

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED

高科橋光導科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9963)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Transtech Optelecom Science Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 as follows:

Financial Highlights		
	2024	2023
	HK\$'000	HK\$'000
Revenue	148,017	174,208
Gross (loss)/profit	(275)	17,465
Loss attributable to owners of the Company	(94,846)	(64,222)
Basic loss per share (HK cents)	(36.48)	(24.70)
The Board has resolved not to pay final dividend for the year ended 31 December 2024.		

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	148,017	174,208
Cost of sales		<u>(148,292)</u>	<u>(156,743)</u>
Gross (loss)/profit		(275)	17,465
Other income	5	372	1,410
Other gains and losses	5	(7,634)	(12,848)
Impairment losses on financial assets	7	(47,244)	(17,754)
Impairment losses on property, plant and equipment and prepayments	7	(13,079)	(28,197)
Selling and distribution expenses		(3,518)	(3,692)
Administrative expenses		<u>(18,361)</u>	<u>(19,740)</u>
Loss from operations		(89,739)	(63,356)
Finance costs	6	<u>(1,590)</u>	<u>(1,891)</u>
Loss before tax	7	(91,329)	(65,247)
Income tax (expense)/credit	8	<u>(3,517)</u>	<u>1,025</u>
Loss for the year		(94,846)	(64,222)
Other comprehensive (expense)/income:			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operation		<u>(757)</u>	<u>1,667</u>
Total comprehensive expense for the year		<u>(95,603)</u>	<u>(62,555)</u>
Loss per share			
Basic and diluted (HK cents per share)	9	<u>(36.48)</u>	<u>(24.70)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		225,965	231,169
Deposits for acquisition of property, plant and equipment		3,881	10,301
Deposits and prepayments		30	6,504
Deferred tax assets		14,795	17,388
		244,671	265,362
Current assets			
Inventories		35,069	57,495
Trade receivables	<i>10</i>	35,048	42,554
Deposits, prepayments and other receivables	<i>11</i>	62,480	135,776
Tax receivables		–	1,430
Bank and cash balances		17,763	14,489
		150,360	251,744
Current liabilities			
Trade payables	<i>12</i>	10,253	15,941
Accruals and other payables		3,425	11,037
Contract liabilities		14	542
Bank borrowings		25,300	37,564
Tax payables		447	1,104
		39,439	66,188
Net current assets		110,921	185,556
Total assets less current liabilities		355,592	450,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	2024 HK\$'000	2023 HK\$'000
Non-current liability		
Provisions	<u>833</u>	<u>556</u>
NET ASSETS	<u>354,759</u>	<u>450,362</u>
Capital and reserves		
Share capital	2,600	2,600
Reserves	<u>352,159</u>	<u>447,762</u>
TOTAL EQUITY	<u>354,759</u>	<u>450,362</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendment to HKAS 1	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (“HK Int 5”) (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

This new policy did not result in a change in the classification of the Group’s borrowings.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurements of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. REVENUE

(a) Disaggregation of revenue from contracts with customers

	2024	2023
	HK\$'000	HK\$'000
Types of goods		
Sales of goods		
Optical fibre cables	143,727	159,093
Optical fibres	4,290	15,115
	<hr/>	<hr/>
Total revenue from contracts with customers	148,017	174,208
	<hr/>	<hr/>
Timing of revenue recognition		
Goods transferred at a point in time with customers	148,017	174,208
	<hr/>	<hr/>

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports according to the business lines operated by the Group, and are regularly reviewed by Mr. He Xingfu, the chief operating decision maker (the “CODM”) to allocate resources to the segments and to assess their performance. The Group’s operating and reporting segments are (i) optical fibre cables, optical cable cores and other related products, which is located in Thailand and (ii) optical fibres, which is located in Hong Kong. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from operations. The adjusted profit/loss before tax is measured consistently with the Group’s loss before tax except that interest income, non-lease related finance costs, fair value gain/loss from the Group’s financial instruments as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Other than other segment information disclosed, the assets and liabilities for operating segments are not provided to the Company’s CODM for the purposes of resources allocation and performance assessment, and therefore no segment assets and liabilities information is presented.

Segment revenue and results

Year ended 31 December 2024

	Optical fibre cables, optical cable cores and other related products <i>HK\$’000</i>	Optical fibres <i>HK\$’000</i>	Sub-total <i>HK\$’000</i>	Elimination <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue					
External sales	148,017	–	148,017	–	148,017
Intersegment sales	–	14,449	14,449	(14,449)	–
Segment revenue	148,017	14,449	162,466	(14,449)	148,017
Segment loss	(46,590)	(36,676)	(83,266)	(905)	(84,171)
Unallocated					
Interest income					26
Central corporate expenses					(5,594)
Finance costs					(1,590)
Loss before tax					(91,329)

Year ended 31 December 2023

	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Optical fibres <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	172,889	1,319	174,208	–	174,208
Intersegment sales	–	20,738	20,738	(20,738)	–
	<u>172,889</u>	<u>22,057</u>	<u>194,946</u>	<u>(20,738)</u>	<u>174,208</u>
Segment revenue					
	<u>172,889</u>	<u>22,057</u>	<u>194,946</u>	<u>(20,738)</u>	<u>174,208</u>
Segment loss	<u>(15,399)</u>	<u>(42,077)</u>	<u>(57,476)</u>	<u>(1,922)</u>	<u>(59,398)</u>
Unallocated					
Interest income					5
Central corporate expenses					(3,963)
Finance costs					<u>(1,891)</u>
Loss before tax					<u><u>(65,247)</u></u>

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue for the respective year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	40,239	26,882
Customer B	35,183	53,466
Customer C	N/A*	22,771

* Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year.

