring gains and losses was approximately RMB95.5 million, achieving quarter-on-quarter growth for two consecutive quarters since the fourth quarter of 2023.

1 · Maintaining a leading edge in the main business

In the face of market challenges, the Company optimized its production capacity allocation and product mix, and continued to improve its production process to reduce costs and increase efficiency, so as to consolidate its core competitiveness. Leveraging on the Company's leading advantages in the industry, in January 2024, the Company was awarded the first-tier centralized procurement supplier of China Mobile in 2023. During the Period, the Company led the industry in terms of bidding and delivery share of common optical cable products in the domestic telecom operators market.

In the datacom market, due to the rapid development of generative artificial intelligence in China and abroad, the demand for computing power data center related products has accelerated. New optical fibre products with higher gross profit margin, such as high-end multi-mode optical fibre used in data centers and G.654.E optical fibre used for long-distance interconnection between data centers will gain more development opportunities. The more obvious industry-leading advantages of these new types of optical fibre products of the Company, coupled with the rapid growth of the relevant revenue during the Period, have had a positive impact on the Company's gross profit margin.

2 · Promoting high-quality development through R&D and innovation

In the high-quality development stage of the telecommunications industry, with the advanced deployment of ultra-high-speed optical fibre transmission and the next generation of optical networks, as well as the rapid growth of the computing power data center market, the industry's demand for a next generation of optical fibre products continues to rise. The Company continues to accelerate the research and development and industrialization of new optical fibres, consolidate its international leading advantages in scale and technology, and achieve rapid progress in relevant businesses.

In the first half of 2024, the Company's G.654.E optical fibre and cable products continued to have a leading domestic market share, and its technical level was further improved. In May 2024, the Company's G.654.E optical cable helped to complete the single-carrier 800G PCS-16QAM ultra-long-distance test, and the transmission rate was doubled, which is expected to accelerate the commercialization process. In the construction of UHV power transmission projects, G.654.E optical cable significantly extended the non-relay transmission distance, and also met the low-latency requirements from smart grid applications. Such G.654.E optical cable has been successfully applied in many state grid projects. In July 2024, the product participated in the "New Ultra-Low Loss Single-mode Optical Fibre Key Technology and Application Demonstration for Ultra-Long Span Power Communications" project, and was awarded the second prize of Hubei Province Science and Technology Progress Award in 2023.

Driven by the development of artificial intelligence applications, hollow-core optical fibre technology, which can break through the latency limit, attenuation limit and capacity limit of solid-core optical fibre, is rapidly advancing. These products are major innovations in the field of optical fibre communication technology, and also a disruptive technology for the next generation of optical communication. The Company has advanced hollow-core optical fibre manufacturing technology, and has carried out relevant tests with data center customers. At the same time, the Company further expanded the application areas of hollow-core optical fibre. During the Period, the Company assisted China Mobile in establishing the world's first hollow-core optical 800G transmission technology trial network on the communication trunk line from Shenzhen to Dongguan. The hollow-core optical fibre communication transmission experiment jointly conducted by the Company and China Unicom achieved a single-wavelength rate of up to 1.2 Tbit/s and a transmission distance of 10.2 kilometers, breaking the global single-wavelength rate record for hollow-core optical fibre transmission. The Company also cooperated with China Telecom Corp. Ltd to establish the world's first live network demonstration of single-wavelength 1.2Tbit/s, unidirectional over 100Tbit hollow-core optical cable transmission system. The Company not only provided hollow-core optical fibres for the above-mentioned pilot projects, but also provided a series of technical solutions such as hollow-core optical fibre fusion splicing and hollow-core to single-mode optical fibre adaptor, and worked with operator customers to verify the transmission performance of hollow-core optical fibre and its feasibility in complex pipeline network environment. These are important milestones for hollow-core optical fibre and its transmission system from technology prototype to industrialization.

