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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 2025

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 2025 as follows:

Financial Highlights

	2025	2024
	HK\$'000	HK\$'000
Revenue	96,234	148,017
Gross loss	(5,153)	(275)
Loss for the year	(98,304)	(94,846)
Total comprehensive expenses attributable to owners of the Company	(81,616)	(95,603)
Basic loss per share (HK cents)	(37.81)	(36.48)

The Board has resolved not to pay final dividend for the year ended 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	3	96,234	148,017
Cost of sales		<u>(101,387)</u>	<u>(148,292)</u>
Gross loss		(5,153)	(275)
Other income	5	1,945	372
Other gains and losses	5	3,238	(7,634)
Impairment losses on financial assets, net	7	(43,586)	(47,244)
Impairment losses on property, plant and equipment and prepayments	7	(40,013)	(13,079)
Selling and distribution expenses		(3,962)	(3,518)
Administrative expenses		<u>(18,288)</u>	<u>(18,361)</u>
Loss from operations		(105,819)	(89,739)
Finance costs	6	<u>(1,012)</u>	<u>(1,590)</u>
Loss before tax	7	(106,831)	(91,329)
Income tax credit/(expense)	8	<u>8,527</u>	<u>(3,517)</u>
Loss for the year		(98,304)	(94,846)
Other comprehensive income/(expense):			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operation		<u>16,688</u>	<u>(757)</u>
Total comprehensive expense for the year		<u>(81,616)</u>	<u>(95,603)</u>
Loss per share			
Basic and diluted (HK cents per share)	9	<u>(37.81)</u>	<u>(36.48)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		208,992	225,965
Deposits for acquisition of property, plant and equipment		–	3,881
Deposits and prepayments		24	30
Deferred tax assets		25,007	14,795
		<u>234,023</u>	<u>244,671</u>
Current assets			
Inventories		31,419	35,069
Trade receivables	<i>10</i>	44,635	35,048
Deposits, prepayments and other receivables	<i>11</i>	6,052	62,480
Bank and cash balances		5,233	17,763
		<u>87,339</u>	<u>150,360</u>
Current liabilities			
Trade payables	<i>12</i>	17,354	10,253
Accruals and other payables		4,014	3,425
Contract liabilities		819	14
Bank and other borrowings		24,815	25,300
Tax payables		21	447
		<u>47,023</u>	<u>39,439</u>
Net current assets		<u>40,316</u>	<u>110,921</u>
Total assets less current liabilities		<u>274,339</u>	<u>355,592</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liability			
Provisions		<u>1,196</u>	<u>833</u>
NET ASSETS		<u>273,143</u>	<u>354,759</u>
Capital and reserves			
Share capital		2,600	2,600
Reserves		<u>270,543</u>	<u>352,159</u>
TOTAL EQUITY		<u>273,143</u>	<u>354,759</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 as 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 of Hong Kong Limited (the “Stock Exchange”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has adopted all of the new or amended HKFRS Accounting Standards and Interpretations issued by the HKICPA that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

(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 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The Company’s assessment of the impact of these new or amended HKFRS Accounting Standards and Interpretations, most relevant to the Company, are set out below:

	Effective for accounting periods beginning on or after
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.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group’s statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. REVENUE

Disaggregation of revenue from contracts with customers

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Sales of goods		
Optical fibre cables	88,869	143,727
Optical fibres	5,414	4,290
Other related products	1,951	–
	<hr/>	<hr/>
Total revenue from contracts with customers	96,234	148,017
	<hr/>	<hr/>

Timing of revenue recognition

Goods transferred at a point in time with customers	96,234	148,017
	<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 loss before tax is measured consistently with the Group’s loss before tax except that interest income, finance costs, 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 2025

	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	95,907	327	96,234	–	96,234
Intersegment sales	–	5,597	5,597	(5,597)	–
Segment revenue	95,907	5,924	101,831	(5,597)	96,234
Segment loss	(90,298)	(10,746)	(101,044)	60	(100,984)
Unallocated					
Interest income					16
Central corporate expenses					(4,851)
Finance costs					(1,012)
Loss before tax					(106,831)