Note: Aforesaid customers are customers of the segment of optical fibre cables, optical cable cores and other related products.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Other income:		
Income from sales of scrap products	221	186
Bank interest income	26	72
Others (<i>Note</i>)	125	1,152
	<u>372</u>	<u>1,410</u>
Other gains and losses:		
Foreign exchange losses, net	<u>(7,634)</u>	<u>(12,848)</u>

Note: During the year ended 31 December 2023, the amount includes service fee income of approximately HK\$531,000 in respect of technical support provided to an independent third party for the production of masks in Hong Kong.

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	<u>1,590</u>	<u>1,891</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration		
— Audit services	900	900
— Non-audit services	41	41
	<u>941</u>	<u>941</u>
Depreciation of property, plant and equipment	5,627	9,221
Less: amount capitalised in inventories	<u>(3,932)</u>	<u>(8,110)</u>
	<u>1,695</u>	<u>1,111</u>
Employee benefit expense, inclusive of directors' emoluments:		
Directors' remuneration	3,748	4,038
Other staff costs		
Salaries and other benefits	18,593	20,357
Retirement benefits scheme contributions	500	640
	<u>22,841</u>	<u>25,035</u>
Less: amount capitalised in inventories	<u>(9,235)</u>	<u>(12,999)</u>
	<u>13,606</u>	<u>12,036</u>
Cost of inventories recognised as an expense (included in cost of sales)	142,802	154,120
Allowance for inventories (included in cost of sales)	5,490	2,623
Expenses relating to short-term lease (included in cost of sales, selling and distribution expenses and administrative expenses)	8,924	10,531
Reversal of impairment losses on trade receivables	(6,511)	(11,417)
Impairment losses on deposits for purchase of raw materials and acquisition of property, plant and equipment and other receivables	53,755	29,171
	<u>47,244</u>	<u>17,754</u>
Impairment losses on property, plant and equipment	—	5,767
Impairment losses on prepayments	13,079	22,430
	<u>13,079</u>	<u>28,197</u>

8. INCOME TAX EXPENSE/(CREDIT)

Income tax has been recognised in profit or loss as following:

	2024 HK\$'000	2023 HK\$'000
Thailand Corporate Income Tax		
Current tax	615	2,686
Under-provision in prior years	71	–
Thailand withholding tax	110	107
Deferred tax	2,721	(3,818)
	<u>3,517</u>	<u>(1,025)</u>

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of taxable profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Thailand Corporate Income Tax

The provision for Thailand Corporate Income Tax is based on the statutory rate of 20% on the estimated assessable profits. Futong Group Communication Technology (Thailand) Co., Ltd. (“**Futong Thailand**”) has been granted preferential tax treatments by the Board of Investment in Thailand relating to manufacturing of cables by virtue of the provisions of the Industrial Investment Promotion Act B.E.2520 of Thailand. The preferential tax treatments granted include: (i) the full exemption from payment of corporate income tax on net profit of the promoted business of the manufacturing of cables for a period of eight years ended 28 February 2021 (“**Exemption Period**”). No Corporate Income tax has been provided within the Exemption Period; and (ii) the 50% exemption from payment of corporate income tax during the period from 1 March 2021 to 28 February 2025 (“**50% Exemption Period**”), 50% Corporate Income Tax has been provided by the direct application of Corporate Income Tax rate to the profit before tax of management account during the “50% Exemption Period”.

No provision for Hong Kong Profits Tax is required since the group entities have no assessable profit for both years.

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year:

	2024 HK\$'000	2023 HK\$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(94,846)</u>	<u>(64,222)</u>
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of calculating basic loss per share	<u>260,000</u>	<u>260,000</u>

No diluted loss per share for both years has been presented as the Group had no potentially dilutive ordinary shares outstanding during the both years.

10. TRADE RECEIVABLES

The following is an ageing analysis of the trade receivables, net of allowance for credit losses presented based on invoice date at the end of the reporting period.

	2024 HK\$'000	2023 HK\$'000
0–180 days	34,607	32,328
181–270 days	–	–
271–365 days	–	–
Over 365 days	<u>441</u>	<u>10,226</u>
	<u>35,048</u>	<u>42,554</u>

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Non-current portion		
Prepayments	30,392	15,065
Deposits for acquisition of property, plant and equipment	9,702	10,301
Other deposits	30	22
Less: Loss allowances	(36,213)	(8,583)
	<u>3,911</u>	<u>16,805</u>
Total	<u>3,911</u>	<u>16,805</u>
	2024 HK\$'000	2023 HK\$'000
Current portion		
Electricity deposits	783	785
Other deposits	65	113
Deposits for purchase of raw materials	143,333	150,647
Prepayments	8,696	24,646
Other receivables	3,530	11,529
Other tax receivables	708	2,125
Less: Loss allowances	(94,635)	(54,069)
	<u>62,480</u>	<u>135,776</u>
Total	<u>62,480</u>	<u>135,776</u>

12. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
0–30 days	4,942	7,319
31–60 days	2,049	3,406
61–90 days	1,853	3,130
91–180 days	1,243	1,280
Over 180 days	166	806
	<u>10,253</u>	<u>15,941</u>

MANAGEMENT DISCUSSION AND ANALYSIS

A. FINANCIAL REVIEW

Revenue

The Group's total revenue decreased from approximately HK\$174.2 million in the year ended 31 December 2023 to approximately HK\$148.0 million in the year ended 31 December 2024. The reasons for the decrease are mainly due to the net effect of (i) the sales of optical fibre cables to one customer in Thailand decreased approximately HK\$18.3 million from approximately HK\$53.5 million to approximately HK\$35.2 million and (ii) the aggregate sales of optical fibre cable to overseas customers increased HK\$4.2 million from approximately HK\$53.8 million to HK\$58.0 million.

Cost of Sales

The key components of the Group's cost of sales comprised principally the (i) raw materials used for production of optical fibres, optical fibre cables, optical cable cores and other related products, (ii) direct and indirect labour costs, (iii) manufacturing overheads such as depreciation for plant and equipment, rent, consumables, utilities, and other expenses related to the manufacturing of our products and (iv) change in inventories of finished goods and work in progress.

For the year ended 31 December 2024, the cost of sales of the Group decreased by approximately 5.4% to approximately HK\$148.3 million as compared with the corresponding period in FY2023. Such decrease was mainly attributable to the net effect of the decrease of purchased quantity along with decreased sales volume, the decrease of optical fibre unit cost and increase of provision for inventories during the reporting period.

Gross profit/loss and margin

The gross profit of the Group decreased from approximately HK\$17.5 million for the year ended 31 December 2023 to gross loss approximately HK\$0.3 million for the year ended 31 December 2024.

The gross profit margin decreased from approximately 10.0% for the year ended 31 December 2023 to gross loss margin approximately 0.2% for the year ended 31 December 2024. This is mainly attributable to the recognition of fixed overhead and staff costs in cost of sales resulting from the temporary suspension of the Group's manufacturing and trading of optical fibres during the year ended 31 December 2024.

Impairment losses on financial assets

Impairment losses on financial assets represented the net effect of reversal of impairment losses on trade receivable and impairment losses on deposits for purchase of raw materials and other receivables, which increased by approximately HK\$29.4 million, or approximately 165.2% from approximately HK\$17.8 million for the year ended 31 December 2023 to approximately HK\$47.2 million for the year ended 31 December 2024.

Impairment losses on property, plant and equipment and prepayments

As at 31 December 2024, the net carrying amounts of property, plant and equipment and prepayments, attributed to the reporting segment of optical fibres before recognition of impairment losses for the year, were approximately HK\$226.0 million and HK\$16.5 million respectively. Due to the operating loss and temporary production suspension of the Group's manufacturing and trading of optical fibres, management concluded there were indications of impairment and performed an impairment assessment on these assets as at 31 December 2024 to determine the recoverable amount of this cash-generating unit ("CGU") to which the assets belong based on value in use of the CGU.

The recoverable amount of the relevant assets was determined on the basis of their value in use by using discounted cash flow method. Impairment losses on prepayments amounting to approximately HK\$13.1 million was recognised during the year to reduce the carrying amount of the CGU to its recoverable amount.

Other income, other gains and losses, net

The Group recognised foreign exchange losses of approximately HK\$7.6 million for the year ended 31 December 2024 as compared with foreign exchange losses of approximately HK\$12.8 million for the year ended 31 December 2023, mainly due to the fluctuation of exchange rates among Renminbi ("RMB"), Hong Kong Dollar ("HK\$"), Thai Baht ("THB"), and United States Dollar ("US\$") during the year.

Selling and distribution expenses

Selling and distribution expenses comprised staff cost, transportation expense, export cost and other selling and distribution expenses.

The Group's selling and distribution expenses decreased from approximately HK\$3.7 million for the year ended 31 December 2023 to approximately HK\$3.5 million for the year ended 31 December 2024, representing a decrease of approximately 5.4%.

The decrease in the selling and distribution expenses for the year ended 31 December 2024 was mainly due to the decrease in sales commission expenses due to decrease in sales.

Administrative expenses

Administrative expenses primarily consist of (i) staff cost, (ii) office expense, which comprises the expense for office supplies, electricity and water expense, rental expense, security fee and repair and maintenance expense, (iii) depreciation, (iv) transportation expense, which comprises travelling expense and motor vehicle expense, (v) professional fee, which comprises audit fee and legal and professional expense, and (vi) other expense, which comprises bank charge and miscellaneous expense.

The Group's administrative expenses decreased from approximately HK\$19.7 million for the year ended 31 December 2023 to approximately HK\$18.4 million for the year ended 31 December 2024, representing a decrease of approximately 6.6%. The decrease in the administrative expenses for the year ended 31 December 2024 was mainly attributable to the effects of the decrease in depreciation expenses and other expenses.

Finance costs

Finance costs represent the interest expense on bank borrowings. The finance costs of the Group decreased from approximately HK\$1.9 million for the year ended 31 December 2023 to approximately HK\$1.6 million for the year ended 31 December 2024 mainly attributable to the decrease in bank borrowings.