Looking forward, the Company is confident to maintain its global leading technology and R&D advantages to facilitate the high-quality development of the telecommunications industry and achieve rapid expansion of its related businesses.

3 · Going international and overcoming difficulties

Currently, the construction of telecommunications networks in major overseas markets are still affected by factors such as high interest rates, slow government funding support, increasing macroeconomic uncertainties, and tightened trade protection measures, which put pressure on the short-term demand for optical fibres and cables. However, in the medium to long term, the potential demand in the international market is sufficient, and the optical fibre and cable market is expected to achieve steady growth.

In the first half of 2024, the Company realized overseas revenue of approximately RMB1,766.2 million, accounting for 33.0% of the Group's total revenue. During the Period, the Company optimized the deployment of overseas production capacity, implemented the sales localization strategy, and continued to achieve breakthroughs in large-scale overseas telecom operators, and significantly improved its brand influence. The Company's optical cable production capacity in Mexico has entered the trial production stage, while the expansion of production capacity in Poland and Indonesia progressing smoothly. The Company's production capacity layout for major target markets around the world has been improving, and the delivery and refined operation capabilities of overseas production platforms have been further improved. In the first half of 2024, the Company completed the acquisitions of Radio Frequency Systems GmbH and RFS Suzhou. These companies have high brand recognition in the international market and a solid global customer base, and are engaged in the research and development, production and sales of cable products including radio frequency cables and leakage cables. Relevant products are mainly used in the fields of rail transportation, base station cables and devices, which are complementary to the Company's existing business, and can form a strong synergistic effect in terms of production capacity layout and market development. These acquisitions were successful examples of the combination of the Company's internationalization and diversification strategies.

Since 2021, the Company's overseas revenue accounted for more than 30% of its total revenue, and its internationalization strategy has achieved remarkable results. In the future, the Company will continue to strengthen the implementation of international strategic measures, and deploy and extend its diversified businesses on the international platform to promote sustainable development of the Company.

4 · Accelerated diversification

In the first half of 2024, the Company continued to make progress in all major diversified development directions. Revenue from diversified businesses was approximately RMB2,139.0 million, accounting for 40.0% of the Company's total revenue. The Company's diversified strategic layout achieved remarkable results.

In the field of optical components and modules, the Company further promoted the integration and collaboration of relevant businesses, and continued to make positive progress in the research and development and market expansion of data center high-speed optical module related products. During the Period, Broadex Technologies Company Limited, a subsidiary of the Company, recorded a rapid increase of revenue in data communications, consumer electronics, industrial interconnection and other related business fields.

In the field of third-generation semiconductors, the product development, testing and market expansion of YOFC Advanced Semiconductor progressed smoothly. At present, the production and sales volume of new energy vehicles in China continue to grow year-on-year, and the penetration rate is steadily increasing. According to the data released by the China Passenger Car Association, in June 2024, the sales volume of new energy vehicles of various brands in China reached a record high, and the penetration rate of new energy vehicles exceeded 50% for the first time. YOFC Advanced Semiconductor is principally engaged in the research, development and production of silicon carbide devices, which are mainly used in new energy vehicles and have a broad market potential in the future. The main plant of YOFC Advanced Semiconductor's production base project in Wuhan was completed in June 2024 and is expected to be put into mass production in July 2025. Upon completion, it will become one of the silicon carbide device factories with the largest production capacity and the most advanced technology in China.

In the field of industrial lasers, Everfoton Technologies continued to grow in laser shipments and sales revenue. In the first half of 2024, YOFC Everfoton expanded into laser equipment market and achieved further extension of the industrial chain. At the same time, by virtue of its innovation and promotion in the field of optical laser technology, the Company's watt-level thulium-doped fibre won the award of China's Top Ten Optical Industry Technology in 2023 (二零二三年度中國十大光學產業技術獎).