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)

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	22,658	N/A*
Customer B	12,603	N/A*
Customer C	N/A*	40,239
Customer D	N/A*	35,183

* 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other income:		
Income from sales of scrap products	1,401	221
Bank interest income	16	26
Others	528	125
	<u>1,945</u>	<u>372</u>
Other gains and losses:		
Foreign exchange gains/(losses), net	3,238	(7,634)
Gain on disposals of property, plant and equipment	104	–
Trade receivables written off	(104)	–
	<u>3,238</u>	<u>(7,634)</u>

6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	1,010	1,590
Interest on other borrowings	2	–
	<u>1,012</u>	<u>1,590</u>

7. LOSS BEFORE TAX

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	717	900
– Non-audit services	–	41
	<u>717</u>	<u>941</u>
Depreciation of property, plant and equipment	4,259	5,627
Less: amount capitalised in inventories	<u>(3,278)</u>	<u>(3,932)</u>
	<u>981</u>	<u>1,695</u>
Employee benefit expense, inclusive of directors' emoluments:		
Directors' remuneration	3,766	3,748
Other staff costs		
Salaries and other benefits	17,782	18,593
Retirement benefits scheme contributions	<u>390</u>	<u>500</u>
Total staff costs	21,938	22,841
Less: amount capitalised in inventories	<u>(9,744)</u>	<u>(9,235)</u>
	<u>12,194</u>	<u>13,606</u>
Cost of inventories recognised as an expense (included in cost of sales)	97,610	142,802
Allowance for inventories (included in cost of sales)	3,377	5,490
Inventories written off (included in cost of sales)	400	–
Expenses relating to short-term lease (included in cost of sales, selling and distribution expenses and administrative expenses)	8,126	8,924
Trade receivables written off	104	–
Reversal of impairment losses on trade receivables	<u>(7,613)</u>	<u>(6,511)</u>
Impairment losses on deposits for purchase of raw materials and acquisition of property, plant and equipment and other receivables	<u>51,199</u>	<u>53,755</u>
	<u>43,586</u>	<u>47,244</u>
Impairment losses on property, plant and equipment	40,013	–
Impairment losses on prepayments	–	13,079
	<u>40,013</u>	<u>13,079</u>
Gain on disposals of property, plant and equipment	<u>(104)</u>	<u>–</u>

8. INCOME TAX (CREDIT)/EXPENSE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Thailand Corporate Income Tax		
Current tax	–	615
Under-provision in prior years	–	71
Thailand withholding tax	113	110
Deferred tax	(8,640)	2,721
	<u>(8,527)</u>	<u>3,517</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.

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

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 25 March 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 26 March 2021 to 25 March 2026 (“**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”.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(98,304)</u>	<u>(94,846)</u>
	2025 '000	2024 '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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	181,831	171,857
Less: Loss allowance	<u>(137,196)</u>	<u>(136,809)</u>
Total trade receivables	<u>44,635</u>	<u>35,048</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of 0 to 270 days (2024: 14 to 360 days) from the invoice date and cash realisation may be further extended by three to six months for those customers paying by bank acceptance notes. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management.

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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–180 days	36,710	34,607
181–270 days	7,925	–
271–365 days	–	–
Over 365 days	–	441
	<u>44,635</u>	<u>35,048</u>

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current portion		
Prepayments	37,229	30,392
Deposits for acquisition of property, plant and equipment	4,737	9,702
Other deposits	24	30
Less: Loss allowances	<u>(41,966)</u>	<u>(36,213)</u>
Total	<u><u>24</u></u>	<u><u>3,911</u></u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current portion		
Electricity deposits	783	783
Other deposits	65	65
Deposits for purchase of raw materials	151,392	143,333
Prepayments	2,177	8,696
Other receivables	3,957	3,530
Other tax receivables	–	708
Less: Loss allowances	<u>(152,322)</u>	<u>(94,635)</u>
Total	<u><u>6,052</u></u>	<u><u>62,480</u></u>