Taxation

Income tax credit shifted from approximately HK\$1.0 million for the year ended 31 December 2023 to income tax expenses approximately HK\$3.5 million for the year ended 31 December 2024. Such changes was mainly caused by the reversal of deferred tax asset on tax losses previously recognised.

Loss for the year

Loss attributable to owners of the Company for the year ended 31 December 2024 amounted to approximately HK\$94.8 million (2023: loss approximately HK\$64.2 million).

The increase of loss attributable to owners of the Company for the year ended 31 December 2024 was mainly attributable to the net effect of the following factors: (a) less sales revenue made as a result of the weak economic situation due to the slow recovery from COVID-19 pandemic; (b) less foreign exchange loss resulting from the fluctuation of exchange rates among RMB, THB, US\$ and HK\$; (c) increase of impairment losses on (i) deposits for acquisition of property, plant and equipment; (ii) deposits for purchase of raw materials; and (iii) prepayments; (d) reversal of impairment losses on trade receivables and other receivables; and (e) reversal of deferred tax asset on tax losses previously recognised.

Liquidity, financial resources and capital structure

Cash position

The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and bank borrowings. The Group had cash and cash equivalents of approximately HK\$17.8 million as at 31 December 2024 (2023: approximately HK\$14.5 million).

Bank borrowings

As at 31 December 2024, the Group had total bank borrowings of approximately HK\$25.3 million (2023: approximately HK\$37.6 million).

Gearing ratio

Gearing ratio is calculated as total borrowings (including payables not incurred in the ordinary course of business of the Group) divided by the total equity as at the respective reporting dates.

Gearing ratio decreased from approximately 8.3% as at 31 December 2023 to approximately 7.1% as at 31 December 2024. Such decrease was primarily resulted from the decrease in the percentage of the bank borrowings outweighed the percentage of the total equity reduction arising from loss for the year.

Foreign currency risk

Our Group's foreign currency exposures arise mainly from the exchange rate movements of the US\$ and RMB against THB and RMB against HK\$. Any depreciation of THB will reduce the amount of revenue we generate in Thailand in terms of our reporting currency and adversely impact our results of operations. Similarly, the Group might also suffer exchange loss if RMB depreciates against HK\$ because the deposits for purchase of raw materials are denominated in RMB. However, our Group has established a foreign currency risk management policy to monitor and manage foreign currency risks.

Interest rate risk

The Group is exposed to cash flow interest rate risk relating to the variable rate bank balances and bank borrowings. The Group is also exposed to fair value interest rate risk in relation to the certain bank borrowings which are interest bearing at fixed interest rate. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. The management of the Group maintains a balanced portfolio of fixed rate and variable rate borrowings.

Credit risk

As at 31 December 2024, 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 receivables arising from contracts with customers and deposits for purchase of raw materials and other receivables. In order to minimise the credit risk, the Directors have delegated the senior management to be responsible for determination of credit limits and monitoring procedures to ensure that follow-up action is taken to recover overdue debtors. The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of expected credit loss ("ECL") of trade receivables based on internal credit ratings, ageing, collateral, repayment history and/or past due status of respective debtors and adjusted for forward-looking information. For deposits for purchase of raw materials and other receivables, the Directors have delegated the senior management to monitor the delivery progress and follow-up action is taken to recover from slow delivery materials and repayment. The management of the Group performs impairment assessment on the deposits for purchase of raw materials and other receivables individually. For bank deposits and balances, the management of the Group placed it in reputable banks with higher internal credit ratings with reference to either international or local credit-rating agencies, and ECL is insignificant. The Directors have the opinion that the Group have taken appropriate action to manage the 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.

Capital commitments

The Group did not have any material capital commitments as at 31 December 2024 (2023: Nil).

Future plans for material investments

Save as disclosed in the “Future Plans and Use of Proceeds” section of the Prospectus, the Group did not have other plans for material investments and capital assets.

Employee and emolument policies

As at 31 December 2024, the employee headcount (including Directors) of the Group was 157 (2023: 174) and the total staff costs, including directors’ emoluments, amounted to approximately HK\$22.8 million during the year ended 31 December 2024 (2023: approximately HK\$25.0 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed and approved by the Board, having regard to the Company’s operating results, market competitiveness, individual performance and achievement.

Contingent liabilities and litigation

As at 31 December 2024, the Group had no material contingent liabilities and litigation (2023: Nil).

Capital structure

As at 31 December 2024, the Company’s authorised and issued share capital were HK\$10,000,000 and HK\$2,600,000 respectively. The number of its issued ordinary shares was 260,000,000 of HK\$0.01 each.

There has been no change in the capital structure of the Group since the listing date and up to the date of this announcement. The capital of the Company only comprises of ordinary shares.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the management closely monitors the Group’s liquidity position and maintain sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Charge of assets

As at 31 December 2024, the Group had not pledged its land, buildings and machinery to secure the banking facilities granted to the Group (2023: Nil).

Charge of register

As at 31 December 2024, the Group had no charge of register.

Production Capacity Utilization

For the year ended 31 December 2024, the Group sold approximately 0.2 million fkm of optical fibres and approximately 1.9 million fkm of optical fibre cables. The production capacity of optical fibres, optical fibre cables and optical cable cores were approximately 9.6 million fkm and 9.6 million fkm in FY2023 and FY2024 respectively.