In 2024, domestic offshore wind farm construction planning and bidding projects have steadily increased, and the previously pent-up demand has continued to be released. Therefore, the market demand for submarine cables and marine engineering has huge potential. In this field, the Company will continue to explore the market by combining resources and capabilities related to submarine cable manufacturing and marine engineering to achieve large-scale sales and business growth.

In the field of high-purity synthetic quartz materials, based on years of research and development and industrialization of technologies and equipment such as synthetic quartz material deposition and heat treatment in the manufacturing process of preforms, the Company has developed various high-end quartz material products through internal business cultivation and incubation. These products have advanced optical properties and geometric precision such as high purity, bubble-free and high optical uniformity, which meet the relevant needs of various industries, and have huge growth potentials.

5 、 Stable financial position and synergistic growth of capital operation

The Company has consistently implemented prudent financial measures. In the first half of 2024, the Company's major financial indicators such as its asset-liability level, operating cash flow and the effective interest rate of bank loans remained healthy. Resilient financial indicators also helped the Company to utilize smooth financing channels to support the further implementation of strategic initiatives and maintain a stable cash dividend ratio to reward investors. The Company also built an industry ecosystem by participating in the establishment of the Hubei Yangtze Laser Intelligent Manufacturing Investment Fund Partnership (Limited Partnership) (湖北長江長飛激光智造創業投資基金合夥企業(有限合夥)), Wuhan Changfei Science and Technology Innovation Industry Fund Partnership (Limited Partnership) (武漢長飛科創產業基金合夥企業(有限合夥)) and other industrial funds and cooperated with diversified strategic layouts to achieve synergistic development.

DIVIDEND

The Board did not recommend any interim dividend for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, there were no purchase, sales or redemption of the Company's listed securities (including sale of treasury shares) by the Company and its subsidiaries.

As at 30 June 2024, the Company did not hold any treasury shares.

IMPORTANT EVENTS AFTER THE PERIOD

There were no important events affecting the Group which occurred after the Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee of the Company ("**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Hong Kong Listing Rules. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Song Wei, Dr. Wong Tin Yau, Kelvin and Ms. Li Chang'ai, the independent non-executive directors of the Company. Mr. Song Wei is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the unaudited interim results of the Group for the six months ended 30 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company incorporated in the PRC and listed on the Hong Kong Stock Exchange, the Company has to comply with the relevant provisions of the Hong Kong Listing Rules and to abide by the PRC Company Law and the applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as the basis for the Company's corporate governance. The Company has adopted all the code provisions set out in the CG Code and has complied with all the code provisions under the CG Code during the six months ended 30 June 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Company Securities Dealing Regulations on Directors, Supervisors and Relevant Employees (the "**Company's Code**") as its own code regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiries of the directors and supervisors of the Company, all directors and supervisors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company's Code regarding securities transactions during the six months ended 30 June 2024.

INTERIM REPORT

The interim report for the Period will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.yofc.com) respectively in due course.

FORWARD-LOOKING STATEMENTS

The Company would also like to caution readers about the forward-looking nature of certain of the above statements. These forward-looking statements are subject to risks and uncertainties and assumptions, some of which are beyond our control. Potential risks and uncertainties include those concerning the continued growth of the telecommunications industry in China, the development of the regulatory environment and our ability to successfully execute our business strategies. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors.

By order of the Board
Yangtze Optical Fibre and Cable Joint Stock Limited Company*
長飛光纖光纜股份有限公司
Ma Jie
Chairman

Wuhan, PRC, 23 August 2024

As at the date of this announcement, the Board comprises Mr. Zhuang Dan as executive Director; Mr. Ma Jie, Mr. Guo Tao, Mr. Philippe Claude Vanhille, Mr. Pier Francesco Facchini, Mr. Lars Frederick Persson, Mr. Xiong Xiangfeng and Mr. Mei Yong, as non-executive Directors; Mr. Bingsheng Teng, Mr. Song Wei, Dr. Wong Tin Yau, Kelvin and Ms. Li Chang'ai, as independent non-executive Directors.

* *For identification purposes only*