12. TRADE PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	<u><u>17,354</u></u>	<u><u>10,253</u></u>

The credit period granted to the Group by suppliers normally ranged from 30 to 180 days (2024: 30 to 180 days). The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	15,758	4,942
31–60 days	1,134	2,049
61–90 days	10	1,853
91–180 days	29	1,243
Over 180 days	<u>423</u>	<u>166</u>
	<u><u>17,354</u></u>	<u><u>10,253</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

A. FINANCIAL REVIEW

Revenue

The Group's total revenue decreased from approximately HK\$148.0 million in the year ended 31 December 2024 to approximately HK\$96.2 million in the year ended 31 December 2025. 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\$33.3 million from approximately HK\$35.2 million to approximately HK\$1.9 million and (ii) the aggregate sales of optical fibre cable to oversea customers decreased HK\$20.3 million from approximately HK\$58.0 million to HK\$37.7 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 our products and (iv) change in inventories of finished goods and work in progress.

For the year ended 31 December 2025, the cost of sales of the Group decreased by approximately 31.6% to approximately HK\$101.4 million as compared with the corresponding period in FY2024. 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 loss and margin

The gross loss of the Group increased from approximately HK\$0.3 million for the year ended 31 December 2024 to gross loss approximately HK\$5.2 million for the year ended 31 December 2025.

The gross loss margin increased from approximately 0.2% for the year ended 31 December 2024 to gross loss margin approximately 5.4% for the year ended 31 December 2025. 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 2025.

Impairment losses on financial assets

Impairment losses on financial assets mainly represented the net effect of reversal of impairment losses on trade receivables and impairment losses on deposits for purchase of raw materials and acquisition of property, plant and equipment and other receivables, which decreased by approximately HK\$3.6 million, or approximately 7.6% from approximately HK\$47.2 million for the year ended 31 December 2024 to approximately HK\$43.6 million for the year ended 31 December 2025.

Impairment losses on property, plant and equipment

As at 31 December 2025, the net carrying amounts of property, plant and equipment, attributed to the reporting segment of optical fibres cables, optical cable cores and other related products before recognition of impairment losses for the year, were approximately HK\$246.9 million. Due to the continued segment losses and the postponed commencement of production of the new factory in Thailand in relation to the Group's manufacturing and trading of optical fibres cables, optical cable cores and other related products, management concluded there were indications of impairment and performed an impairment assessment on these assets as at 31 December 2025 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 impairment losses on property, plant and equipment approximately HK\$40.0 million for the year ended 31 December 2025 (2024: HK\$Nil).

Other income, other gains and losses, net

The Group recognised foreign exchange gains of approximately HK\$3.2 million for the year ended 31 December 2025 as compared with foreign exchange losses of approximately HK\$7.6 million for the year ended 31 December 2024, 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 increased from approximately HK\$3.5 million for the year ended 31 December 2024 to approximately HK\$4.0 million for the year ended 31 December 2025, representing an increase of approximately 14.3%.

The increase in the selling and distribution expenses for the year ended 31 December 2025 was mainly due to the increase in sales commission expenses and staff cost in Futong Thailand.

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\$18.4 million for the year ended 31 December 2024 to approximately HK\$18.3 million for the year ended 31 December 2025, representing a decrease of approximately 1%. The decrease in the administrative expenses for the year ended 31 December 2025 was mainly attributable to the net effect of the increase in other expenses and decrease in auditor's remuneration.

Finance costs

Finance costs mainly represent the interest expense on bank borrowings. The finance costs of the Group decreased from approximately HK\$1.6 million for the year ended 31 December 2024 to approximately HK\$1.0 million for the year ended 31 December 2025 mainly attributable to the decrease in bank borrowings.