The utilisation rate of optical fibres decreased from 17.3% to 2.6% from FY2023 to FY2024 and that of optical fibre cables and optical cable cores increased from 33.2% to 43.8% from FY2023 to FY2024. Both Transtech Optical Communication Company Limited (“**Transtech**”) and Futong Thailand have adjusted their production volume based on the sales order.

Asset turnover ratio (Revenue/Total asset)

The Group’s revenue amounted to approximately HK\$174.2 million in FY2023 and approximately HK\$148.0 million in FY2024 while the Group’s total assets amounted to approximately HK\$517.1 million and approximately HK\$395.0 million as of 31 December 2023 and 2024 respectively.

Hence, the Group’s asset turnover ratio increased from approximately 33.7% in FY2023 to approximately 37.5% in FY2024. This was mainly because of the degree of sales revenue drop approximately 15.0% and total asset reduction approximately 23.6% mainly due to the decrease of approximately 39.0% inventories balances as of 31 December 2024 and the impairment losses on financial assets and prepayments approximately HK\$60.3 million for the year ended 31 December 2024.

Future plans for material investments and capital assets

Save as the construction of the new factory in Thailand and the installation of optical fibre cable production line in Hong Kong (details referred to the section “Outlook” of Chairman’s Statement in this announcement), the Group did not have other plans for material investments and capital assets.

Material acquisition and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2024, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Performance guarantees

During the year ended 31 December 2024, the Group did not have any performance guarantee given to or received from a connected person or an independent third party.

Post balance sheet events

The Group has entered into a credit and loan agreement on 27 February 2025 which Futong Thailand may borrow from a bank with a credit limit of THB300 million (equivalent to approximately HK\$68,190,000). Futong Thailand has pledged a piece of land in Rayong, Thailand with an area of 58,149 meters and the building thereon. The agreement period is valid for 30 years ending on 26 February 2054.

Saved as disclosed above, the Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of approval of this announcement.

B. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to reduce its impacts to the environment from its factories and offices through mitigating the environmental pollutions and utilising resource efficiently. The Group strives to comply with related environmental laws and legislations, and continual improvement on its performance. The Company will attach the Environmental, Social and Governance Report in the Annual Report in compliance with the Appendix 27 of the Listing Rules.

C. KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group aims to maintain a good relationship with its employees, customers and suppliers. For more details on how it creates a motivated workplace for its employees, produce quality products to satisfy its customers' expectations and, establish long-term relationships with its suppliers, please refer details to the Environmental, Social and Governance Report in the Annual Report.

D. COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2024, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

E. CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain continuing connected transactions (“**Continuing Connected Transactions**”) with the connected person (as defined in the Listing Rules) of the Company. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Details of the Non-fully Exempt Continuing Connected Transaction are shown as follows:

(1) Non-fully exempt continuing connected transaction

*Licensing of Premises from Futong Group International Limited (“**Futong Group International**”)*

During the eight years ended 31 December 2024, Transtech operated from the premises located at 3 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong (the “**Premises**”) which was leased by Futong Group International from Hong Kong Science and Technology Parks Corporation (“**HKSTP**”). Futong Group International was owned by Mr. Wong Jianyi (“**Mr. Wang**”), the Controlling Shareholder, and Mr. He Xingfu (“**Mr. He**”), one of the executive directors, as to 90% and 10%, respectively as at the Listing date. On 9 March 2018, Mr. He transferred all his shares to Mr. Wang, and Mr. Wang became the sole shareholder of Futong Group International at the same date. Therefore, Futong Group International is a connected person of the Group.

On 20 October 2016, a licence agreement was entered into between Transtech and Futong Group International in relation to the Premises (“**Licence Agreement**”). The term of the licence is five years, from 1 July 2016 to 30 June 2021.

On 7 July 2021, the Licence Agreement was renewed for a term of one year commencing on 1 July 2021 and terminating on 30 June 2022 (both days inclusive) (“**FY2021 Licence Period**”). On 4 July 2022, the Licence Agreement was renewed for a term of one year commencing on 1 July 2022 and terminating on 30 June 2023 (both days inclusive) (“**FY2022 Licence Period**”). During both the FY2021 Licence Period and FY2022 Licence Period, the licence fee payable by Transtech to Futong Group International is HK\$900,000.00 per month. On 4 July 2023 and 4 July 2024, the Licence Agreement was renewed for a term of one year ended on 30 June 2024 (“**FY2023**”) and 30 June 2025 (“**FY2024**”) respectively, the monthly finance fee HK\$750,000 and HK\$650,000 are payable respectively by Transtech to Futong Group International. Management fee and maintenance charge (if any) payable under the lease in respect of the said premises will be paid by Futong Group International. On the other hand, government rent, government rates and other outgoings in respect of the said premises will be paid by Transtech. According to the two Licence Agreements, the licence fees are set out in the paragraph headed “Annual caps” below.

Actual transaction value

For FY2017, FY2018, FY2019, FY2020, FY2021, FY2022, FY2023 and FY2024, Transtech has paid a sum of approximately HK\$10.8 million, HK\$11.9 million, HK\$11.9 million, HK\$8.9 million, HK\$9.2 million, HK\$10.8 million, HK\$9.0 million and HK\$7.8 million respectively to Futong Group International, for its use of the Premises. For FY2020 and FY2021, Futong Group International waived three months rent in amount of HK\$2,970,000 and HK\$2,700,000 respectively to relieve the adverse impact from COVID-19.