Taxation

Income tax expenses shifted from approximately HK\$3.5 million for the year ended 31 December 2024 to income tax credit approximately HK\$8.5 million for the year ended 31 December 2025. Such changes was mainly caused by the recognition of deferred tax asset on impairment losses on financial assets and property, plant and equipment.

Loss for the year

Loss attributable to owners of the Company for the year ended 31 December 2025 amounted to approximately HK\$98.3 million (2024: loss approximately HK\$94.8 million).

The increase of loss attributable to owners of the Company for the year ended 31 December 2025 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) change from foreign exchange loss to foreign exchange gains resulting from the fluctuation of exchange rates among RMB, THB, US\$ and HK\$; (c) decrease of impairment losses on deposits for purchase of raw materials and acquisition of property, plant and equipment and other receivables; (d) increase of reversal of impairment losses on trade receivables; (e) recognition of deferred tax asset on impairment losses on financial assets and property, plant and equipment; and (f) increase of impairment losses on property, plant and equipment.

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\$5.2 million as at 31 December 2025 (2024: approximately HK\$17.8 million).

Bank and other borrowings

As at 31 December 2025, the Group had total bank and other borrowings of approximately HK\$24.8 million (2024: approximately HK\$25.3 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 increased from approximately 7.1% as at 31 December 2024 to approximately 9.1% as at 31 December 2025. Such increase was primarily resulted from the decrease in the percentage of the bank borrowings below 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 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to trade 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 2025 (2024: 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 2025, the employee headcount (including Directors) of the Group was 152 (2024: 157) and the total staff costs, including directors' emoluments, amounted to approximately HK\$21.9 million during the year ended 31 December 2025 (2024: approximately HK\$22.8 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 of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Contingent liabilities and litigation

As at 31 December 2025, the Group had no material contingent liabilities and litigation (2024: Nil).

Capital structure

As at 31 December 2025, 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.

The Company allotted and issued 38,976,000 new shares at the placing price of HK\$0.476 per placing share on 6 January 2026, details can be referred to announcement dated 6 January 2026.

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

The Group has entered into a credit and loan agreement on 27 February 2025 of which Futong Thailand was granted by a bank with a credit limit which is subject to annual review. As at 31 December 2025 and up to the date of this announcement, the credit limit was THB125 million (equivalent to approximately HK\$30,925,000). Being one of the terms of the agreement, Futong Thailand has pledged a piece of land in Rayong, Thailand with an area of 62,764 square meters and the building thereon. The pledge period is valid for 30 years ending on 26 February 2055.

Saved as disclosed above, the Directors are not aware of any other significant charge of assets requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of approval of this announcement.

Charge of register

As at 31 December 2025, the Group had no charge of register.

Production Capacity Utilization

For the year ended 31 December 2025, the Group sold approximately 0.3 million fkm of optical fibres and approximately 1.2 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 FY2024 and FY2025 respectively.

The utilisation rate of optical fibres decreased from 5.1% to 1.9% from FY2024 to FY2025 and that of optical fibre cables and optical cable cores decreased from 37.8% to 24.3% from FY2024 to FY2025. 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\$148.0 million in FY2024 and approximately HK\$96.2 million in FY2025 while the Group's total assets amounted to approximately HK\$395.0 million and approximately HK\$321.3 million as of 31 December 2024 and 2025 respectively.

Hence, the Group's asset turnover ratio decreased from approximately 37.5% in FY2024 to approximately 29.9% in FY2025. This was mainly because of the degree of sales revenue drop approximately 35.0% and total asset decrease approximately 18.7% mainly due to the decrease of approximately 90.8% deposit, prepayment and other receivables balances as of 31 December 2025 and increase of approximately 27.4% trade receivables balances as of 31 December 2025.

Future plans for material investments and capital assets

Save as the construction of the new factory in Thailand, the Group did not have other plans for material investments and capital assets during the year ended 31 December 2025.

Material acquisition and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2025, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Performance guarantees

During the year ended 31 December 2025, 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

Detail can be referred to section "Events After the Reporting Period" in 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 C2 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 2025, 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:

Non-fully exempt continuing connected transaction

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

During the nine years ended 31 December 2025, 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. Wang 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**”), 30 June 2025 (“**FY2024**”) and 30 June 2026 (“**FY2025**”) respectively, the monthly finance fee HK\$750,000, HK\$650,000 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 three Licence Agreements, the licence fees are set out in the paragraph headed “Annual caps” below.

Actual transaction value

For FY2021, FY2022, FY2023, FY2024 and FY2025, Transtech has paid a sum of approximately HK\$9.2 million, HK\$10.8 million, HK\$9.9 million, HK\$8.4 million and HK\$7.8 million respectively to Futong Group International, for its use of the Premises. For FY2021, Futong Group International waived three months rent in amount of HK\$2,700,000 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 2025 in relation to the licensing of the Premises are set out below.

	Annual Caps for the year ended 31 December					
	2020	2021	2022	2023	2024	2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Licence Fee	11.9*	11.9*	10.8	9.9	8.4	7.8

* 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 2025, 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 2025 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 2025 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. CONNECTED TRANSACTIONS

(a) Connected Transactions in relation to the Sales & Purchase Agreements

- (i) On 10 November 2025, Transtech as the purchaser and Futong Optoelectronic Technology (Hangzhou) Co., Ltd. (“**Hangzhou Futong**”) (富通光電技術(杭州)有限公司) (“**杭州富通**”) as the Seller entered into the Sales and Purchase Agreement, pursuant to which Transtech agreed to purchase optical fibre from Hangzhou Futong for RMB 1,725,982.
- (ii) On 17 November 2025, Transtech as the purchaser and Yinhu Optical Fiber (Tianjin) Co., Ltd. (“**Tianjin Yinhu**”) 銀湖光纖(天津)有限公司 (“**天津銀湖**”) as the Seller entered into the Sales and Purchase Agreement, pursuant to which Transtech agreed to purchase optical fibre preforms from Tianjin Yinhu for RMB 994,967.

Listing Rules Implications

As at the dates of the two aforesaid Sales & Purchase Agreements, Hangzhou Futong and Tianjin Yinhu are two companies established in the PRC. As Hangzhou Futong and Tianjin Yinhu are owned more than 30% by Futong China which is one of our controlling shareholders, Hangzhou Futong and Tianjin Yinhu are connected persons of the Company. Accordingly, the transactions contemplated under the Sales & Purchase Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The maximum aggregate amount payable by Transtech to Hangzhou Futong and Tianjin Yinhu pursuant to the provisions of the two agreements would not exceed approximately HK\$2.97 million.

As all of the applicable percentage ratios as defined in the Listing Rules in respect of the transactions contemplated under the two agreements are less than 5% and the maximum aggregate amount payable by Transtech to Hangzhou Futong and Tianjin Yinhu pursuant to the provisions of the agreements are less than HK\$3 million. It constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the independent Shareholders’ approval, annual review and all disclosure requirements.

(b) Connected Transactions in relation to the Loan Agreement

On 30 September 2025, Transtech as the borrower and Futong Group International as the lender entered into the Loan Agreement, pursuant to which Transtech would borrow HK\$500,000 from Futong Group International with terms of interest 1.5% p.a. for one year ended 29 September 2026.

Listing Rules Implications

As at the date of the aforesaid Loan Agreements, Futong Group International is owned more than 30% by Futong China which is one of our controlling shareholders. Hence, Futong Group International is a connected person of the Company. Accordingly, the transactions contemplated under the Loan Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios as defined in the Listing Rules in respect of the transaction contemplated under the agreement is less than 5% and the maximum amount payable by Transtech to Futong Group International pursuant to the provisions of the agreement is less than HK\$3,000,000, it constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the independent Shareholders' approval, annual review and all disclosure requirements.

G. RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2025 are set out in the Annual Report. Save as disclosed in section E headed "Continuing Connected Transaction" above, certain of these transactions also constitute connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

BUSINESS REVIEW

In 2025, amid challenges presented by the fluctuating global geopolitics and slowing domestic economic growth, the communications industry in China and ASEAN countries confronted the dual pressure imposed by demand contraction and intensifying competition. The Group has consistent poor performance under the harsh circumstances.

The global economy was facing multiple challenges, including escalating geopolitical tensions and the international reciprocal tariff policies, which led to increased market volatility. China's comprehensive policies and continuous stimulus measures helped to expand the domestic demand. Investment in 5G and artificial intelligence industries further accelerated, driving a significant increase in demand for communication equipment and emerging as a key driver of economic growth. The Group has been supplying 5G-related optical products in bulk to its customers, and will continue to deepen its market layout to capitalise on the opportunities presented by 5G development.

By the end of 2025, the global optical fiber and cable market is demonstrating a clear upward trend characterized by recovering demand and rising prices. This is not merely a simple price rebound, but a structural boom driven by the AI computing power revolution. While demand in the traditional telecommunications market remains moderate, the explosion in AI data centers and global computing infrastructure has brought an end to years of sliding prices, pushing the industry into a 'seller's market' where supply falls short of demand.

As like as in the year 2024, Transtech has operated its production lines merely around three month due to the continuous low selling price of optical fiber throughout the year 2025. Fortunately, Futong Thailand ran its business normally in the year 2025.

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 the end of the year 2026.

During the year ended 31 December 2025, the Group recorded:

- revenue decreased by approximately 35.0% to approximately HK\$96.2 million (2024: approximately HK\$148.0 million);
- gross loss increased by approximately 1,633.3% to gross loss approximately HK\$5.2 million (2024: gross loss approximately HK\$0.3 million);
- loss for the year increase by approximately 3.7% to HK\$98.3 million (2024: loss approximately HK\$94.8 million);
- total comprehensive expense for the year attributable to owners of the Company decreased by approximately 14.6% to approximately HK\$81.6 million (2024: expense approximately HK\$95.6 million); and
- basic loss per share to be approximately HK\$0.38 (2024: loss approximately HK\$0.36).

Performance Analysis

For the year ended 31 December 2025, the Group reported its revenue of approximately HK\$96.2 million (2024: approximately HK\$148.0 million), representing a decrease of approximately 35.0% as compared to that of the same period in 2024. The gross loss margin of the Group increased by approximately 5.2% to gross loss margin approximately 5.4% for the year ended 31 December 2025 as compared to a gross loss margin of approximately 0.2% for the year ended 31 December 2024.

During the year ended 31 December 2025, the Group recorded a loss attributable to the owners of the Company of approximately HK\$98.3 million (2024: loss approximately HK\$94.8 million) representing increase of loss approximately 3.7%.

(i) Futong Thailand

The economies in the ASEAN countries recovered slowly in 2025. As a result of the impairment losses on property, plant and equipment, and deposits for purchase of raw materials and acquisition of property, plant and equipment and other receivables, less reversal of impairment losses on trade receivables and the decrease of the sales by approximately 35.2%, Futong Thailand had an increase of net loss by approximately 81.4% as compared to that of the same period in 2024.

(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\$5.9 million and HK\$10.4 million respectively for the year ended 31 December 2025 (2024: revenue approximately HK\$14.4 million and net loss approximately HK\$44.2 million respectively), representing decrease of revenue approximately 59.0% and decrease of loss approximately 76.5%. 94.5% of Transtech's products were sold internally to Futong Thailand for the year ended 31 December 2025. 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 2025, Transtech has halted production in several months because of the significant decline in demand and Transtech sold nearly 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

Looking forward to year of 2026, the optical fibre and optical fibre cable industry is collectively poised for a mild growth cycle. Driven by continuous large-scale deployment of information infrastructure and traffic explosion which were fueled by new generation information technologies such as drone, artificial intelligence and cloud computing. The construction and upgrading of 5G base stations remain a core task for operators and will continue to promote the construction of network communications, including the three major telecommunications operators in China. As a key technology for improving coverage and capacity expansion efficiency, 5G small cells are poised for rapid development. The Group will continue to deepen our partnership with operators, strength our core market presence by closely aligning with operators' construction plans for 5G, ensuring maintained and expanded market shares.