Annual caps

The Group intends to continue to use the premises after the Listing. The Group will pay licence fee (inclusive of the management and maintenance charge (if any) payable under the head lease between HKSTP and Futong Group International (the “**Head Lease**”) but exclusive of the government rent, government rates and other outgoings) in relation to the Premises (“**Licence Fee**”) to Futong Group International for licensing the Premises. The annual cap of the Licence Fee for each of the six years ending 31 December 2024 in relation to the licensing of the Premises are set out below.

	Annual Caps for the year ended 31 December					
	2019	2020	2021	2022	2023	2024
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Licence Fee	11.9	11.9*	11.9*	10.8	9.9	8.4

* Futong Group International waived licence fee from January to March in 2020 and October to December in 2021 to relieve the impact of COVID-19

Listing rules implications

Since the highest applicable percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the annual caps in respect of the transactions contemplated under the Renewed Premises Licence Agreement concluded on 4 July 2024, on an annual basis, exceeds 5% but less than 25% and the aggregate rent is less than HK\$10,000,000, the transactions contemplated under the Renewed Premises Licence Agreement constitute continuing connected transactions for the Group and the Group is required to comply with announcement, reporting and annual review requirements but exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Application for waivers

Pursuant to Rule 20.103 of the GEM Listing Rules, our Directors have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules (i.e. Rule 14A.35 of the Main Board Listing Rules) in respect of such non-fully exempt continuing connected transaction, subject to the aggregate amount of each of the non-fully exempt continuing connected transaction for each financial year not exceeding the relevant annual caps as stated above.

Annual review

The independent non-executive directors have reviewed the continuing connected transactions conducted for the year ended 31 December 2024 and confirmed that such continuing connected transactions were carried out in the ordinary and usual course of business of the Group, were on normal commercial terms and were in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of the shareholders as a whole.

The Company's auditor was engaged to report on the continuing connected transactions entered into by the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. Based on the results of the work performed, the auditor has issued a letter containing an unmodified conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules in confirming that:

- a. nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board;
- b. nothing has come to their attention that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions;
- c. nothing has come to their attention that causes them to believe that the aggregate amount of each of the continuing connected transactions has exceeded the relevant annual cap as set by the Company.

The Company confirmed that the disclosure requirements for the continuing connected transactions have been complied with in accordance with Chapter 14A of the Listing Rules.

The Audit Committee has reviewed the Continuing Connected Transactions conducted for the year ended 31 December 2024 and the letter from the auditor with conclusions in respect of the continuing connected transactions set out above. On such basis, the Audit Committee was of the view that the continuing connected transactions were carried out in compliance with Chapter 14A of the Listing Rules.

F. USE OF PROCEEDS

As the GEM Listing took place on 20 July 2017, the net proceeds from the Global Offering has been fully utilised by the Company during the eight years ended 31 December 2024.

Progress on achievement of business objective and Use of Proceeds

Business Strategies as Stated in the Prospectus	Proposed amount to be used (HK\$ million)	Actual amount utilized up to 31 December 2024 (HK\$ million)	Unused amount as at 31 December 2024 (HK\$ million)	Explanation
Approximately 80% of the net proceeds will be used for implementing the expansion plan of new production facility in Thailand, including the construction of a factory in Thailand.	73.4	73.4	0	Fully utilized for new factory construction and machine installation.
Approximately 5% of the net proceeds will be used for strengthening the research and development capabilities and expanding the range of products.	4.6	4.6	0	Fully utilized for the research and development expenditure.
Approximately 5% of the net proceeds will be used for enhancing the relationship with existing customers and exploring new customers in Hong Kong and the ASEAN.	4.6	4.6	0	Fully utilized for the business development in the ASEAN countries.
Approximately 10% of the net proceeds will be used as the general working capital and for general corporate purposes.	9.2	9.2	0	Fully utilized for factory rent and electricity fee in Hong Kong for the period from the Listing Date to 31 December 2017
Total	<u>91.8</u>	<u>91.8</u>	<u>0</u>	

As at 31 December 2024, approximately HK\$9.2 million of the net proceeds from the Global offering has been utilised for settlement of payable for factory rent and utility fee in Hong Kong, approximately HK\$4.6 million for developing customers relationship, approximately HK\$4.6 million for research and development and approximately HK\$73.4 million for the new factory construction in Thailand.

BUSINESS REVIEW

In 2024, the sales of optical fiber encountered difficulty in the highly competitive market throughout the year. There was no external sales of optical fiber in FY2024. Meanwhile, the selling price and volume of optical fiber cable reduced by 7.0% and 3.2% respectively. Under the adverse circumstance, Transtech has closed its production lines in several months during the year ended 31 December 2024 to save cost; therefore, the number of staff in Transtech also reduced drastically from 31 to 18 in the year. Nevertheless, Transtech has resumed its production by the end of the year and our management believes that the production will be proceeded in a continuous way in the year 2025.

2024 also witnessed the commercialisation of 5G network in China, and it was also a year for 5G to further empower a large number of industries. At present, China has built the world's largest and technologically advanced 5G network infrastructure, covering major cities and villages across the country. The new generation of information technology represented by 5G is accelerating its integration into various fields and segments of the economy and society, and is being further promoted in medical care, industry, power and other industries.