According to the "2024 China Low-Altitude Logistics Development Report", 5G-A base stations are equipped with sensing capabilities, enabling real-time monitoring of aircraft, which is of great significance for building low-altitude communication networks. The Group will continue to monitor the development of the low-altitude economy sector. With the ongoing commercialisation of 5G-A, emerging applications such as 8K ultra-high definition, augmented reality, extended reality, drones, and industrial digitalisation are placing increasingly high demands on mobile networks in terms of capacity, perception accuracy, and latency. Millimetre-wave technology, featuring high frequency, high speed, and low latency, is particularly suitable for smart cities, industrial parks, and immersive virtual applications.

Despite temporary demand fluctuations, the outlook for the optical fibre industry remains positive and optimistic, with slightly growth expected. These technological advancements and applications enhance the transmission capacity of communication networks while continuously driving new demand growth and product upgrades for optical fibre and optical fibre cable. Furthermore, a large number of competitors were eliminated in the past years as a result of overproduction of the optical fibre and optical fibre cable in China. It is expected the price and demand of the product will be increased after the market resume to the normal level.

We will constantly optimize our product portfolio and elevating technical barriers and will also intensify our monitoring and response capabilities for key raw materials costs and supply chains fluctuations, deepen lean production management, and improve operational efficiency to solidify the Group's competitive advantages and profitability, thereby delivering greater returns to shareholders.

DIVIDENDS

The Board did not recommend a payment of any final dividend for the year ended 31 December 2025 (year ended 31 December 2024: 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 2025, 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.

Nevertheless, our Chairman tendered his resignation as Chief Executive Officer as effective from 26 March 2026.

Please refer details to the section "Event after the reporting period" of "Report of Directors" in the Annual Report as well as the announcement dated 25 March 2026.

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 2025, 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 2025.

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 2025. 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 2025, 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 2025, the Group did not make any donation for charitable purposes (2024: Nil).

ANNUAL GENERAL MEETING

The next annual general meeting (“AGM”) of the Company will be held on 3 June 2026, 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 2026 to 3 June 2026, 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 Thursday, 28 May 2026.

EVENTS AFTER THE REPORTING PERIOD

The Company completed a Placing of 38,976,000 Placing Shares which have been successfully placed by the Placing Agent to not fewer than six Placees at the Placing Price of HK\$0.476 per Placing Share. After deducting the placing commission payable to the Joint Placing Agents and other costs and expenses incurred in the Placing, the aggregate net proceeds from the Placing amounted to approximately HK\$18.22 million. Details can be referred to the announcement dated 6 January 2026.

On 16 January 2026, Transtech and Tianjin Yinhu, a related company of the Company, entered into the Framework Purchase Agreement with annual cap HK\$9.8 million of the relating transactions in FY2026.

Mr. Zou Liming was appointed as Executive Director and Chief Executive Officer and Mr. He Xingfu resigned as Chief Executive Officer on 26 March 2026. Please refer details to the announcement dated 25 March 2026.

Apart from as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 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 2025.

At the Board meeting held on 31 March 2026, the Board reviewed and approved, among other things, the publication of the 2025 Audited Annual Results of the Group for the year ended 31 December 2025.

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 2025 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 2025 annual report will be despatched to the Company's shareholders on or before 30 April 2026 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 2026

As at the date of this announcement, the executive directors of the Company are Mr. He Xingfu, Mr. Zou Liming, 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.