In line with the development trend of the 5G industry, the Group grasps the trend of 5G technology development in the ASEAN countries and actively develops it to meet the market demand and maintain its competitive edge. Adhering to its philosophy of creating value for customers, the Group continuously optimised the industrial chain structure and built a full value chain business development system to achieve steady business growth.

The subsidiary company in Thailand continued the machine installation in the new factory building for business expansion but its commencement date of production is estimated to be postponed to December 2026.

During the year ended 31 December 2024, the Group recorded:

- revenue decreased by approximately 15.0% to approximately HK\$148.0 million (2023: approximately HK\$174.2 million);
- gross profit decreased by approximately 101.7% to gross loss approximately HK\$0.3 million (2023: gross profit approximately HK\$17.5 million);
- total comprehensive expense for the year attributable to owners of the Company decreased by approximately 52.7% to an expense of approximately HK\$95.6 million (2023: an expense of approximately HK\$62.6 million); and
- basic loss per share to be approximately HK\$0.36 (2023: loss approximately HK\$0.25).

Performance Analysis

For the year ended 31 December 2024, the Group reported its revenue of approximately HK\$148.0 million (2023: approximately HK\$174.2 million), representing a decrease of approximately 15.0% as compared to that of the same period in 2023. The gross profit margin of the Group decreased by approximately 10.2% to gross loss margin approximately 0.2% for the year ended 31 December 2024 as compared to a gross profit margin of approximately 10.0% for the year ended 31 December 2023.

During the year ended 31 December 2024, the Group recorded a loss attributable to the owners of the Company of approximately HK\$94.8 million (2023: loss approximately HK\$64.2 million) representing increase of loss approximately 47.7%.

(i) Futong Thailand

The economies in the ASEAN countries slowly recovered in 2024. As a result of the increase in impairment losses on deposits both for purchase of raw materials and acquisition of property, plant and equipment, less reversal of impairment losses on trade and other receivable and the decrease of the sales by approximately 14.4%, Futong Thailand had an increase of net loss by approximately 172.7% as compared to that of the same period in 2023.

(ii) Transtech

As a result of the weak demand and the low price of in product, Transtech has reported its revenue and net loss in amount of approximately HK\$14.4 million and HK\$44.2 million respectively for the year ended 31 December 2024 (2023: revenue approximately HK\$22.1 million and net loss approximately HK\$41.4 million respectively), representing decrease of revenue approximately 34.8% and increase of loss approximately 6.8%. 100.0% of Transtech's products were sold internally to Futong Thailand for the year ended 31 December 2024. The main reasons for the worse performance are mainly attributable to the problem of overproduction and the general downtrend of optical fibre and optical fibre cable capital expenditure in China.

During the year ended 31 December 2024, Transtech has halted production in several months because of the significant decline in demand and Transtech sold all of its products to Futong Thailand. The directors will consider to modify the group operation mode to a vertical structure that Transtech sells most of its products to Futong Thailand to stabilize the supply of its raw materials.

OUTLOOK

In view of the future, the Group believes the demand of optical fibre cable will increase along with the development of communication infrastructure construction. In addition to the expansion of the factory in Futong Thailand to increase the production capacity of optical fibre, Transtech also plans to install a production line to manufacture optical fibre cable in its existing factory in Hong Kong. The Group aims to enhance the production power of the two subsidiaries in Hong Kong and Thailand.

The gradual implementation of 5G construction, data centres, virtual reality and other applications will continue to drive the market demand for optical fibre cable. With the advancement of a new round of 5G network construction, the pace of communication infrastructure construction will be further accelerated, and applications in areas such as smart city construction, the industrial Internet, and smart homes will also be further expanded. The development of new technologies such as edge computing, the Internet of Things and artificial intelligence will bring new growth points to the telecommunications industry, while the digital transformation of social structure will sufficiently safeguard and greatly drive the expansion of data center construction.

Looking ahead to 2025, it is expected that China's telecommunications industry will steadily recover and see more opportunities for collaboration. Further, it is also expected that construction of fully 5G+ fibre-connected factories will accelerate the digital and intelligent transformation and upgrading of manufacturing industry. The Company is of the view that these trends present a brand-new opportunity to upgrade its market and technology. Nowadays, big data and cloud computing have become key productivity factors in the era of digital economy. 5G, cloud computing, industrial internet, in-vehicle applications, artificial intelligence (AI) and other new forms of business are becoming key drivers to propel development of new types of information consumption. These developments indicate that the optical fibre and cable industry is likely to experience a new round of opportunities for prosper development of the society as a whole. Along with the rapid development of the global communications, the optical fibre cable industry is showing a booming development trend.

Along with the deepening penetration of 5G in the manufacturing industry, construction of fully 5G+ fibre-connected factories has been rolling out across the country. It is noted that since the issue of the "Guidelines on Construction of Fully 5G Connected Factories" by the MIIT in 2022, the number of 5G fibre-connected factories across the country has increased to 300. Domestic operators are important driving forces for the commercial implementation of "5G+ Industry Applications", and play an important role in the construction of fully 5G+ fibre-connected factories. The Group will continue to focus on consolidating and continuously expanding the market share of its existing products. The Group will also explore new measures to further strengthen its control over the price of raw materials, thereby strengthening the Group's cost control and thus its competitiveness and profitability.

The global macro economy will still face risks, and the international situation will remain complicated. The optical fibre and optical fibre cable industry is highly cyclical as the development of the industry is highly positively correlated to the investment efforts of telecommunications operators. It is believed that its impact on the Group's operations and future prospects will depend on the macro policies and environment and relevant protective measures that may affect the business environment in which the Group operates. In addition, in the context of the vigorous development of the digital economy, optical fibre cables are used as the basic infrastructure for optical communication, which has brought opportunities for the development of the optical fibre cable industry. However, there remains uncertainties in the price trends of bulk raw materials and nonferrous metals, as well as in the stability of logistics. Under the current market environment, optical fibre and optical fibre cables companies still encounter challenges and uncertainties in their operations. The Group will stay alert to the development of the matters mentioned above, continue to assess their impacts on the Group and take necessary measures to mitigate these impacts on our business.

In order to cope with the challenges, the Group will continue with its efforts to promote the development of the digital economy and the upgrading of both optical communications market and technology in 2025. The Group will also endeavor to maintain its leading position in the highly competitive market with a view to generating sustainable rewards for our shareholders.

DIVIDENDS

The Board did not recommend a payment of any final dividend for the year ended 31 December 2024 (year ended 31 December 2023: Nil).

SHARE OPTION SCHEME

The Company has no share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Directors confirm that during the period from the Listing Date to 31 December 2024, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase, cancel or sell any of such listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company and the Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. 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. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for deviation from code provision C.2.1 as explained under the paragraph headed “Chairman and Chief Executive Officer” below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 in Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman and the Chief Executive Officer and Mr. He Xingfu currently performs these two roles. The Board believes that vesting the roles of both Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. The Board further believes that the balance of power and authority for the arrangement will not be impaired and is adequately ensured by the Board which comprises experienced and high caliber individuals with sufficient number thereof being Independent Non-executive Directors, which can provide sufficient checks to protect the interests of the Company and the shareholders. The Board is keeping this situation under review and will separate the role of Chairman and Chief Executive Officer when it is in the Company’s best interest to do so.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct from the Listing Date up to the date of this announcement.

COMPETING INTERESTS

As at 31 December 2024, save as disclosed in “Relationship with Controlling Shareholders” section of the Prospectus, none of the Directors, and the controlling shareholders of the Company and their respective close associates has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive or similar rights under the laws of Cayman Islands or the Articles which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

PERMITTED INDEMNITY PROVISION

Subject to the Hong Kong Companies Ordinance, every director is entitled under the Articles to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as he or she shall incur or sustain through their own fraud or dishonesty.

The Company has maintained a directors and officers liability insurance for the year ended 31 December 2024. To the extent as permitted by the Hong Kong Companies Ordinance, a directors' liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its key stakeholders, including its employees, customers and suppliers, to meet its immediate and long-term business goals. During the year ended 31 December 2024, there were no material and significant disputes between the Group and its employees, customers and suppliers.

The Group recognises employees as one of its valuable assets and strictly complies with the labour laws and regulations and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits. The Group provides good quality services to its customers and keeps a database for direct communications with recurring customers for developing a long-term trusted relationship. The Group also maintains effective communication and develops a long-term business relationship with the suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company will attach the environmental, social and governance report in the Annual Report, in compliance with the Appendix 27 of the Listing Rules.

DONATION

During the year ended 31 December 2024, the Group did not make any donation for charitable purposes (2023: Nil).

ANNUAL GENERAL MEETING

The next annual general meeting (“AGM”) of the Company will be held on 3 June 2025, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 29 May 2025 to 3 June 2025, both days inclusive, during which period no transfer of Shares will be registered.

Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 28 May 2025.

EVENTS AFTER THE REPORTING PERIOD

The Group has entered into a credit and loan agreement on 27 February 2025 which Futong Thailand may borrow from a bank with a credit limit of THB300 million (equivalent to approximately HK\$68,190,000). Futong Thailand has pledged a piece of land in Rayong, Thailand with an area of 58,149 meters and the building thereon. The agreement period is valid for 30 years ending on 26 February 2054.

Apart from as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of approval of this announcement.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Board comprises three independent non-executive directors. The Audit Committee of the Board has reviewed the accounting policies with the management of the Group, discussed with the Board the auditing, internal control, risk management and financial reporting matters and reviewed the final results and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

At the Board meeting held on 31 March 2025, the Board reviewed and approved, among other things, the publication of the 2024 Audited Annual Results of the Group for the year ended 31 December 2024.

SCOPE OF AUDITOR'S WORK ON ANNUAL RESULTS ANNOUNCEMENT

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 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's 2024 annual report will be despatched to the Company's shareholders on or before 30 April 2025 and will be available at the website of each of the Stock Exchange (www.hkexnews.hk) and the Company (www.transtechoptel.com).

By order of the Board
Transtech Optelecom Science Holdings Limited
He Xingfu
Chairman and Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. He Xingfu, Mr. Ren Guodong, Mr. Xu Jinjie and Ms. Sheng Lingfei and the independent non-executive directors of the Company are Mr. Li Wei, Mr. Leong Chew Kuan, and Mr. Lau Siu Hang.